

**FORMOSA PETROCHEMICAL CORPORATION
AND SUBSIDIARIES
Consolidated Financial Statements
For The Period from January 1, 2025 to June 30, 2025
And
For The Period from January 1, 2024 to June 30, 2024
Review Report of Independent Auditors**

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.



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Independent Auditors' Review Report Translated from Chinese

To the Board of Directors and Stockholders of
Formosa Petrochemical Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Formosa Petrochemical Corporation (the "Company") and its subsidiaries as of June 30, 2025 and 2024, the related consolidated statements of comprehensive income for the period from April 1, 2025 to June 30, 2025, period from April 1, 2024 to June 30, 2024, period from January 1, 2025 to June 30, 2025, and the period from January 1, 2024 to June 30, 2024, and the related consolidated statements of changes in equity and cash flows for the period from January 1, 2025 to June 30, 2025 and for the period from January 1, 2024 to June 30, 2024, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of insignificant subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of NT\$30,639,330 thousand and NT\$29,781,469 thousand, constituting 8% and 7% of the consolidated total assets as of June 30, 2025 and 2024, respectively, and total liabilities of NT\$9,985,125 thousand and NT\$8,445,002 thousand, constituting 14% and 9% of the consolidated total liabilities as of June 30, 2025 and 2024, respectively; and total comprehensive income of NT\$(1,336,220) thousand, NT\$411,085 thousand, NT\$(1,162,118) thousand, and NT\$1,381,645 thousand, constituting 14%、7%、37%、and 14% of the consolidated total comprehensive income for the period from April 1, 2025 to June 30, 2025, period from April 1, 2024 to June 30, 2024, period from January 1, 2025 to June 30, 2025, and period from January 1, 2024 to June 30, 2024, respectively. As explained in Note 6(8), the financial statements of associates and joint ventures accounted for under the equity method were not reviewed by independent auditors. Those associates and joint ventures under equity method amounted to NT\$34,814,534 thousand and NT\$39,324,273 thousand as of June 30, 2025 and 2024, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$110,285 thousand, NT\$515,557 thousand, NT\$(192,320) thousand and NT\$1,057,720 thousand for the period from April 1, 2025 to June 30, 2025, period from April 1, 2024 to June 30, 2024, period from January 1, 2025 to June 30, 2025, and period from January 1, 2024 to June 30, 2024, respectively. The related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(1,630,712) thousand, NT\$1,189,334 thousand, NT\$(1,553,658) thousand, and NT\$2,399,262 thousand for the period from April 1, 2025 to June 30, 2025, period from April 1, 2024 to June 30, 2024, period from January 1, 2025 to June 30, 2025, and period from January 1, 2024 to June 30, 2024, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of insignificant subsidiaries, associates and joint ventures accounted for using equity method and the information been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2025 and 2024, their consolidated financial performance for the period from April 1, 2025 to June 30, 2025, period from April 1, 2024 to June 30, 2024, period from January 1, 2025 to June 30, 2025, and the period from January 1, 2024 to June 30, 2024, and their cash flows for the period from January 1, 2025 to June 30, 2025, and the period from January 1, 2024 to June 30, 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Chang, Cheng Tao
Huang, Chien Che
Ernst & Young, Taiwan
August 6, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2025、DECEMBER 31, 2024 AND JUNE 30, 2024

(Expressed in Thousands of Dollars)

		June 30, 2025	December 31, 2024	June 30, 2024
ASSETS	Notes	NTD	NTD	NTD
CURRENT ASSETS				
Cash and cash equivalents	4 & 6.1 & 12	\$36,742,284	\$22,987,569	\$25,152,484
Financial assets at fair value through profit or loss - current	4 & 6.2 & 12	1,722,625	1,846,201	1,780,431
Financial assets at fair value through other comprehensive income — current	4 & 6.3 & 12	33,071,834	26,379,548	47,917,840
Financial assets for hedging — current	4 & 6.4 & 12	76,266	9,712	20,516
Notes receivable, net	4 & 6.5 & 12	882	140	667
Notes receivable due from related parties, net	4 & 6.5 & 7 & 12	1,628,037	1,905,376	3,681,289
Accounts receivable, net	4 & 6.5 & 12	25,382,711	23,882,235	29,863,732
Accounts receivable due from related parties, net	4 & 6.5 & 7 & 12	20,348,077	20,620,730	21,302,143
Finance lease receivables, net	4 & 6.19 & 7 & 12	865,058	1,997,798	1,235,123
Other receivables (including from related parties)	7 & 12 & 13	7,887,387	6,576,609	10,828,443
Current tax assets	4 & 6.23	739,735	758,531	-
Inventories	4 & 6.6	64,535,753	77,546,460	95,046,171
Prepayments	6.7	15,646,063	22,193,390	18,960,547
Other current assets	8	677,016	609,635	709,737
Total current assets		209,323,728	207,313,934	256,499,123
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income — non-current	4 & 6.3 & 12	14,387,688	17,226,256	22,603,865
Financial assets for hedging — non-current	4 & 6.4 & 12	48,540	15,710	-
Investments accounted for using the equity method	4 & 6.8	34,814,534	36,845,272	39,324,273
Property, plant and equipment	4 & 6.9 & 7	85,559,995	87,534,779	86,636,100
Mineral resources	4	2,075,439	2,404,007	2,222,267
Right-of-use assets	4 & 6.19 & 7	3,869,506	3,741,754	4,137,145
Investment property	4 & 6.10	401,741	398,020	398,020
Deferred tax assets	4 & 6.23	4,386,540	3,466,850	3,373,191
Long-term finance lease receivable, net	4 & 6.19 & 7 & 12	109,037	115,156	1,046,772
Other non-current assets, others	4 & 6.11	10,556,140	12,137,911	12,379,213
Total non-current assets		156,209,160	163,885,715	172,120,846
TOTAL ASSETS		\$365,532,888	\$371,199,649	\$428,619,969

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2025, DECEMBER 31, 2024 AND JUNE 30, 2024

(Expressed in Thousands of Dollars)

		June 30, 2025	December 31, 2024	June 30, 2024
LIABILITIES AND EQUITY	Notes	NTD	NTD	NTD
CURRENT LIABILITIES				
Short-term loans	6.12 & 12	\$-	\$6,781,361	\$158,713
Financial liabilities for hedging — current	4 & 6.4 & 12	108,016	61,984	-
Contract liabilities — current	4 & 6.17	91,736	72,588	72,002
Notes payable	12	3,092	5,615	-
Accounts payable	12	11,098,683	8,033,128	16,907,320
Accounts payable to related parties	7 & 12	3,126,727	3,527,646	4,186,194
Other payables	6.16 & 12	22,455,609	15,459,011	35,962,865
Other payables to related parties	7 & 12	279,644	357,976	470,126
Current tax liabilities	4 & 6.23	41,833	40,337	1,263,310
Current lease liabilities	4 & 6.19 & 7 & 12	1,033,225	1,113,193	1,165,445
Current portion of long-term liabilities	6.13 & 6.14 & 12	5,250,000	10,250,000	5,650,000
Other current liabilities, others	9	557,466	230,026	356,763
Total current liabilities		44,046,031	45,932,865	66,192,738
NONCURRENT LIABILITIES				
Financial liabilities for hedging — non-current	4 & 6.4 & 12	64,235	51,135	10,089
Bonds payable	6.13 & 12	14,950,000	14,950,000	20,200,000
Long-term loans	6.14 & 12	6,975,000	464,670	2,000,000
Deferred tax liabilities	4 & 6.23	104,614	104,828	96,919
Non-current lease liabilities	4 & 6.19 & 7 & 12	2,893,629	2,779,107	3,081,298
Defined benefit pension liability	4 & 6.15	4,393,209	4,429,990	4,632,305
Other non-current liabilities, others		234,890	240,409	228,180
Total non-current liabilities		29,615,577	23,020,139	30,248,791
TOTAL LIABILITIES		73,661,608	68,953,004	96,441,529
EQUITY	4 & 6.16			
Capital stock				
Common stock		95,259,597	95,259,597	95,259,597
Capital surplus		31,424,645	31,422,485	31,422,014
Retained earnings				
Legal reserve		82,136,967	81,515,335	81,515,335
Special reserve		4,470,033	3,033,784	3,033,784
Unappropriated earnings		73,744,076	87,165,612	88,721,185
Total retained earnings		160,351,076	171,714,731	173,270,304
Other equity		(395,994)	(1,436,249)	26,852,295
Non-controlling interests	6.16	5,231,956	5,286,081	5,374,230
TOTAL EQUITY		291,871,280	302,246,645	332,178,440
TOTAL LIABILITIES AND EQUITY		\$365,532,888	\$371,199,649	\$428,619,969

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM APRIL 1, 2025 TO JUNE 30, 2025

AND FOR THE PERIOD FROM APRIL 1, 2024 TO JUNE 30, 2024

AND FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30, 2025

AND FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2024

(Expressed in Thousands of Dollars, Except for Earnings Per Share)

		For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the period from January 1 to June 30, 2025	For the period from January 1 to June 30, 2024
	Notes	NTD	NTD	NTD	NTD
OPERATING REVENUES	4 & 6.17 & 7	\$145,547,484	\$170,616,350	\$318,814,770	\$341,813,288
OPERATING COSTS	4 & 6.6 & 6.20 & 7	150,194,415	166,579,963	316,856,945	331,710,550
GROSS PROFIT (LOSS)		(4,646,931)	4,036,387	1,957,825	10,102,738
OPERATING EXPENSES	4 & 6.15 & 6.18 & 6.20 & 7				
Selling and marketing		1,518,702	1,436,036	3,050,686	3,003,822
General and administrative		1,187,365	1,300,562	2,387,549	2,462,668
Research and development		87,087	103,261	175,469	200,572
Expected credit losses (gains)		(41,540)	27,786	7,963	58,859
Total operating expenses		2,751,614	2,867,645	5,621,667	5,725,921
OPERATING INCOME (LOSS)		(7,398,545)	1,168,742	(3,663,842)	4,376,817
NON-OPERATING INCOME AND EXPENSES					
Interest income	6.21 & 7	327,379	382,634	505,481	650,515
Other income	6.21 & 7	529,545	552,472	1,085,867	1,101,832
Other gains and losses	6.21 & 7	(2,979,551)	755,588	(2,179,715)	2,416,092
Financial costs	6.21 & 7	(113,899)	(114,195)	(261,523)	(234,746)
Share of profit or loss of associates and joint ventures accounted for using the equity method	4 & 6.8	110,285	515,557	(192,320)	1,057,720
Total non-operating income and expenses		(2,126,241)	2,092,056	(1,042,210)	4,991,413
INCOME (LOSS) BEFORE INCOME TAX		(9,524,786)	3,260,798	(4,706,052)	9,368,230
INCOME TAX EXPENSE (INCOME)	4 & 6.23	(1,995,733)	538,129	(884,911)	1,621,537
NET INCOME (LOSS)		(7,529,053)	2,722,669	(3,821,141)	7,746,693
OTHER COMPREHENSIVE INCOME (LOSS)	6.8 & 6.22				
Items that will not be reclassified to profit or loss					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		1,667,286	2,091,380	3,813,412	(1,290,087)
Share of other comprehensive income of associates and joint ventures accounted for using equity method		(432,487)	992,558	(505,778)	1,648,055
Items that may be reclassified subsequently to profit or loss					
Exchange differences translation of foreign operations		(1,803,461)	253,445	(1,584,222)	945,224
Gains (losses) on hedging instrument		(380,441)	(76,499)	27,073	(35,366)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		(1,198,225)	196,776	(1,047,880)	751,207
Income tax expense (income) relating to items that may be reclassified		(94,859)	(11,766)	16,105	(8,835)
Total other comprehensive income (loss) for the period, net of income tax		(2,052,469)	3,469,426	686,500	2,027,868
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		<u>\$ (9,581,522)</u>	<u>\$ 6,192,095</u>	<u>\$ (3,134,641)</u>	<u>\$ 9,774,561</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		\$ (7,504,503)	\$ 2,732,138	\$ (3,819,709)	\$ 7,758,424
Non-controlling interests		<u>(24,550)</u>	<u>(9,469)</u>	<u>(1,432)</u>	<u>(11,731)</u>
		<u>\$ (7,529,053)</u>	<u>\$ 2,722,669</u>	<u>\$ (3,821,141)</u>	<u>\$ 7,746,693</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the parent		\$ (9,066,344)	\$ 6,130,743	\$ (2,702,632)	\$ 9,521,843
Non-controlling interests		<u>(515,178)</u>	<u>61,352</u>	<u>(432,009)</u>	<u>252,718</u>
		<u>\$ (9,581,522)</u>	<u>\$ 6,192,095</u>	<u>\$ (3,134,641)</u>	<u>\$ 9,774,561</u>
EARNINGS PER SHARE (NTD)	4 & 6.24				
Earnings per share — basic/diluted					
Continuing operating income (loss) before tax		<u>\$ (1.00)</u>	<u>\$ 0.34</u>	<u>\$ (0.49)</u>	<u>\$ 0.98</u>
Net income (loss)		<u>\$ (0.79)</u>	<u>\$ 0.28</u>	<u>\$ (0.40)</u>	<u>\$ 0.81</u>

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30, 2025

AND FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2024

(Expressed in Thousands of Dollars)

Equity Attributable to Shareholders of the Parent											
New Taiwan Dollars	Other Components of Equity										
	Unrealized gains (losses)										
	from Equity Instruments										
	Investments measured										
	Retained Earnings					Exchange differences	at Fair Value	Gains (losses)	Total	Non-controlling	Total
Common	Capital	Legal	Special	Unappropriated	translation of	through Other	on Hedging	Parent	Interests	Equity	
Stock	Surplus	Reserve	Reserve	Earnings	foreign operations	Comprehensive Income	Instruments	Equity			
Balance as of January 1, 2024	\$95,259,597	\$31,422,014	\$79,317,142	\$3,033,784	\$102,199,400	\$465,272	\$24,602,148	\$34,929	\$336,334,286	\$4,883,912	\$341,218,198
Appropriation of 2023 earnings:											
Legal reserve	-	-	2,198,193	-	(2,198,193)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(19,051,919)	-	-	-	(19,051,919)	-	(19,051,919)
Net income (loss) for the period from January 1 to June 30, 2024	-	-	-	-	7,758,424	-	-	-	7,758,424	(11,731)	7,746,693
Other comprehensive income (loss) for the period from January 1 to June 30, 2024	-	-	-	-	-	1,431,982	357,968	(26,531)	1,763,419	264,449	2,027,868
Total comprehensive income (loss)	-	-	-	-	7,758,424	1,431,982	357,968	(26,531)	9,521,843	252,718	9,774,561
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	237,600	237,600
Disposal of equity instruments invesments designated at fair value through other comprehensive income	-	-	-	-	13,473	-	(13,473)	-	-	-	-
Balance as of June 30, 2024	\$95,259,597	\$31,422,014	\$81,515,335	\$3,033,784	\$88,721,185	\$1,897,254	\$24,946,643	\$8,398	\$326,804,210	\$5,374,230	\$332,178,440
Balance as of January 1, 2025	\$95,259,597	\$31,422,485	\$81,515,335	\$3,033,784	\$87,165,612	\$2,100,201	\$(3,446,227)	\$(90,223)	\$296,960,564	\$5,286,081	\$302,346,645
Appropriation of 2024 earnings:											
Legal reserve	-	-	621,632	-	(621,632)	-	-	-	-	-	-
Special reserve	-	-	-	1,436,249	(1,436,249)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,620,768)	-	-	-	(7,620,768)	-	(7,620,768)
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	2,161	-	-	-	-	-	-	2,161	-	2,161
Other changes in capital surplus	-	(1)	-	-	-	-	-	-	(1)	-	(1)
Net income (loss) for the period from January 1 to June 30, 2025	-	-	-	-	(3,819,709)	-	-	-	(3,819,709)	(1,432)	(3,821,141)
Other comprehensive income (loss) for the period from January 1 to June 30, 2025	-	-	-	-	-	(2,201,525)	3,307,634	10,968	1,117,077	(430,577)	686,500
Total comprehensive income (loss)	-	-	-	-	(3,819,709)	(2,201,525)	3,307,634	10,968	(2,702,632)	(432,009)	(3,134,641)
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	377,884	377,884
Disposal of equity instruments investments designated at fair value through other comprehensive income	-	-	-	-	76,822	-	(76,822)	-	-	-	-
Balance as of June 30, 2025	\$95,259,597	\$31,424,645	\$82,136,967	\$4,470,033	\$73,744,076	\$(101,324)	\$(215,415)	\$(79,255)	\$286,639,324	\$5,231,956	\$291,971,280

The accompanying notes are an integral part of the financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30, 2025

AND FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2024

(Expressed in Thousands of Dollars)

	For the period from January 1 to June 30, 2025	For the period from January 1 to June 30, 2024
	NTD	NTD
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$(4,706,052)	\$9,368,230
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation and depletion	5,579,213	5,686,003
Amortization	974,284	752,535
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	123,576	(138,833)
Interest expense	261,523	234,746
Interest income	(505,481)	(650,515)
Dividends income	(12,700)	(14,669)
Share of loss (profit) of associates and joint ventures accounted for using equity method	192,320	(1,057,720)
(Gain) loss on disposal of property, plant and equipment	(987)	(4,130)
(Gain) loss on disposal of investment property	-	(8,586)
(Gain) loss on disposal of other assets	-	4,412
Reversal of impairment loss on non-financial assets	(3,721)	(15,197)
Other adjustments — (gain) loss on non-cash items	3,644	-
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable (including related parties)	276,597	173,222
Decrease (increase) in accounts receivable (including related parties)	(1,227,823)	(6,205,333)
Decrease (increase) in other receivables (including related parties)	(1,712,113)	(1,161,877)
Decrease (increase) in inventories	13,010,707	(18,388,441)
Decrease (increase) in prepayments	5,298,363	4,285,661
Decrease (increase) in other current assets	(79,334)	27,173
Increase (decrease) in contract liabilities	19,148	4,754
Increase (decrease) in notes payable	(2,523)	(4,944)
Increase (decrease) in accounts payable (including related parties)	2,664,636	3,136,001
Increase (decrease) in other payables	(700,059)	610,253
Increase (decrease) in other current liabilities	327,440	62,007
Increase (decrease) in defined benefit pension liability, net	(36,781)	(8,274)
Cash from operating activities	19,743,877	(3,313,522)
Income taxes received (paid)	(71,469)	(2,681,692)
Net cash provided by (used in) operating activities	19,672,408	(5,995,214)

The accompanying notes are an integral part of the financial statements.

(Forward)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

FORMOSA PETROCHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

FOR THE PERIOD FROM JANUARY 1, 2025 TO JUNE 30, 2025

AND FOR THE PERIOD FROM JANUARY 1, 2024 TO JUNE 30, 2024

(Expressed in Thousands of Dollars)

	For the period from January 1 to June 30, 2025	For the period from January 1 to June 30, 2024
	NTD	NTD
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(90,000)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,827	15,960
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	17,501	3,484
Acquisition of investments accounted for using the equity method	-	(2,500,000)
Acquisition of property, plant and equipment:		
Cost paid	(2,496,286)	(3,616,248)
Interest paid	7,235	-
Proceeds from disposal of property, plant and equipment	5,710	10,328
Decrease in other receivables — due from affiliates	687,866	1,678,307
Proceeds from disposal of investment property	-	32,630
Decrease in long-term lease receivables	1,026,418	180,206
Decrease in other financial assets	11,953	13,380
Increase in other non-current assets	-	(2,003,887)
Decrease in other non-current assets	607,487	-
Interests received	498,575	666,484
Dividends received	38,362	43,990
Other investing activities	(17,011)	(946,290)
Net cash provided by (used in) investing activities	<u>311,637</u>	<u>(6,421,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	44,376
Decrease in short-term loans	(6,781,361)	-
Proceeds from long-term debt	1,510,330	-
Decrease in other payables to related parties	(78,332)	(725)
Payments of lease liabilities	(672,209)	(671,277)
Decrease in other non-current liabilities	(5,519)	(30,275)
Cash dividends paid	(98)	(125)
Interest paid	(185,537)	(131,260)
Change in non-controlling interests	<u>377,884</u>	<u>237,600</u>
Net cash provided by (used in) financing activities	(5,834,842)	(551,686)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(394,488)</u>	<u>214,487</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>13,754,715</u>	<u>(12,754,069)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>22,987,569</u>	<u>37,906,553</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$36,742,284</u></u>	<u><u>\$25,152,484</u></u>

The accompanying notes are an integral part of the financial statements.

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Formosa Petrochemical Corporation and Subsidiaries

Notes To Consolidated Financial Statements

June 30, 2025, December 31, 2024, and June 30, 2024

(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. HISTORY AND ORGANIZATION

Formosa Petrochemical Corporation (the “Company”) had prepared for incorporation since March 1992 and was incorporated on April 6, 1992. The Company is located in the No.6 Naphtha Cracker Complex in Mailiao of Yunlin County. The Company’s shares were approved to be listed on the Taiwan Stock Exchange on November 12, 2003 and were traded publicly starting from December 26, 2003. The major shareholders of the Company are Formosa Plastics Corporation, Formosa Chemicals & Fibre Corporation and Nan Ya Plastics Corporation with equity interests of 28.55%, 24.15% and 23.10%, respectively, as of June 30, 2025.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) for the six months periods ended June 30, 2025 and 2024 were authorized for issue in accordance with a resolution of the Board of Directors on August 6, 2025.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2025. The adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

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Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 17 “Insurance Contracts”	1 January 2023
b	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
c	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
d	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

(a) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (1) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.

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- (2) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (3) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (4) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11

(1) Amendments to IFRS 1

The amendments mainly improve the consistency in wording between first-time adoption of IFRS and requirements for hedge accounting in IFRS 9.

(2) Amendments to IFRS 7

The amendments update an obsolete cross-reference relating to gain or loss on derecognition.

(3) Amendments to Guidance on implementing IFRS 7

The amendments improve some of the wordings in the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price and credit risk disclosures.

(4) Amendments to IFRS 9

The amendments add a cross-reference to resolve potential confusion for a lessee applying the derecognition requirements and clarify the term “transaction price”.

(5) Amendments to IFRS 10

The amendments remove the inconsistency between paragraphs B73 and B74 of IFRS 10.

(6) Amendments to IAS 7

The amendments remove a reference to “cost method” in paragraph 37 of IAS 7.

(d) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS

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The amendments include:

- (1) Clarify the application of the ‘own-use’ requirements.
- (2) Permit hedge accounting if these contracts are used as hedging instruments.
- (3) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and amendments are applicable for annual periods beginning on or after 1 January 2026 and have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have not been endorsed by FSC, and not yet adopted by the Group as at the date when the Group’s financial statements were authorized for issue, are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
c	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027

- (a) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

(1) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

(2) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(3) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(c) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the new or amended standards and interpretations listed under (b), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the six months periods ended June 30, 2025 and 2024 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

(3) Basis of consolidation

A. Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group’s voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

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A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- (f) recognizes any resulting difference in profit or loss.

B. The consolidated entities are listed as follows:

Investor	Subsidiaries	Main business	Percentage of ownership (%)		
			June 30, 2025	December 31, 2024	June 30, 2024
The Company	Formosa Oil (Asia Pacific) Corp.	Sales Retailer	100%	100%	100%
The Company	Formosa Petrochemical Transportation Corp.	Transportation Service	88%	88%	88%
The Company	Formosa Grandseas Bunkering and Trading Corporation	Sales Retailer	60%	60%	60%
The Company	FPCC USA, INC.	Oil exploration & production	100%	100%	100%
The Company	FPCC DILIGENCE Corp.	Leasing on ships	100%	100%	100%
The Company	FPCC MAJESTY Corp.	Leasing on ships	100%	100%	100%
The Company	FPCC NATURE Corp.	Leasing on ships	100%	100%	100%
The Company	FG INC.	Investing	57%	57%	57%
FG INC.	FG LA LLC	Petrochemical products manufacturing and selling	100%	100%	100%
FPCC USA,INC	MONTGOMERY GATHERING, LLC(Note)	Natural gas transportation	70%	70%	-

Note: The Group and other companies established MONTGOMERY GATHERING, LLC in 2024. The Group acquired 70% shareholding and control over MONTGOMERY GATHERING, LLC, which is consolidated.

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C. Subsidiaries are excluded from the consolidated financial statements and the reason are as follows:

Investor	Subsidiaries	Main business	Percentage of ownership (%)		
			June 30, 2025	December 31, 2024	June 30, 2024
Formosa Oil (Asia Pacific) Corp.	Whalehome International Corp., Ltd.	Sales Retailer	53.80%	53.80%	53.80%
Formosa Petrochemical Transportation Corp.	Whalehome International Corp., Ltd.	Sales Retailer	15.69%	15.69%	15.69%

Note: The total percentages of ownership of Formosa Oil (Asia Pacific) Corporation and Formosa Petrochemical Transportation Corporation in Whalehome International Corp., Ltd. all were 69.49% as of June 30, 2025, December 31, 2024, and June 30, 2024. Whalehome International Corp., Ltd.'s assets, liabilities and net income only representing 0.09%, 0.02%, (0.14)% and 0.09%, 0.02%, (0.04%) and 0.08%, 0.02%, 0.04% of the Company's corresponding accounts as of June 30, 2025, December 31, 2024, and June 30, 2024. Whalehome International Corp., Ltd was not significant for the Group, so it was not included in the consolidated financial statement.

The financial statements of the consolidated subsidiaries listed above had not been reviewed by auditors. As of June 30, 2025 and June 30, 2024, the related total assets of the subsidiaries which were not reviewed by auditors amounted to NT\$30,639,330 thousand and NT\$29,781,469 thousand, respectively, and the related total liabilities amounted to NT\$9,985,125 thousand and NT\$8,445,002 thousand, respectively. The comprehensive income (loss) of these subsidiaries amounted to NT\$(1,162,118) thousand and NT\$1,381,645 thousand for the six months periods ended June 30, 2025 and 2024, respectively.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of IFRS 9 *Financial Instrument* are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- B. The Group holds the asset primarily for the purpose of trading
- C. The Group expects to realize the asset within twelve months after the reporting period
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle
- B. The Group holds the liability primarily for the purpose of trading
- C. The liability is due to be settled within twelve months after the reporting period
- D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

A. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) the Group's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable (including financing lease receivables), financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.
 - (i) For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
 - (ii) For financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from issuing price.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if:

- (a) it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- (b) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- (c) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include accounts payable, interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivatives instrument and hedge accounting

The Group manages the risk of energy commodity price swaps using hedging instruments that are consistent with an economic relationship between the hedged item and the hedging instrument, and setting the hedge ratio that meets the hedge effectiveness requirement. If a hedging relationship ceases to meet the hedge effectiveness requirement regarding the hedge ratio but the risk management objective for that designated hedging relationship remains the same, an entity shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

An entity shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable).

The types of hedging relationships for energy commodity price swap risks and their accounting treatment are as follows:

Cash flow hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction, and could affect profit or loss.

The cash flow hedge reserve is adjusted to the lower of either the cumulative gain or loss or the cumulative change in fair value (present value) of the hedged item from inception of the hedge.

The portion that is offset by the change in the cash flow hedge reserve must be recognised in other comprehensive income with any hedge ineffectiveness recognised in profit or loss.

(10) Fair value measurement

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- A. in the principal market for the asset or liability; or
- B. in the absence of a principal market, in the most advantageous market for the asset or liability.

The main or the most advantageous market must enter by the group to conduct transaction.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group adopts the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Raw materials – Purchase cost on weighted average cost basis.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. The fix manufacturing cost is allocated based on normal operating capacity. If the actual capacity exceeds the normal capacity, then the fix manufacturing cost is allocated based on the actual capacity. Finished goods and work in progress are based on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorate basis.

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When the associate issues or a joint venture new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings: 25~55 years

Machinery and equipment: 5~40 years

Transportation equipment: 3~15 years

Other equipment: 3~25 years

Leasehold improvements: The shorter of lease terms or economic useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company changed the depreciation method from the straight-line method to the fixed-percentage-on-declining-base method on January 1, 2008 with respect to the related machines, transportation and other equipment of the Refinery and Oil Products Division (excluding the utilities factory and oil factory), Petrochemical Olefins Division and Maintenance Center in Mailiao plant. PP&E still in use after its service life are further depreciated over the newly estimated remaining useful lives.

(14) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increase the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(16) Exploration and evaluation assets

Mineral resources mean acquired mineral interests and the oil and gas wells and related facilities arising from oil and gas development activities. Necessary cost for the acquisition of mineral interest including acquisition, exploration, development and removal or restoration costs are capitalized as mineral resource assets.

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision (listed under other current liabilities) is recognized for the carbon fees levied in accordance with the “Climate Change Response Act” and its related sub-laws. Based on the relevant regulations and the greenhouse gases emissions within the scope in the current year’s inventory, the Group is subject to the carbon fees levy. However, due to uncertainties related to factors such as the application of inventory methodologies and technologies, the impact of operational activities on emissions, or the results of auditing operations by the competent authority, or the implementation results of the self-determined reduction plan, the Group has made its best estimate based on a comprehensive consideration of available internal and external information, in accordance with the provisions of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

(19) Revenue recognition

The Group’s revenue arising from contracts with customers mainly include sale of goods and rendering of services. The accounting policies for the Group’s types of revenue are explained as follows:

Sales of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer (meaning that the customer has control over the use of the product and claims almost all of the remaining benefit) and the goods are delivered to the customers. The main product of the Group is petrochemical products and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The Group has not provided any warranty to its products.

The credit period of the Group's sale of goods is from 30 to 60 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. For a small part of the contracts, the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The service provided by the Group is mainly terminal operations which have fixed price or negotiated price based on the number of times the service is provided. The performance obligation is fulfilled at a certain point, so the revenue should be recognized when the performance obligation is fulfilled.

Most of the contractual consideration of the Group are claimed after services have been rendered. When services have been performed but the Group does not have the right to the consideration unconditionally, contract assets should be recognized. For part of the contracts where consideration is claimed upon signing the contract, then the Group has the obligation to provide the services subsequently and contract liabilities should be recognized.

The period between the transfers of contract liabilities to revenue is usually within one year, and thus, no significant financing component is raised.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs or termination benefits

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(22) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

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- A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Finance lease commitment — Group as the lessor/lessee

The Group has entered into commercial property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as finance leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc. Please refer to the Group's 2024 consolidated financial statements for more details.

C. Revenue recognition — sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sales, which reduces the operating revenue. The aforementioned sales returns and allowance are estimated based on the assumption that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

D. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

E. Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	June 30,	December 31,	June 30,
	2025	2024	2024
	NTD	NTD	NTD
Cash on hand and petty cash	\$5,136	\$5,046	\$4,877
Checking accounts	195,071	33,918	89,123
Demand deposits	19,982,238	4,324,029	8,819,677
Time deposits	13,226,156	10,454,651	13,597,977
Commercial paper	3,233,683	8,069,925	2,640,830
Repurchase bonds	100,000	100,000	-
Total	<u>\$36,742,284</u>	<u>\$22,987,569</u>	<u>\$25,152,484</u>

A. The above cash and cash equivalents were not pledged as collateral or restricted for use.

B. Commercial paper and Repurchase bonds were short-term maturity and highly liquid investments.

(2) Financial assets at fair value through profit or loss — current

	As of		
	June 30,	December 31,	June 30,
	2025	2024	2024
	NTD	NTD	NTD
Mandatorily measured at fair value through profit or loss:			
Funds	<u>\$1,722,625</u>	<u>\$1,846,201</u>	<u>\$1,780,431</u>

The profit (loss) arising from financial assets at fair value through profit or loss were NT\$(167,861) thousand and NT\$48,681 thousand for the period from April 1 to June 30, 2025, and 2024, respectively.

The profit (loss) arising from financial assets at fair value through profit or loss were NT\$(123,576) thousand and NT\$138,833 thousand for the period for the six months ended June 30, 2025 and 2024, respectively.

Financial assets at fair value through profit or loss were not pledged.

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(3) Financial assets at fair value through other comprehensive income — current and non-current

	As of		
	June 30,	December 31,	June 30,
	2025	2024	2024
	NTD	NTD	NTD
Equity instruments investments measured at fair value through other comprehensive income:			
Listed companies' stocks	\$33,071,834	\$26,379,548	\$47,917,840
Unlisted companies' stocks	14,387,688	17,226,256	22,603,865
Total	<u>\$47,459,522</u>	<u>\$43,605,804</u>	<u>\$70,521,705</u>
Current	\$33,071,834	\$26,379,548	\$47,917,840
Non-current	14,387,688	17,226,256	22,603,865
Total	<u>\$47,459,522</u>	<u>\$43,605,804</u>	<u>\$70,521,705</u>

A. The Group's financial assets at fair value through other comprehensive income were not pledged.

B. The Group subscribed for 50,000 thousand shares of preferred stocks issued by Idemitsu Formosa Specialty Chemicals Corp., the investee of the Group. The preferred stocks without voting right are regarded as the long-term equity in the joint venture based on IFRS 9 "Financial Instruments."

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the periods from April 1 to June 30, 2025, and 2024, and for the six months ended June 30, 2025, and 2024 were as follows:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Related to investments held at the end of the reporting period	<u>\$12,700</u>	<u>\$14,669</u>	<u>\$12,700</u>	<u>\$14,669</u>

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In consideration of the Group's investment strategy, the Group derecognized partial of equity instrument investments measured at fair value through other comprehensive income, details on derecognition of the investments for the periods from April 1 to June 30, 2025, and 2024, and for the six months ended June 30, 2025, and 2024 are as follows:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
The fair value of the investments at the date of derecognition	\$7,422	\$11,459	\$13,827	\$15,960
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	5,633	8,887	10,588	12,288

(4) Financial assets (liabilities) for hedging — current and non-current

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
<u>Financial assets for hedging</u>			
Derivatives			
Energy commodity swap contracts	\$124,806	\$25,422	\$20,516
Current	\$76,266	\$9,712	\$20,516
Non-current	48,540	15,710	-
Total	\$124,806	\$25,422	\$20,516

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
<u>Financial liabilities for hedging</u>			
Derivatives			
Energy commodity swap contracts	\$172,251	\$113,119	\$10,089
Current	\$108,016	\$61,984	\$-
Non-current	64,235	51,135	10,089
Total	\$172,251	\$113,119	\$10,089

A. As of June 30, 2025, December 31, 2024 and June 30, 2024, there were 521, 200 and 81 energy commodity swap contracts outstanding. The Group used these contracts to hedge the fluctuations of international crude oil and petroleum product prices. The swap contracts entered into by the Group are highly correlated with the price movement of the hedged items and periodic reviews are conducted on the swap contracts undertaken. All energy commodity swap contracts currently held by the Group are held for purpose of hedging and hedge effective. Please refer to Note 12 for details of the company's financial risk management objectives and policies, hedging strategies and activities.

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B. For hedging fluctuations of international crude oil and petroleum product prices, the outstanding energy commodity swap contracts were as follows:

Type of Transaction	Pricing Period	June 30, 2025		
		Notional Quantity	Carrying Amount	
			Asset NTD	Liability NTD
Singapore gasoline / Dubai Crack Swap	Jul.1, 2025~ Dec.31, 2026	450 (1,000 bbls)	\$4,014	\$1,256
Oil Dubai Crack Swap	Jan.1, 2026~ Feb.29, 2028	21,600 (1,000 bbls)	-	16,586
Singapore 0.5% fuel oil / Dubai Crack Swap	Aug.1,2025~ Aug.31, 2025	200 (1,000 bbls)	-	1,017
Singapore 10ppm diesel oil / Dubai Crack Swap	Jul.1,2025~ Dec.31, 2026	4,545 (1,000 bbls)	69,361	-
Singapore 180cst fuel oil / Dubai Crack Swap	Sep.1,2025~ Sep.30, 2025	100 (1,000 bbls)	1,943	-
Singapore 10ppm diesel oil	Jul.1,2025~ Jul.31, 2025	500 (1,000 bbls)	25,342	-
Singapore 0.5% fuel oil	Jul.1,2025~ Jul.31, 2025	500 (1,000 bbls)	24,146	-
Henry Hub Natural Gas Asian Swap	Jul.29,2025~ Nov.26, 2027	10,170,000 (MMBtu)	-	153,392
Total			124,806	172,251
Less: Financial assets (liabilities) for hedging — current			76,266	108,016
Financial assets (liabilities) for hedging — non-current			\$48,540	\$64,235

Type of Transaction	Pricing Period	December 31, 2024		
		Notional Quantity	Carrying Amount	
			Asset NTD	Liability NTD
Singapore gasoline / Dubai Crack Swap	Jan.1, 2025~ Dec.31, 2025	300 (1,000 bbls)	\$5,704	\$-
Singapore diesel oil / Dubai Crack Swap	Apr.1, 2025~ Dec.31, 2026	2,025 (1,000 bbls)	19,718	-
Henry Hub Natural Gas Bullet Swap	Jan.29, 2025~ Nov.26, 2027	11,520,000 (MMBtu)	-	113,119
Total			25,422	113,119
Less: Financial assets (liabilities) for hedging — current			9,712	61,984
Financial assets (liabilities) for hedging — non-current			\$15,710	\$51,135

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Type of Transaction	Pricing Period	Notional Quantity	June 30, 2024	
			Carrying Amount	
			Asset NTD	Liability NTD
Singapore gasoline / Dubai Crack Swap	Jul.1, 2024~ Dec.31, 2025	600 (1,000 bbls)	\$1,980	\$2,385
Singapore diesel oil / Dubai Crack Swap	Jul.1, 2024~ Dec.31, 2025	625 (1,000 bbls)	17,117	5,379
Henry Hub Natural Gas Bullet Swap	Jul.26, 2024~ Nov.25, 2025	3,740,000 (MMBtu)	1,419	2,325
Total			20,516	10,089
Less: Financial assets (liabilities) for hedging — current			20,516	-
Financial assets (liabilities) for hedging — non-current			\$-	\$10,089

(5) Notes and accounts receivable

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
A. Notes receivable	\$882	\$140	\$667
Less: Loss allowance	-	-	-
Notes receivable, net	\$882	\$140	\$667
B. Notes receivable – related parties	\$1,628,037	\$1,905,376	\$3,681,289
Less: Loss allowance	-	-	-
Notes receivable – related parties, net	\$1,628,037	\$1,905,376	\$3,681,289
C. Accounts receivable	\$25,878,655	\$24,370,216	\$30,434,617
Less: Loss allowance	(495,944)	(487,981)	(570,885)
Accounts receivable, net	\$25,382,711	\$23,882,235	\$29,863,732
D. Accounts receivable – related parties	\$20,348,077	\$20,620,730	\$21,302,143
Less: Loss allowance	-	-	-
Accounts receivable – related parties, net	\$20,348,077	\$20,620,730	\$21,302,143

Notes receivable and accounts receivable were from operations and were not held as collateral by any financial institution.

Accounts receivables are generally on 30~60 day terms. As of June 30, 2025, December 31, 2024 and June 30, 2024, the carrying amount were NT\$47,855,651 thousand, NT\$46,896,462 thousand and NT\$55,418,716 thousand, respectively. Please refer to Note 6.18 for more details on loss allowance of accounts receivable for the periods from April 1 to June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024. Please refer to Note. 12 for more details on credit risk management.

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(6) Inventories

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Raw materials	\$21,719,221	\$30,338,182	\$40,802,931
Supplies	6,658,397	6,411,451	6,798,119
Work in process	14,323,475	12,143,615	20,957,804
Finished goods	21,749,360	28,567,326	25,817,553
Goods in transit	81,453	82,035	665,716
By-product	3,847	3,851	4,048
Total	<u>\$64,535,753</u>	<u>\$77,546,460</u>	<u>\$95,046,171</u>

The cost of inventories (operating cost) recognized in expenses amounted to NT\$150,194,415 thousand and NT\$166,579,963 thousand for the periods from April 1 to June 30, 2025 and 2024, including the expense (benefit) from inventory diluted to its respective net realizable value of NT\$1,550,215 thousand and NT\$165,961 thousand for the periods from April 1 to June 30, 2025 and 2024, respectively.

The cost of inventories (operating cost) recognized in expenses amounted to NT\$316,856,945 thousand and NT\$331,710,550 thousand for the six months ended June 30, 2025 and 2024, including the expense (benefit) from inventory diluted to its respective net realizable value of NT\$1,112,898 thousand and NT\$(826,125) thousand for the six months ended June 30, 2025 and 2024, respectively.

Because of the dropping prices of the crude oil and naphtha, high priced inventory destocking, the cost of inventory decreased. The Group had recognized gain from price recovery of inventory in the amount of NT\$826,125 thousand for the six months ended June 30, 2024.

No inventories were pledged as of June 30, 2025, December 31, 2024 and June 30, 2024.

(7) Prepaid expense

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Prepaid expense – Maintenance	\$10,603,541	\$10,898,900	\$10,664,128
Prepaid expense – Material	2,303,117	8,719,661	4,754,943
Prepaid expense – Port handling and others	2,739,405	2,574,829	3,541,476
Total	<u>\$15,646,063</u>	<u>\$22,193,390</u>	<u>\$18,960,547</u>

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(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

Investee	As of					
	June 30, 2025		December 31, 2024		June 30, 2024	
	NTD	Percentage of Ownership (%)	NTD	Percentage of Ownership (%)	NTD	Percentage of Ownership (%)
<u>Investments in associates</u>						
Mai-Liao Power Corporation	\$16,018,603	24.94	\$16,149,274	24.94	\$17,180,589	24.94
Yi-Chi Construction Corporation	27,717	40.55	27,728	40.55	27,740	40.55
Mailiao Harbor Administration Corporation	2,391,708	44.96	2,497,433	44.96	2,391,208	44.96
Formosa Development Corporation	485,408	45.99	505,781	45.99	649,647	45.99
Formosa Marine Corporation	813,161	20.00	788,096	20.00	798,146	20.00
Simosa Oil Corporation	827,506	20.00	783,549	20.00	743,304	20.00
Formosa Environmental Technology Corporation	243,642	24.34	240,481	24.34	236,867	24.34
Formosa Plastics Synthetic Rubber (HK)	1,362,858	33.33	1,575,837	33.33	1,665,407	33.33
Nan Ya Photonics, Incorporation	252,403	28.77	313,294	28.77	270,870	22.83
Whalehome International Corp., Ltd.	228,004	69.49	230,361	69.49	227,383	69.49
TMS Corp.	69,872	49.00	63,765	49.00	64,731	49.00
Formolight Technologies, Inc.	57,197	39.43	57,529	39.43	57,302	39.43
Formosa Engineering Technologies, INC.	4,542	20.00	4,575	20.00	5,584	20.00
Formosa Resources Corporation	4,883,151	25.00	6,403,506	25.00	7,553,732	25.00
Formosa Group (Cayman) Limited	912,631	25.00	968,838	25.00	920,081	25.00
Formosa Smart Energy Corporation	<u>4,151,000</u>	25.00	<u>4,174,692</u>	25.00	<u>4,219,957</u>	25.00
Subtotal	<u>32,729,403</u>		<u>34,784,739</u>		<u>37,012,548</u>	
<u>Investments in jointly controlled entities</u>						
Caltex Taiwan Corporation	60,050	50.00	97,005	50.00	73,763	50.00
Formosa Kraton Chemical Co., Ltd.	1,526,944	50.00	1,429,661	50.00	1,671,265	50.00
Idemitsu Formosa Specialty Chemicals Corp.	-	50.00	-	50.00	-	50.00
NKFG	<u>498,137</u>	45.00	<u>533,867</u>	45.00	<u>566,697</u>	45.00
Subtotal	<u>2,085,131</u>		<u>2,060,533</u>		<u>2,311,725</u>	
Total	<u><u>\$34,814,534</u></u>		<u><u>\$36,845,272</u></u>		<u><u>\$39,324,273</u></u>	

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A. Investments in associates

(a) The associates of the Group were not significant. The summary financial information of related party was listed below:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Net income (loss)	\$65,669	\$476,404	\$(245,607)	\$1,119,868
Other comprehensive income (loss), net	(1,630,712)	1,189,334	(1,553,658)	2,399,262
Comprehensive income (loss) for the period	<u><u>\$(1,565,043)</u></u>	<u><u>\$1,665,738</u></u>	<u><u>\$(1,799,265)</u></u>	<u><u>\$3,519,130</u></u>

(b) The associates of the Group have no publicly quoted prices.

B. Investments in joint ventures

The joint ventures of the Group were not significant. The summary financial information of joint ventures was listed below:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Net income (loss)	\$44,616	\$39,153	\$53,287	\$(62,148)
Other comprehensive income (loss), net	-	-	-	-
Comprehensive income (loss) for the period	<u><u>\$44,615</u></u>	<u><u>\$39,153</u></u>	<u><u>\$53,287</u></u>	<u><u>\$(62,148)</u></u>

C. The associates and joint ventures had no contingent liability, committed capital or provided guarantee on June 30, 2025, December 31, 2024 and June 30, 2024. The joint venture could not distribute profits before obtaining all partners' consent.

D. Whalehome International Corp., Ltd. was not included in the consolidated financial statements. Please refer to Note 4.(3).C °

E. The Group acquired 2,740 thousand shares of Nan Ya Photonics Incorporation on August 15, 2024, and the Group's shareholding percentage was risen from 22.83% to 28.77%.

F. Long-term equity investments are not pledged as collaterals for bank loans as of June 30, 2025 and 2024.

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(9) Property, plant and equipment

As of June 30, 2025, the property, plant and equipment for operating leases, representing 0.01% of total property, plant and equipment. Therefore, it is not intended to separately list Statement of changes in property, plant and equipment for operating leases.

	Land and land improvements	Buildings	Machinery and equipment	Other equipment	Transportation equipment	Leasehold Improvement	Construction in progress	Total
Cost:								
2025.01.01	\$27,181,314	\$48,141,602	\$393,189,689	\$5,129,271	\$902,951	\$347,272	\$13,344,276	\$488,236,375
Additions	-	89,827	67,753	44,320	41,305	-	2,245,846	2,489,051
Transfer	-	280,968	2,246,150	49,526	-	-	(1,287,017)	1,289,627
Disposals	-	-	(45,272)	(27,116)	(13,569)	-	-	(85,957)
Exchange differences	(336,377)	-	-	(7,565)	-	-	(556,924)	(900,866)
2025.06.30	<u>\$26,844,937</u>	<u>\$48,512,397</u>	<u>\$395,458,320</u>	<u>\$5,188,436</u>	<u>\$930,687</u>	<u>\$347,272</u>	<u>\$13,746,181</u>	<u>\$491,028,230</u>
2024.01.01	\$26,846,473	\$46,613,341	\$385,306,632	\$4,934,238	\$884,956	\$356,546	\$14,073,689	\$479,015,875
Additions	-	-	50,048	65,736	7,368	-	3,493,096	3,616,248
Transfer	-	12,535	1,604,735	18,661	196	-	(1,636,127)	-
Disposals	-	-	(482,761)	(95,295)	(9,727)	-	-	(587,783)
Exchange differences	200,378	-	-	1,704	-	-	335,850	537,932
2024.06.30	<u>\$27,046,851</u>	<u>\$46,625,876</u>	<u>\$386,478,654</u>	<u>\$4,925,044</u>	<u>\$882,793</u>	<u>\$356,546</u>	<u>\$16,266,508</u>	<u>\$482,582,272</u>
Depreciation and impairment:								
2025.01.01	\$-	\$37,891,455	\$357,638,143	\$4,173,779	\$710,992	\$287,227	\$-	\$400,701,596
Depreciation	-	884,061	3,802,411	129,009	29,075	6,906	-	4,851,462
Disposals	-	-	(42,823)	(26,628)	(11,783)	-	-	(81,234)
Transfer	-	-	(300)	300	-	-	-	-
Exchange differences	-	-	-	(3,589)	-	-	-	(3,589)
2025.06.30	<u>\$-</u>	<u>\$38,775,516</u>	<u>\$361,397,431</u>	<u>\$4,272,871</u>	<u>\$728,284</u>	<u>\$294,133</u>	<u>\$-</u>	<u>\$405,468,235</u>
2024.01.01	\$-	\$36,100,890	\$350,378,017	\$4,026,443	\$683,080	\$282,664	\$-	\$391,471,094
Depreciation	-	897,727	3,995,048	128,099	27,315	6,931	-	5,055,120
Disposals	-	-	(476,646)	(95,212)	(9,727)	-	-	(581,585)
Transfer	-	(2,903)	2,787	27	89	-	-	-
Exchange differences	-	-	-	1,543	-	-	-	1,543
2024.06.30	<u>\$-</u>	<u>\$36,995,714</u>	<u>\$353,899,206</u>	<u>\$4,060,900</u>	<u>\$700,757</u>	<u>\$289,595</u>	<u>\$-</u>	<u>\$395,946,172</u>
Net carrying amount as of:								
2025.06.30	<u>\$26,844,937</u>	<u>\$9,736,881</u>	<u>\$34,060,889</u>	<u>\$915,565</u>	<u>\$202,403</u>	<u>\$53,139</u>	<u>\$13,746,181</u>	<u>\$85,559,995</u>
2024.12.31	<u>\$27,181,314</u>	<u>\$10,250,147</u>	<u>\$35,551,546</u>	<u>\$955,492</u>	<u>\$191,959</u>	<u>\$60,045</u>	<u>\$13,344,276</u>	<u>\$87,534,779</u>
2024.06.30	<u>\$27,046,851</u>	<u>\$9,630,162</u>	<u>\$32,579,448</u>	<u>\$864,144</u>	<u>\$182,036</u>	<u>\$66,951</u>	<u>\$16,266,508</u>	<u>\$86,636,100</u>

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Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Construction in progress	\$7,235	\$-
Capitalisation rate of borrowing costs	2.01% ~ 2.23%	-

A. The Group's property, plant and equipment was not pledged as collaterals.

B. Interest expenses before capitalization were NT\$268,758 thousand and NT\$234,746 thousand for six months ended June 30, 2025 and 2024, respectively.

(10) Investment property

	2025.01.01	Additions	Disposals	2025.06.30
Land:				
Cost	<u>\$921,562</u>	<u>\$-</u>	<u>\$-</u>	<u>\$921,562</u>

	2025.01.01	Impairment	Reversal of impairment loss	2025.06.30
Land:				
Accumulated impairment	<u>\$523,542</u>	<u>\$-</u>	<u>\$(3,721)</u>	<u>\$519,821</u>

	2025.01.01	2025.06.30
Land:		
Net carrying amount as of	<u>\$398,020</u>	<u>\$401,741</u>

	2024.01.01	Additions	Disposals	2024.06.30
Land:				
Cost	<u>\$945,606</u>	<u>\$-</u>	<u>\$(24,044)</u>	<u>\$921,562</u>

	2024.01.01	Impairment	Reversal of impairment loss	2024.06.30
Land:				
Accumulated impairment	<u>\$538,739</u>	<u>\$-</u>	<u>\$(15,197)</u>	<u>\$523,542</u>

	2024.01.01	2024.06.30
Land:		
Net carrying amount as of	<u>\$406,867</u>	<u>\$398,020</u>

(a) The Group's investment property was not pledged as collaterals.

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- (b) The Group measures its investment property not by the fair value; however it discloses its information by the fair value, and it is belong to level 3. The fair value of the investment property held by the Group amounted to NT\$401,741 thousand, NT\$398,020 thousand and NT\$398,020 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. The fair value of investment property was valued by an independent external appraisal expert – CCIS Real Estate Joint Appraisers Firm and Honda Real Estate Appraisers Firm. The fair value was determined based on the market evidence, and the evaluation method was the comparison method, which input is estimated by the price of square meters.

(11) Other non-current assets

	As of		
	June 30,	December 31,	June 30,
	2025	2024	2024
	NTD	NTD	NTD
Refundable deposits	\$440,748	\$510,305	\$433,576
Prepaid expense — land and equipment	4,046,837	4,138,307	3,869,864
Advance	205,972	255,317	251,832
Unamortized expense	2,555,983	2,928,659	2,906,798
Other assets — land	10,584	10,584	10,584
Prepaid expense — Maintenance	2,817,102	3,434,069	4,181,717
Other assets — Others	478,914	860,670	724,842
Total	<u>\$10,556,140</u>	<u>\$12,137,911</u>	<u>\$12,379,213</u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, the above land was temporarily registered under a third party's name, at cost all amounting to NT\$10,584 thousand. A lien has been created on the land through the land administration authority of the government, and the registered amounts of the lien all were NT\$85,160 thousand in order to protect the interest of the Company. The land was accounted for as the other non-current asset.

(12) Short-term loans

	Interest Rate	As of		
		June 30,	December 31,	June 30,
		2025	2024	2024
		NTD	NTD	NTD
Purchase loans	Floating interest rate	\$-	\$273,927	\$-
Credit loans	-	-	6,349,172	-
Other	-	-	158,262	158,713
Total		<u>\$-</u>	<u>\$6,781,361</u>	<u>\$158,713</u>

The Group's unused short-term lines of credits amounted to NT\$31,596,590 thousand, NT\$27,526,642 thousand and NT\$27,885,250 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

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(13) Bonds payable

	As of		
	June 30, 2025	December 31, 2025	June 30, 2024
	NTD	NTD	NTD
Domestic unsecured unconvertible bonds	\$20,200,000	\$20,200,000	\$25,850,000
Less: current portion	(5,250,000)	(5,250,000)	(5,650,000)
Long-term bonds payable	<u>\$14,950,000</u>	<u>\$14,950,000</u>	<u>\$20,200,000</u>

As of June 30, 2025, the terms of the domestic bonds were as follows:

Domestic unsecured unconvertible bonds

Item	Unsecured Bonds No.35	Unsecured Bonds No.36		Unsecured Bonds No.37		
Type of bonds	Bond C	Bond B	Bond C	Bond A	Bond B	Bond C
Issue date	2014.9.12	2019.7.24	2019.7.24	2020.8.6	2020.8.6	2020.8.6
Principal amount	1,400,000	4,500,000	2,100,000	4,600,000	7,800,000	2,100,000
Ending balance	1,400,000	4,500,000	2,100,000	2,300,000	7,800,000	2,100,000
Face value	1,000	1,000	1,000	1,000	1,000	1,000
Issue price	Par value	Par value	Par value	Par value	Par value	Par value
Maturity	12 years	7 years	10 years	5 years	7 years	10 years
Coupon rate	Fixed rate 1.99%	Fixed rate 0.78%	Fixed rate 0.87%	Fixed rate 0.55%	Fixed rate 0.64%	Fixed rate 0.68%
Interest payment	Annually	Annually	Annually	Annually	Annually	Annually
Repayment	Repay 50% of the principal at the end of the 11 th and 12 th year	Repay 50% of the principal at the end of the 6 th and 7 th year	Repay 50% of the principal at the end of the 9 th and 10 th year	Repay 50% of the principal at the end of the 4 th and 5 th year	Repay 50% of the principal at the end of the 6 th and 7 th year	Repay 50% of the principal at the end of the 9 th and 10 th year
Conversion exchange or stock warrants	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Securities and Futures Bureau approved document number	Financial Supervisory Commission approved document No. 1030029158, July 31, 2014	Taipei Exchange approved document No.10800082232, July 22, 2019	Taipei Exchange approved document No.10800082232, July 22, 2019	Taipei Exchange approved document No.10900087591, July 28, 2020	Taipei Exchange approved document No.10900087591, July 28, 2020	Taipei Exchange approved document No.10900087591, July 28, 2020

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(14) Long-term loans

Banks	Repayment Method	Types	June 30, 2025		December 31, 2024		June 30, 2024	
			NTD	Interest Rate	NTD	Interest Rate	NTD	Interest Rate
Bank of Taiwan, CTBC Bank and the other 8 banks	The period of the loan is from July 11, 2023 to July 11, 2026. Interest is payable monthly. The credit period is two years starting from the date of the first drawdown, with a one-year extension.	As working capital	\$6,250,000	1.849%~1.853%	\$5,000,000	1.790%~1.845%	\$2,000,000	1.790%
First Commercial Bank	The period of the loan is from September 27, 2024 to September 26, 2031. Interest is payable monthly. After receive the loan seven years later, the principal should be repaid on maturity date. An early repayment may be requested based on the borrower's needs.	As expansion	725,000	2.010%~2.230%	464,670	2.009%	-	-
Less: Current portion reclassified to current liability			-		(5,000,000)		-	
Long-term loans – due after one year			<u>\$6,975,000</u>		<u>\$464,670</u>		<u>\$2,000,000</u>	

(15) Post-employment benefits

A. Defined contribution plan

Expenses under the defined contribution plan were NT\$74,476 thousand and NT\$75,654 thousand for the periods from April 1 to June 30, 2025 and 2024, respectively. Expenses under the defined contribution plan were NT\$148,494 thousand and NT\$149,515 thousand for the six months ended June 30, 2025 and 2024, respectively.

B. Defined benefits plan

Expenses under the defined benefits plan were NT\$25,158 thousand and NT\$24,384 thousand for the periods from April 1 to June 30, 2025 and 2024, respectively. Expenses under the defined benefits plan were NT\$50,317 thousand and NT\$48,762 thousand for the six months ended June 30, 2025 and 2024, respectively.

(16) Equities

A. Common stock

The Company's authorized and issued capital all amounted to NT\$95,259,597 thousand and consisted of 9,525,960 thousand shares at \$10 par value each as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Each share has one vote and the right to receive dividends.

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B. Capital surplus

	As of		
	June 30,	December 31,	June 30,
	2025	2024	2024
	NTD	NTD	NTD
Additional paid-in capital-premium in excess of the par value of shares issued	\$24,864,000	\$24,864,000	\$24,864,000
Additional paid-in capital-bond conversion	6,379,284	6,379,284	6,379,284
Joint venture and associates change in equity under equity method	175,761	173,600	173,600
Subsidiary change in equity	2,994	2,994	2,994
Others	2,606	2,607	2,136
Total	<u>\$31,424,645</u>	<u>\$31,422,485</u>	<u>\$31,422,014</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them. Also, the capital reserve arisen from equity investments cannot be used for any purpose.

C. Retained earnings and dividend policies

Pursuant to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payments of all taxes, if any
- (b) To offset prior year's deficit, if any
- (c) To set aside 10% of the remaining amount as legal reserve after deducting items (a) and (b)
- (d) To set aside special reserve, if required
- (e) To set aside an amount for dividends
- (f) The remaining amount (the "appropriable after-dividend earnings"), if any, the appropriation of shareholders' bonuses plan is drafted by the board of directors combination with prior year's accumulated unappropriated earnings. For the resolution of cash dividends distribution should be adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors and should be reported to the shareholders' meeting. For the resolution of stock dividends distribution should be adopted by shareholders' meeting.

The above special reserve includes:

- (a) Reserve recorded for special purposes
- (b) Investment income recognized under equity method
- (c) Net assessment income arising from financial transactions, however, when the cumulative decreases, the special reserve should be reduced accordingly to the extent that has been set aside;
- (d) The special reserve required by other laws and regulations.

The Company's business is in its maturity stage. As a result, the dividends can be distributed in a combination of cash and capital increase out of earnings and paid-in capital. The total amount distributed should be at least 50% of the earnings available after setting aside legal reserve and special reserve, provided that cash dividends take precedence and capital increase out of earnings and paid-in capital do not exceed 50% of the total distribution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

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For the years ended December 31, 2024 and 2023, the details of earnings distribution and dividends per share as proposed by the shareholder's meeting on May 29, 2025 and resolved by the shareholder's meeting June 14, 2024, were as follows:

	Appropriation of earnings		Dividend per share	
	2024	2023	2024	2023
Legal reserve	\$621,632	\$2,198,193		
Special reserve	1,436,249	-		
Common stock — cash dividend	7,620,768	19,051,919	\$0.80	\$2.00
Total	<u>\$9,678,649</u>	<u>\$21,250,112</u>		

The legal reserve amount of 2024 was resolved by the shareholder's meeting on May 29, 2025. The cash dividends distribution was resolved by the board of direction's meeting held on February 27, 2025 and was reported to the shareholder's meeting, the Company distributed cash dividends amounting to NT\$7,620,768 thousand on Jul 25, 2025. The dividends to be distributed were recognized under other payables.

Please refer to Note 6.20 for details on employee's compensation.

D. Non-controlling interests

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD
Beginning balance	\$5,286,081	\$4,883,912
Cash dividends from Subsidiaries	(1,119)	-
Net loss attributed to the non-controlling interest	(1,432)	(11,731)
Other comprehensive income attributed to the non-controlling interest:		
Exchange differences resulting from translating the financial statements of a foreign operation	(430,577)	264,449
Acquisition of new shares in a subsidiary	381,600	237,600
Return of capital from subsidiaries	(2,597)	-
Ending balance	<u>\$5,231,956</u>	<u>\$5,374,230</u>

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(17) Operating revenues

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Revenue from contracts with customer				
Sales of goods				
Gasoline	\$20,348,052	\$25,877,602	\$44,921,152	\$52,558,445
Petrochemical products (ethylene and propylene, etc.)	28,242,992	31,536,346	58,954,100	61,483,546
Diesel oil	38,714,358	46,057,189	91,289,580	96,366,635
Jet fuel	10,370,647	12,879,926	24,174,212	24,165,525
Electricity	9,531,982	7,638,648	16,377,855	13,505,254
Steam	1,916,470	2,522,493	4,160,669	5,122,012
Others	36,175,198	43,829,590	78,419,260	88,057,132
Subtotal	145,299,699	170,341,794	318,296,828	341,258,549
Service revenues	247,785	274,556	517,942	554,739
Total	<u>\$145,547,484</u>	<u>\$170,616,350</u>	<u>\$318,814,770</u>	<u>\$341,813,288</u>

Analysis of revenue from contracts with customers during the six months periods ended June 30, 2025 and 2024 are as follows:

(1) Disaggregation of revenue

For period from April 1 to June 30, 2025

	Petrochemical Division	Utility Division	Others	Total
Sale of goods				
Gasoline	\$17,637,574	\$-	\$2,710,478	\$20,348,052
Petrochemical products (ethylene and propylene, etc.)	28,242,992	-	-	28,242,992
Diesel oil	37,561,524	-	1,152,834	38,714,358
Jet fuel	10,370,647	-	-	10,370,647
Electricity	-	9,531,982	-	9,531,982
Steam	-	1,916,470	-	1,916,470
Others	35,607,529	417,582	150,087	36,175,198
Subtotal	129,420,266	11,866,034	4,013,399	145,299,699
Service revenues	-	-	247,785	247,785
Total	<u>\$129,420,266</u>	<u>\$11,866,034</u>	<u>\$4,261,184</u>	<u>\$145,547,484</u>

Revenue recognition point:

At a point in time	<u>\$129,420,266</u>	<u>\$11,866,034</u>	<u>\$4,261,184</u>	<u>\$145,547,484</u>
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For period from April 1 to June 30, 2024

	Petrochemical			
	Division	Utility Division	Others	Total
Sale of goods				
Gasoline	\$23,103,687	\$-	\$2,773,915	\$25,877,602
Petrochemical products (ethylene and propylene, etc.)	31,536,346	-	-	31,536,346
Diesel oil	44,899,612	-	1,157,577	46,057,189
Jet fuel	12,879,926	-	-	12,879,926
Electricity	-	7,638,648	-	7,638,648
Steam	-	2,522,493	-	2,522,493
Others	43,359,189	362,630	107,771	43,829,590
Subtotal	155,778,760	10,523,771	4,039,263	170,341,794
Service revenues	-	-	274,556	274,556
Total	<u>\$155,778,760</u>	<u>\$10,523,771</u>	<u>\$4,313,819</u>	<u>\$170,616,350</u>

Revenue recognition point:

At a point in time	<u>\$155,778,760</u>	<u>\$10,523,771</u>	<u>\$4,313,819</u>	<u>\$170,616,350</u>
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For the six months ended June 30, 2025

	Petrochemical			
	Division	Utility Division	Others	Total
Sale of goods				
Gasoline	\$39,424,718	\$-	\$5,496,434	\$44,921,152
Petrochemical products (ethylene and propylene, etc.)	58,954,100	-	-	58,954,100
Diesel oil	88,980,592	-	2,308,988	91,289,580
Jet fuel	24,174,212	-	-	24,174,212
Electricity	-	16,377,855	-	16,377,855
Steam	-	4,160,669	-	4,160,669
Others	77,294,685	735,825	388,750	78,419,260
Subtotal	288,828,307	21,274,349	8,194,172	318,296,828
Service revenues	-	-	517,942	517,942
Total	<u>\$288,828,307</u>	<u>\$21,274,349</u>	<u>\$8,712,114</u>	<u>\$318,814,770</u>

Revenue recognition point:

At a point in time	<u>\$288,828,307</u>	<u>\$21,274,349</u>	<u>\$8,712,114</u>	<u>\$318,814,770</u>
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For the six months ended June 30, 2024

	Petrochemical Division	Utility Division	Others	Total
Sale of goods				
Gasoline	\$47,054,810	\$-	\$5,503,635	\$52,558,445
Petrochemical products (ethylene and propylene, etc.)	61,483,546	-	-	61,483,546
Diesel oil	94,111,257	-	2,255,378	96,366,635
Jet fuel	24,165,525	-	-	24,165,525
Electricity	-	13,505,254	-	13,505,254
Steam	-	5,122,012	-	5,122,012
Others	87,146,355	701,222	209,555	88,057,132
Subtotal	313,961,493	19,328,488	7,968,568	341,258,549
Service revenues	-	-	554,739	554,739
Total	<u>\$313,961,493</u>	<u>\$19,328,488</u>	<u>\$8,523,307</u>	<u>\$341,813,288</u>
Revenue recognition point:				
At a point in time	<u>\$313,961,493</u>	<u>\$19,328,488</u>	<u>\$8,523,307</u>	<u>\$341,813,288</u>

(2) Contract balances

Contract liabilities — current

	As of			
	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Sales of goods	<u>\$91,736</u>	<u>\$72,588</u>	<u>\$72,002</u>	<u>\$67,248</u>

The significant changes in the Group's balances of contract liabilities for the six months periods ended June 30, 2025 and 2024 are as follows:

	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD
Revenue recognized during the year that was included in the balance at the beginning of the year	<u>\$72,588</u>	<u>\$67,248</u>

(3) Transaction price allocated to unsatisfied performance obligations

The Group's contracts are all shorter than one year, there is not to provide information on outstanding performance obligations.

(4) Assets recognized from costs to fulfil a contract

None.

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(18) Expected credit losses/(gains)

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Operating expenses —				
Expected credit losses/(gains)				
Accounts receivable	<u>\$(41,540)</u>	<u>\$27,786</u>	<u>\$7,963</u>	<u>\$58,859</u>

The Group does not expect that any significant losses will incur because the counterparty fail to fulfill the agreement. Please refer to Note 12 for information of credit risks.

The Group measures the loss allowance of receivables (including notes and accounts receivable) at an amount equal to lifetime expected credit losses. The explanation of the loss allowance measured for the six months ended June 30, 2025 and 2024 are as follows:

The Group needs to consider the grouping of receivables by past experiences and its loss allowance is measured by using a provision matrix, details as follows:

As of June 30, 2025		Past due				Total
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	
Gross carrying amount	\$45,755,610	\$2,099,856	\$185	\$-	\$-	\$47,855,651
Loss ratio	1%	1%	1%	-	-	
Lifetime expected credit losses	474,943	20,999	2	-	-	495,944
Total	<u>\$45,280,667</u>	<u>\$2,078,857</u>	<u>\$183</u>	<u>\$-</u>	<u>\$-</u>	<u>\$47,359,707</u>

As of December 31, 2024		Past due				Total
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	
Gross carrying amount	\$46,528,392	\$368,070	\$-	\$-	\$-	\$46,896,462
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	484,300	3,681	-	-	-	487,981
Total	<u>\$46,044,092</u>	<u>\$364,389</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$46,408,481</u>

As of June 30, 2024		Past due				Total
	Neither past due	Within 30 days	31-60 days	61-90 days	Over 90 days	
Gross carrying amount	\$50,798,900	\$4,619,816	\$-	\$-	\$-	\$55,418,716
Loss ratio	1%	1%	-	-	-	
Lifetime expected credit losses	524,687	46,198	-	-	-	570,885
Total	<u>\$50,274,213</u>	<u>\$4,573,618</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$54,847,831</u>

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The movement in the provision for impairment of notes receivable and accounts receivable during the six months periods ended June 30, 2025 and 2024 are as follows:

	Receivables
Balance as at January 1, 2025	\$487,981
Addition/(reversal) for the current period	7,963
Balance as at June 30, 2025	<u>\$495,944</u>
Balance as at January 1, 2024	\$512,026
Addition/(reversal) for the current period	58,859
Balance as at June 30, 2024	<u>\$570,885</u>

(19) Lease

(1) Group as lessee

The Group has entered into commercial leases on land and buildings. These leases have an average life of more than one to twenty years with no restrictions placed upon the Group in the contracts.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use asset

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Land	\$201,200	\$210,397	\$214,259
Buildings	29,644	34,915	32,385
Machinery and equipment	20,804	18,832	31,504
Transportation equipment	810,396	1,132,932	1,363,274
Gas station	2,807,462	2,344,678	2,495,723
Total	<u>\$3,869,506</u>	<u>\$3,741,754</u>	<u>\$4,137,145</u>

During the six months periods ended June 30, 2025 and 2024, the additions to right-of-use assets of the Group amounting to NT\$807,915 thousand and NT\$391,696 thousand, respectively.

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(b) Lease liability

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Lease liability	\$3,926,854	\$3,892,300	\$4,246,743
Current	\$1,033,225	\$1,113,193	\$1,165,445
Non-current	\$2,893,629	\$2,779,107	\$3,081,298

Please refer to Note 6 (21)(D) for the interest on lease liability recognized during the periods from April 1 to June 30, 2025 and 2024, and six months periods ended June 30, 2025 and 2024 and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Land	\$4,727	\$10,323	\$9,463	\$20,063
Buildings	2,531	2,681	5,009	8,995
Machinery and equipment	777	9,113	1,554	18,227
Transportation equipment	116,441	122,201	240,733	240,924
Gas station	166,647	156,365	328,954	311,125
Total	\$291,123	\$300,683	\$585,713	\$599,334

C. Income and costs relating to leasing activities

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
The expense relating to short-term leases	\$1,747	\$2,370	\$6,497	\$9,814

As at June 30, 2025, December 31, 2024, and June 30, 2024, the Group has no committed short-term lease portfolio.

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D. Cash outflow relating to leasing activities

During the six months periods ended June 30, 2025, the Group's total cash outflow for leases amounting to NT\$672,209 thousand, interest charge on lease liabilities NT\$32,586 thousand and short-term leases NT\$6,497 thousand.

During the six months periods ended June 30, 2024, the Group's total cash outflow for leases amounting to NT\$671,277 thousand, interest charge on lease liabilities NT\$38,176 thousand and short-term leases NT\$9,814 thousand.

E. Other information relating to leasing activities

None.

(2) Group as lessor

The Group has entered into leases on certain equipment of vessel equipment and automated storage and retrieval systems. These leases have terms of between ten years and fifteen years, respectively. These leases are classified as finance leases as they do transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
Lease income for operating leases				
Income relating to fixed lease payments	\$310,050	\$313,546	\$621,218	\$628,587
Lease income for finance leases				
Finance income on the net investment in the lease	9,957	23,872	29,861	47,990
Total	<u>\$320,007</u>	<u>\$337,418</u>	<u>\$651,079</u>	<u>\$676,577</u>

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For finance leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at June 30, 2025, December 31, 2024 and June 30, 2024 are as follow:

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
Not later than one year	\$871,190	\$2,033,540	\$1,310,955
Later than one year but not later than two years	15,051	15,051	944,144
Later than two years but not later than three years	15,051	15,051	15,051
Later than three years but not later than four years	15,051	15,051	15,051
Later than four years but not later than five years	15,051	15,051	15,051
Later than five years	60,202	67,725	75,253
Total undiscounted lease payments	991,596	2,161,469	2,375,505
Less: Unearned finance income to finance leases	(17,501)	(48,515)	(93,610)
Net investment in the lease (Finance lease receivables)	\$974,095	\$2,112,954	\$2,281,895
Current	\$865,058	\$1,997,798	\$1,235,123
Non-current	\$109,037	\$115,156	\$1,046,772

(20) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function Description	For the period from April 1 to June 30, 2025			For the period from April 1 to June 30, 2024		
	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)
Employee benefits expense	\$1,334,682	\$942,450	\$2,277,132	\$1,399,776	\$960,924	\$2,360,700
Salaries and wages	1,149,974	822,867	1,972,841	1,211,442	843,465	2,054,907
Labor and health insurance	91,296	64,505	155,801	92,839	62,880	155,719
Pension	62,293	37,341	99,634	63,350	36,688	100,038
Other employee benefits expense	31,119	17,737	48,856	32,145	17,891	50,036
Depreciation and depletion	2,503,747	281,683	2,785,430	2,498,998	274,452	2,773,450
Amortization	487,273	169	487,442	375,340	168	375,508

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Function Description	For the six months ended June 30, 2025			For the six months ended June 30, 2024		
	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)	Operating Cost (NTD)	Operating Expense (NTD)	Total (NTD)
Employee benefits expense	\$2,684,706	\$1,894,561	\$4,579,267	\$2,782,819	\$1,912,071	\$4,694,890
Salaries and wages	2,314,016	1,657,739	3,971,755	2,407,497	1,678,996	4,086,493
Labor and health insurance	183,122	127,635	310,757	184,977	124,621	309,598
Pension	124,833	73,978	198,811	125,641	72,636	198,277
Other employee benefits expense	62,735	35,209	97,944	64,704	35,818	100,522
Depreciation and depletion	5,018,810	560,403	5,579,213	5,135,686	550,317	5,686,003
Amortization	970,523	337	970,860	748,167	336	748,503

The amortization recognized as non-operating income and expenses are NT\$3,424 thousand and NT\$4,032 thousand for the six months ended June 30, 2025 and 2024, respectively.

According to the Company's Articles of Incorporation, 0.02% to 0.1% of the profit of the period should be distributed as employee's compensation. However, if there is accumulated deficit, the deficit should be covered first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employee compensation can be obtained from the "Market Observation Post System" on the website of the TWSE.

As the operations during the first half of 2025 resulted in a net loss, no employee compensation was estimated and accrued. The Company's employee compensation was NT\$651 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the period from April 1 to June 30, 2024. The Company's employee compensation was NT\$1,868 thousand, estimated as 0.02% of the Company's net profit and recognized as employee's compensation for the six months ended June 30, 2024.

The Company resolved to distribute NT\$1,349 thousand of employee compensation in cash on the board of director's meeting on February 27, 2025, and announced the resolution on the shareholder's meeting on May 29, 2025. There is no difference between the employee bonus 2024 paid and the employee bonus recognized as expense on the financial report of 2024.

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(21) Non-operating income and expenses

A. Interest income

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Bank interest income	\$295,675	\$307,461	\$426,504	\$508,201
Interest income — due from affiliates	10,148	28,375	22,634	57,305
Interest income — finance leases	9,957	23,872	29,861	47,990
Other interest income	11,599	22,926	26,482	37,019
Total	<u>\$327,379</u>	<u>\$382,634</u>	<u>\$505,481</u>	<u>\$650,515</u>

B. Other income

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Rental income	\$310,050	\$313,546	\$621,218	\$628,587
Others	206,795	224,257	451,949	458,576
Dividend revenue	12,700	14,669	12,700	14,669
Total	<u>\$529,545</u>	<u>\$552,472</u>	<u>\$1,085,867</u>	<u>\$1,101,832</u>

C. Other gains and losses

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Gains (losses) on disposal and abandon of property, plant and equipment	\$702	\$(3,084)	\$987	\$4,130
Gains (losses) on disposal of investment property	-	8,586	-	8,586
Gains (losses) on disposal of other assets	-	(4,830)	-	(4,412)
Foreign exchange (losses) gains, net	(2,776,811)	711,421	(1,950,867)	2,279,882
Impairment loss/ Reversal of impairment loss				
Investment property	-	-	3,721	15,197
Other gains (losses) — others	(35,581)	(5,186)	(109,980)	(26,124)
Gains (losses) on financial assets at fair value through profit or loss (Note)	(167,861)	48,681	(123,576)	138,833
Total	<u>\$(2,979,551)</u>	<u>\$755,588</u>	<u>\$(2,179,715)</u>	<u>\$2,416,092</u>

Note: Balance in current period arose from financial assets mandatorily measured at fair value through profit or loss.

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D. Financial costs

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Interest on borrowings from bank	\$37,343	\$8,923	\$86,813	\$17,846
Interest on bonds payable	39,411	51,815	78,390	103,630
Interest for lease liabilities	15,824	18,657	32,586	38,176
Other interest expenses	21,321	34,800	63,734	75,094
Total finance costs	<u>\$113,899</u>	<u>\$114,195</u>	<u>\$261,523</u>	<u>\$234,746</u>

(22) Components of other comprehensive income

For the period from April 1 to June 30, 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$1,667,286	\$-	\$1,667,286	\$-	\$1,667,286
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(432,487)	-	(432,487)	-	(432,487)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	(1,803,461)	-	(1,803,461)	-	(1,803,461)
Gains (losses) on hedging instrument	(153,683)	(226,758)	(380,441)	(94,859)	(285,582)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,198,225)	-	(1,198,225)	-	(1,198,225)
Total	<u>\$(1,920,570)</u>	<u>\$(226,758)</u>	<u>\$(2,147,328)</u>	<u>\$(94,859)</u>	<u>\$(2,052,469)</u>

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For the period from April 1 to June 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$2,091,380	\$-	\$2,091,380	\$-	\$2,091,380
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	992,558	-	992,558	-	992,558
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	253,445	-	253,445	-	253,445
Gains (losses) on hedging instrument	(29,792)	(46,707)	(76,499)	(11,766)	(64,733)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	196,776	-	196,776	-	196,776
Total	<u>\$3,504,367</u>	<u>\$(46,707)</u>	<u>\$3,457,660</u>	<u>\$(11,766)</u>	<u>\$3,469,426</u>

For the six months ended June 30, 2025

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$3,813,412	\$-	\$3,813,412	\$-	\$3,813,412
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(505,778)	-	(505,778)	-	(505,778)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences translation of foreign operations	(1,584,222)	-	(1,584,222)	-	(1,584,222)
Gains (losses) on hedging instrument	306,962	(279,889)	27,073	16,105	10,968
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,047,880)	-	(1,047,880)	-	(1,047,880)
Total	<u>\$982,494</u>	<u>\$(279,889)</u>	<u>\$702,605</u>	<u>\$16,105</u>	<u>\$686,500</u>

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For the six months ended June 30, 2024

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$(1,290,087)	\$-	\$(1,290,087)	\$-	\$(1,290,087)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,648,055	-	1,648,055	-	1,648,055
Items that may be reclassified subsequently to profit or loss:					
Exchange differences translation of foreign operations	945,224	-	945,224	-	945,224
Gains (losses) on hedging instrument	47,466	(82,832)	(35,366)	(8,835)	(26,531)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	751,207	-	751,207	-	751,207
Total	<u>\$2,101,865</u>	<u>\$(82,832)</u>	<u>\$2,019,033</u>	<u>\$(8,835)</u>	<u>\$2,027,868</u>

(23)Income taxes

The major components of income tax expense (income) for the six months ended June 30, 2025 and 2024 are as follows:

Income tax expense (income) recognized in profit or loss

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Current income tax expense (income):				
Current income tax charge	\$(663,434)	\$590,460	\$25,728	\$1,278,257
Adjustments in respect of current income tax of prior periods	(384)	8,854	111,453	8,854
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination and reversal of temporary differences	(1,236,473)	(50,188)	(1,045,158)	342,703
Others	(95,442)	(10,997)	23,066	(8,277)
Total income tax expense (income)	<u>\$(1,995,733)</u>	<u>\$538,129</u>	<u>\$(884,911)</u>	<u>\$1,621,537</u>

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Income tax relating to components of other comprehensive income

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Deferred tax expense (income):				
Gains (losses) on hedging instrument	<u>\$(94,859)</u>	<u>\$(11,766)</u>	<u>\$16,105</u>	<u>\$(8,835)</u>

The assessment of income tax returns

As of June 30, 2025, the assessment of the income tax returns of the Company and its subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2023
Subsidiary- Formosa Oil (Asia Pacific) Corporation	Assessed and approved up to 2023
Subsidiary- Formosa Petrochemical Transportation Corporation	Assessed and approved up to 2023
Subsidiary- Formosa Grandseas Bunkering and Trading Corporation	Assessed and approved up to 2023

(24)Earnings per share

Basic earnings per share amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Basic/Diluted earnings per share (Note)				
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$(7,504,503)</u>	<u>\$2,732,138</u>	<u>\$(3,819,709)</u>	<u>\$7,758,424</u>
Weighted average number of ordinary shares outstanding for basic/diluted earnings per share (in thousands)	<u>9,525,960</u>	<u>9,525,960</u>	<u>9,525,960</u>	<u>9,525,960</u>
Basic/Diluted earnings per share	<u>\$(0.79)</u>	<u>\$0.28</u>	<u>\$(0.40)</u>	<u>\$0.81</u>

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There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

Note: Due to the loss for the period from April 1 to June 30, 2025 and the period from January 1 to June 30, the calculation of diluted earnings per share are for illustrative purposes only.

(25) Subsidiaries that have material non-controlling interests

The Group does not have subsidiaries that have material non-controlling interests.

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Formosa Plastics Corporation	Significant influence over the Company
Formosa Chemicals & Fibre Corporation	Significant influence over the Company
Nan Ya Plastics Corporation	Significant influence over the Company
Whalehome International Corp., Ltd.	Associate
Mai-Liao Power Corporation	Associate
Mailiao Harbor Administration Corporation	Associate
Formosa Marine Corporation	Associate
Simosa Oil Corporation	Associate
Formosa Environmental Technology Corporation	Associate
TMS Corp.	Associate
Formosa Group (Cayman) Limited	Associate
Nan Ya Photonics Incorporation	Associate
NKFG	Joint venture
Caltex Taiwan Corporation	Joint venture
Formosa Kraton Chemical Co., Ltd.	Joint venture
Idemitsu Formosa Specialty Chemicals Corp.	Joint venture
Formosa FCFC Carpet Corporation	Other
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Other
Formosa Biomedical Technology Corp.	Other
Formosa BP Chemicals Corporation	Other
Formosa Taffeta Co., Ltd	Other
Formosa Advanced Technologies Co., Ltd.	Other
Formosa Energy Management Corporation	Other

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<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Formosa Ha tinh (Cayman) Limited	Other
Hong Jing Resource Co., Ltd	Other
Nan Ya Printed Circuit Board Corporation	Other
Nan Chung Petrochemical Corp.	Other
Formosa Heavy Industries Corporation	Other
Hwa Ya Power Corporation	Other
National Petroleum Co., Ltd.	Other
Formosa Plastics Maritime Corporation	Other
Chang Gung Medical Foundation	Other
Simosa Shipping Co., Ltd.	Other
Simosa International Co., Ltd	Other
Simosa Marine Corporation	Other
Formosa Waters Technology Co., Ltd.	Other
Formosa Steel IB PTY LTD	Other
Asia Pacific Investment Corporation	Other
Asia Pacific Development Corp.	Other

Significant transactions with the related parties

(1) Sales

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Entity with joint control or significant influence over the Company				
Formosa Chemicals & Fibre Corporation	\$26,258,975	\$40,359,927	\$57,041,816	\$77,276,164
Formosa Plastics Corporation	15,364,814	17,339,879	31,745,889	35,161,730
Nan Ya Plastics Corporation	5,680,289	5,581,601	11,616,879	10,010,139
Subtotal	47,304,078	63,281,407	100,404,584	122,448,033
Associate	2,052,374	1,816,246	3,959,364	3,507,131
Joint venture	2,115,212	2,458,245	4,558,332	4,790,265
Others	9,955,065	8,214,419	22,169,515	16,443,464
Total	\$61,426,729	\$75,770,317	\$131,091,795	\$147,188,893

The terms and conditions of sales (including prices) to related parties are similar to those with non-related parties. The credit term is 30 days from the day the related party confirms the sale.

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(2) Purchase

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Entity with joint control or significant influence over the Company	\$7,772,753	\$11,999,409	\$17,133,523	\$23,274,733
Associate	17,927	30,742	34,435	54,664
Joint venture	14,082	19,141	32,430	39,353
Others	145,432	200,733	335,878	401,961
Total	<u>\$7,950,194</u>	<u>\$12,250,025</u>	<u>\$17,536,266</u>	<u>\$23,770,711</u>

The Company and subsidiaries did not receive special discounts when purchasing from the related parties. Payment term is 30 days after receiving the goods.

(3) Notes receivable – related parties

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Others			
National Petroleum Co., Ltd.	\$1,628,037	\$1,905,376	\$3,681,289
Total	1,628,037	1,905,376	3,681,289
Less: Loss allowance	-	-	-
Net	<u>\$1,628,037</u>	<u>\$1,905,376</u>	<u>\$3,681,289</u>

(4) Accounts receivable – related parties

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Entity with joint control or significant influence over the Company			
Formosa Chemicals & Fibre Corporation	\$7,411,540	\$9,785,022	\$9,484,127
Formosa Plastics Corporation	5,209,690	4,676,457	6,145,756
Nan Ya Plastics Corporation	1,998,656	2,295,644	1,866,127
Subtotal	14,619,886	16,757,123	17,496,010
Associate	540,233	362,742	345,832
Joint venture	679,849	723,971	814,896
Others	4,508,109	2,776,894	2,645,405
Total	20,348,077	20,620,730	21,302,143
Less: Loss allowance	-	-	-
Net	<u>\$20,348,077</u>	<u>\$20,620,730</u>	<u>\$21,302,143</u>

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(5) Accounts payable – related parties

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Entity with joint control or significant influence over the Company			
Formosa Chemicals & Fibre Corporation	\$2,372,634	\$2,844,930	\$3,348,649
Others	554,419	511,714	651,606
Subtotal	2,927,053	3,356,644	4,000,255
Associate	147,510	85,956	108,561
Joint venture	12,198	14,687	10,953
Others	39,966	70,359	66,425
Total	<u>\$3,126,727</u>	<u>\$3,527,646</u>	<u>\$4,186,194</u>

(6) Transaction of property, plant and equipment

Commissioned construction

The Company commissioned the following related parties to construct items of property, plant and equipment:

		For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	Items	NTD	NTD	NTD	NTD
Entity with joint control or significant influence over the Company	Maintenance	\$17,934	\$36,729	\$90,876	\$53,130
Entity with joint control or significant influence over the Company	Expansion of Facilities	2,983	2,499	7,251	4,569
Associate	Expansion of facilities	4,569	8,428	13,644	21,473
Others	Maintenance	125,423	46,355	227,159	173,731
Others	Expansion of facilities	163,946	493,547	(39,753)	773,519
Total		<u>\$314,855</u>	<u>\$587,558</u>	<u>\$299,177</u>	<u>\$1,026,422</u>

The Company followed the general procedures to commission Formosa Heavy Industries Corporation, Nan Ya Plastics Corporation and Na Ya Photonics Incorporation to expand its facilities and the maintenance of them. The payment period is one month after the acceptance of the construction work.

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(7) Financing

Other receivables – due from affiliates

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Others			
Formosa Heavy Industries Corporation	\$1,500,000	\$2,000,000	\$2,520,000
Formosa Steel IB PTY LTD	-	-	1,622,500
Total	<u>\$1,500,000</u>	<u>\$2,000,000</u>	<u>\$4,142,500</u>

The lending of funds condition to the associates was charged in accordance with the contract schedule after loan received. For the six months ended June 30, 2025 and 2024, interest income from related parties were NT\$18,078 thousand and NT\$42,627 thousand, respectively. And interest charged at the rate of 2.18% and 1.99%~2.12%, respectively.

(8) Other receivables, other payables

Receivables from/payables to related parties (bear no interest) are as follows:

A. Other receivables – sale of raw materials, etc.

	As of					
	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
	NTD		NTD		NTD	
Entity with joint control or significant influence over the Company	\$5,089	0.06	\$2,909	0.04	\$4,095	0.04
Associate	24,169	0.31	48,117	0.73	24,737	1.12
Joint venture	14,754	0.19	3,951	0.06	20,337	0.23
Others	4,085	0.05	3,645	0.06	121,663	0.19
Total	<u>\$48,097</u>	<u>0.61</u>	<u>\$58,622</u>	<u>0.89</u>	<u>\$170,832</u>	<u>1.58</u>

They are payments received from selling raw material. The payment term is within 30 days following confirmation with the counterparty.

B. Other receivables – dividend

	As of					
	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
	NTD		NTD		NTD	
Associate	\$252,862	3.21	\$-	-	\$254,290	2.35
Others	8,950	0.11	-	-	10,919	0.10
Total	<u>\$261,812</u>	<u>3.32</u>	<u>\$-</u>	<u>-</u>	<u>\$265,209</u>	<u>2.45</u>

Other receivables are cash dividends from related parties.

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C. Other payables

	As of					
	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount		Amount		Amount	
	NTD	%	NTD	%	NTD	%
Associate	\$14,862	0.07	\$13,492	0.08	\$14,883	0.04
Others	264,782	1.16	344,484	2.18	455,243	1.25
Total	<u>\$279,644</u>	<u>1.23</u>	<u>\$357,976</u>	<u>2.26</u>	<u>\$470,126</u>	<u>1.29</u>

Other payables are purchases of raw material for construction. The payment term is within 30 days after inspection and approval of accepting the materials.

(9) Lease

A. Group as a lessee

(a) Right-of-use assets

The carrying amount of right-of-use asset

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Entity with joint control or significant influence over the Company	\$22,191	\$20,478	\$22,296
Associate	79,577	93,402	107,227
Other	805,098	1,129,897	1,363,274
Total	<u>\$906,866</u>	<u>\$1,243,777</u>	<u>\$1,492,797</u>

(b) Lease liabilities

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Entity with joint control or significant influence over the Company	\$23,057	\$20,529	\$23,101
Associate	84,403	102,473	112,247
Other	904,861	1,262,994	1,520,292
Total	<u>\$1,012,321</u>	<u>\$1,385,996</u>	<u>\$1,655,640</u>
Current	<u>\$538,602</u>	<u>\$579,517</u>	<u>\$568,865</u>
Non-current	<u>\$473,719</u>	<u>\$806,479</u>	<u>\$1,086,775</u>

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(c) Interest for lease liabilities

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Entity with joint control or significant influence over the Company	\$44	\$42	\$89	\$83
Associate	294	453	621	713
Other	5,414	8,589	11,950	17,608
Total	<u>\$5,752</u>	<u>\$9,084</u>	<u>\$12,660</u>	<u>\$18,404</u>

B. Group as a lessor

(a) The revenue relating to short-term leases

The Group derived the following rental income from leasing oil storage facilities and land to related parties:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Entity with joint control or significant influence over the Company	\$45,857	\$53,406	\$91,440	\$107,262
Associate	6,722	6,722	13,443	13,444
Joint venture	8,121	8,122	16,242	16,243
Other	2,472	4,262	4,944	8,524
Total	<u>\$63,172</u>	<u>\$72,512</u>	<u>\$126,069</u>	<u>\$145,473</u>

(b) The income relating to finance leases

The Group derived the following rental income from leasing automated storage and retrieval systems to related parties:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Joint venture	<u>\$769</u>	<u>\$843</u>	<u>\$1,557</u>	<u>\$1,704</u>

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(10) Other related party transactions

A. Use of labor

The details of use of the related parties' labor force are as follows:

		For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	Items	NTD	NTD	NTD	NTD
Associate	Harbor Labor force	\$357,273	\$357,574	\$747,898	\$728,173
Joint venture	Refuel, Labor force	14,953	14,640	29,557	29,117
Others	Labor force	415	372	949	794
Total		<u>\$372,641</u>	<u>\$372,586</u>	<u>\$778,404</u>	<u>\$758,084</u>

The payments include harbor usage, towage, and fuel delivery. The payment is mutually agreed to be made one month after the monthly closing.

B. Notes endorsements and guarantees

	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Associate	<u>\$-</u>	<u>\$8,195,250</u>	<u>\$8,112,500</u>

(11) Key management personnel compensation

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Short-term employee benefits	<u>\$11,863</u>	<u>\$11,440</u>	<u>\$27,969</u>	<u>\$30,989</u>

8. PLEDGED ASSETS

The following assets were pledged to banks as collaterals for bank loans:

		As of		
		June 30, 2025	December 31, 2024	June 30, 2024
Pledged Assets	Contents	NTD	NTD	NTD
Other current assets	Certificates of time deposit	<u>\$234,508</u>	<u>\$233,459</u>	<u>\$234,633</u>

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2025, the Group's commitments and contingent liabilities were as follows:

- (1) Finance lease commitments: Simosa Shipping Co. Ltd. leased vessel and equipment to the Group. The lease term is from January 2012 to December 2026 at US\$33,500 per day. When the lease expires, the ownership of the shipping equipment will transfer to the Group.
- (2) Guarantee notes received from counterparties as collateral for payment, construction completion commitment and others for operational needs were NT\$266,768 thousand.
- (3) Guarantee notes issued for borrowings (financing) were NT\$160,664,190 thousand.
- (4) The unutilized portion of letters of credit issued by banks for importing raw materials was NT\$3,590,414 thousand.
- (5) Idemitsu Formosa Specialty Chemicals Corp., a joint venture of the Group, borrowed NT\$3.3 billion from CA Corporation & Investment Bank and KGI Bank. To secure the rights of its shareholders, the Company is required to issue a letter of support to ensure the borrower has fulfilled its obligation for repayment.
- (6) Formosa Ha Tinh (Cayman) Limited, the investee of the Group, and Formosa Ha Tinh Steel Corporation, the indirect investee owned by Formosa Ha Tinh (Cayman) Limited, borrowed credit line of US\$2,896.75 million and US\$2,137.5 million from different banks, respectively. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.
- (7) Formosa Resources Corp., the investee of the Group, borrowed credit line of totaled US\$430 million from several banks for operating need. According to the requirements of the bank, the Company should issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment, due to the Company's direct shareholding percentage is 25%.
- (8) Formosa Resources Corp., the investee of the Group, and Formosa Resources Australia Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed credit line of US\$514 million from Bank for operational needs. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.
- (9) Formosa Resources Corp., the investee of the Group, and Formosa Steel IB Pty Ltd., the 100% indirect investee owned by Formosa Resources Corp., borrowed credit line of US\$694 million from Bank for operational needs. To secure the rights of its shareholders, the Company is required to issue a commitment letter to ensure the borrower has fulfilled its obligation for repayment.

10. SIGNIFICANT DISASTER LOSSES

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

Formosa Resources Corporation, the investee of the Group, plans to apply for a US\$125 million credit line for increase the level of working capital. The Company and the other investors intend to issue a Letter of support.

12. OTHERS

(1) Categories of financial instruments

Financial Assets	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through profit or loss	\$1,722,625	\$1,846,201	\$1,780,431
Financial assets at fair value through other comprehensive income	47,459,522	43,605,804	70,521,705
Financial assets at amortized cost:			
Cash and cash equivalents (excluding cash on hand)	36,737,148	22,982,523	25,147,607
Notes and accounts receivable, net (including related party)	47,359,707	46,408,481	54,847,831
Finance lease receivables	974,095	2,112,954	2,281,895
Other receivables	7,887,387	6,576,609	10,828,443
Subtotal	92,958,337	78,080,567	93,105,776
Financial assets for hedging	124,806	25,422	20,516
Total	<u>\$142,265,290</u>	<u>\$123,557,994</u>	<u>\$165,428,428</u>
Financial Liabilities	As of		
	June 30, 2025	December 31, 2024	June 30, 2024
	NTD	NTD	NTD
Financial liabilities at amortized cost:			
Short-term loans	\$-	\$6,781,361	\$158,713
Notes and accounts payable (including related party)	14,228,502	11,566,389	21,093,514
Other payables (including related parties)	22,735,253	15,816,987	36,432,991
Bonds payable (including current portion)	20,200,000	20,200,000	25,850,000
Long-term loans	6,975,000	5,464,670	2,000,000
Lease liabilities	3,926,854	3,892,300	4,246,743
Subtotal	\$68,065,609	63,721,707	\$89,781,961
Financial liabilities for hedging	172,251	113,119	10,089
Total	<u>\$68,237,860</u>	<u>\$63,834,826</u>	<u>\$89,792,050</u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

To avoid the risk of foreign currency assets impairment and future cash flow changes, the Company uses forward contracts and foreign currency loans to hedge the foreign currency risk. However, the abovementioned method can reduce the risk arise from changes of foreign currency exchange rate, it cannot completely eliminate the risk.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. When NTD appreciate/depreciate against US dollars by NT\$1, the profit decreased/increased by NT\$756,172 thousand and NT\$583,561 thousand for the six months ended June 30, 2025 and 2024, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 25 basis points of interest rate in a reporting period could cause the profit to decrease/increase by NT\$8,719 thousand and by NT\$2,500 thousand for the six months ended June 30, 2025 and 2024, respectively.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

The Group did not hold any listed and OTC equity securities measured at fair value through profit or loss.

When the price of the listed equity securities at fair value through other comprehensive income increases/decreases 1%, it could have impacts of NT\$330,718 thousand and NT\$479,178 thousand on the equity attributable to the Group for the six months ended June 30, 2025 and 2024, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc.

Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of June 30, 2025, December 31, 2024 and June 30, 2024, accounts receivable from top ten customers represented 74.47%, 73.86% and 75.91% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counterparties.

The Group did not hold any debt instrument investments which were measured at fair value through profit or loss as of June 30, 2025.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
June 30, 2025							
Borrowings	\$-	\$6,365,625	\$-	\$-	\$-	\$739,935	\$7,105,560
Accounts payable	14,228,502	-	-	-	-	-	14,228,502
Other payables	22,735,253	-	-	-	-	-	22,735,253
Bonds payable	5,290,950	6,903,430	3,930,420	1,058,190	2,116,380	1,058,190	20,357,560
Lease liabilities	1,083,963	889,403	408,673	352,639	283,461	1,094,181	4,112,320
December 31, 2024							
Borrowings	\$11,847,031	\$-	\$-	\$-	\$-	\$474,004	\$12,321,035
Accounts payable	11,566,389	-	-	-	-	-	11,566,389
Other payables	15,816,987	-	-	-	-	-	15,816,987
Bonds payable	5,292,152	6,904,999	3,931,313	1,058,430	2,116,861	1,058,430	20,362,185
Lease liabilities	1,168,416	970,882	501,100	268,584	233,065	932,057	4,074,104
June 30, 2024							
Borrowings	\$161,411	\$2,034,000	\$-	\$-	\$-	\$-	\$2,195,411
Accounts payable	21,093,514	-	-	-	-	-	21,093,514
Other payables	36,432,991	-	-	-	-	-	36,432,991
Bonds payable	5,695,200	5,292,000	6,904,800	3,931,200	1,058,400	3,175,200	26,056,800
Lease liabilities	1,228,880	980,458	798,895	285,587	235,474	1,075,973	4,605,267

Derivative instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
June 30, 2025					
Inflows	\$76,266	\$48,540	\$-	\$-	\$124,806
Outflows	(108,016)	(64,235)	-	-	(172,251)
Net	<u>\$(31,750)</u>	<u>\$(15,695)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(47,445)</u>
December 31, 2024					
Inflows	\$9,712	\$15,710	\$-	\$-	\$25,422
Outflows	(61,984)	(51,135)	-	-	(113,119)
Net	<u>\$(52,272)</u>	<u>\$(35,425)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(87,697)</u>
June 30, 2024					
Inflows	\$20,516	\$-	\$-	\$-	\$20,516
Outflows	-	(10,089)	-	-	(10,089)
Net	<u>\$20,516</u>	<u>\$(10,089)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$10,427</u>

The table above contains the undiscounted net cash flows of derivative instruments.

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(6) Reconciliations of the liabilities from financing activities

Reconciliations of the liabilities for the six months ended June 30, 2025:

	Short-term loans	Other payables to related parties	Bonds payable (including current portion)	Long-term loans	Lease liabilities (current and non-current)	Increase (decrease) in other non- current liabilities	Total liabilities from financing activities
2025.01.01	\$6,781,361	\$357,976	\$20,200,000	\$5,464,670	\$3,892,300	\$240,409	\$36,936,716
Cash flows	(6,781,361)	(78,332)	-	1,510,330	(672,209)	(5,519)	(6,027,091)
Non-cash changes	-	-	-	-	802,225	-	802,225
Exchange rate changes	-	-	-	-	(95,462)	-	(95,462)
2025.06.30	\$-	\$279,644	\$20,200,000	\$6,975,000	\$3,926,854	\$234,890	\$31,616,388

Reconciliations of the liabilities for the six months ended June 30, 2024:

	Short-term loans	Other payables to related parties	Bonds payable (including current portion)	Long-term loans	Lease liabilities (current and non-current)	Increase (decrease) in other non- current liabilities	Total liabilities from financing activities
2024.01.01	\$114,337	\$470,851	\$25,850,000	\$2,000,000	\$4,436,280	\$258,455	\$33,129,923
Cash flows	44,376	(725)	-	-	(671,277)	(30,275)	(657,901)
Non-cash changes	-	-	-	-	391,696	-	391,696
Exchange rate changes	-	-	-	-	90,044	-	90,044
2024.06.30	\$158,713	\$470,126	\$25,850,000	\$2,000,000	\$4,246,743	\$228,180	\$32,953,762

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value because of its shorter maturities.
- For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

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- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities and unquoted public company) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) The fair value of bank loans, corporate bonds and lease liabilities is determined by the counterparty's quotation or valuation technique. The valuation technique is discounted cash flow analysis with interest and discount rate selected with reference to those of similar financial instruments (E.g. the yield curve reference of Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- (e) The fair value of derivative financial instrument is based on market quotations.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets (including held-to-maturity financial assets, loans and receivables) and liabilities (including loan, bonds payable, lease liabilities) measured at amortized cost approximate their fair value.

C. Information about financial instrument fair value level

For the information of fair value hierarchy please refer to related Note 12(9).

(8) Derivatives instruments

Derivatives instruments the Group holds for trading are mainly energy commodity. Please refer to Note 6(4) for related information.

(9) Fair value hierarchy

A. Definition

For the assets and liabilities measured and disclosed under fair value, the fair value hierarchy is categorized on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The inputs of each level are as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liabilities.

At the end of each reporting period, the fair value hierarchy for each financial instrument is revaluated to decide if there is any transfer into or out of any hierarchy.

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B. The fair value at each fair value hierarchy for financial instruments of the Group is as follows:

June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$-	\$1,722,625	\$-	\$1,722,625
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	33,071,834	-	14,387,688	47,459,522
Financial assets for hedging	124,806	-	-	124,806
Energy commodity swap contracts				
Financial liabilities:				
Financial liabilities for hedging				
Energy commodity swap contracts	\$(172,251)	-	-	\$(172,251)

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$-	\$1,846,201	\$-	\$1,846,201
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	26,379,548	-	17,226,256	43,605,804
Financial assets for hedging				
Energy commodity swap contracts	25,422	-	-	25,422
Financial liabilities:				
Financial liabilities for hedging				
Energy commodity swap contracts	\$(113,119)	-	-	\$(113,119)

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	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$-	\$1,780,431	\$-	\$1,780,431
Financial assets at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	47,917,840	-	22,603,865	70,521,705
Financial assets for hedging				
Energy commodity swap contracts	20,516	-	-	20,516
Financial liabilities:				
Financial liabilities for hedging				
Energy commodity swap contracts	\$(10,089)	-	-	\$(10,089)

Fair value hierarchy transfer between level 1 input and level 2 input

The Group had no recurring assets and liabilities transfer between level 1 input and level 2 input for the six months ended June 30, 2025 and 2024.

Movements of fair value measurements in Level 3 of the fair value hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Asset
	At fair value through other comprehensive income
	Stocks
2025.1.1	\$17,226,256
Acquisition	90,000
Proceeds from capital reduction	(17,501)
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(2,892,701)
Write-down the long-term equity in Associates and Joint Ventures	(18,366)
2025.6.30	<u>\$14,387,688</u>

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	Asset
	At fair value through other comprehensive income
	Stocks
2024.1.1	\$14,554,519
Proceeds from capital reduction	(3,484)
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	8,121,575
Write-down the long-term equity in Associates and Joint Ventures	(68,745)
2024.6.30	<u>\$22,603,865</u>

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at June 30, 2025:

	Valuation	Material	Quantitative	Inputs and	Inputs and
	technique	unobservable	information	the fair value relationship	the fair value relationship's
		inputs			sensitivity analysis value relationship
Financial assets :					
Financial assets at fair					
value through other					
comprehensive income					
Stocks	Market	Discount for lack	19.20%	The higher the discount for	10% increase (decrease) in the discount
	approach	of marketability	~20.70%	lack of marketability, the	for lack of marketability would result in
				lower the fair value of the	decrease/increase in the Group's equity
				stocks	by NT\$1,763,536 thousand
Stocks	Assets approach	Discount for lack	20.00%	The higher the discount for	10% increase (decrease) in the discount
		of marketability		lack of marketability, the	for lack of marketability would result in
				lower the fair value of the	decrease/increase in the Group's equity
				stocks	by NT\$21,334 thousand
Stocks	Income	Discount rate	5.50%	The higher the discount	10% increase (decrease) in the discount
	approach			rate, the lower the estimate	for lack of marketability would result in
				fair value	decrease/increase in the Group's equity
					by NT\$9,699 thousand

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As at December 31, 2024:

	Valuation	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
	technique				
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	19.20% ~20.70%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT\$2,125,134 thousand
Stocks	Assets approach	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/ increase in the Group's equity by NT\$24,646 thousand

As at June 30, 2024:

	Valuation	Material unobservable inputs	Quantitative information	Inputs and the fair value relationship	Inputs and the fair value relationship's sensitivity analysis value relationship
	technique				
Financial assets :					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	19.20% ~20.70%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$2,782,752 thousand
Stocks	Assets approach	Discount for lack of marketability	20.00%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase in the Group's equity by NT\$35,971 thousand

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Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's accounting department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Not measure by the fair value but have to disclose by the fair value hierarchy information

June 30, 2025

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to note 6(10))	\$-	\$-	\$401,741	\$401,741

December 31, 2024

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to Note 6(10))	\$-	\$-	\$398,020	\$398,020

June 30, 2024

	Level 1	Level 2	Level 3	Total
Only disclose fair value of assets:				
Investment property				
(please refer to note 6(10))	\$-	\$-	\$398,020	\$398,020

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(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items:									
USD	\$1,061,498	29.902	\$31,740,913	\$875,463	32.781	\$28,698,553	\$1,059,518	32.450	\$34,381,359
EUR	34,021	34.096	1,159,980	5,675	34.065	193,319	11	34.834	383
YEN	12,342	0.201	2,481	40,611	0.209	8,488	46,370	0.203	9,413
Long-term equity									
Investments – equity									
method									
USD	\$76,098	29.902	\$2,275,489	\$77,627	32.781	\$2,544,675	\$79,676	32.450	\$2,585,488
Financial liabilities									
Monetary items:									
USD	\$305,326	29.902	\$9,129,858	\$191,971	32.781	\$6,293,001	\$475,957	32.450	\$15,444,805
EUR	28,815	34.096	982,476	52,556	34.065	1,790,320	136	34.834	4,737
YEN	19,413	0.201	3,902	71,022	0.209	14,844	184,730	0.203	37,500

The above information is disclosed based on book value transferred to functional currency.

The foreign exchange gains (losses) that was material and recognized are NT\$(2,776,811)thousand and NT\$711,421 thousand for the periods from April 1 to June 30, 2025 and 2024, respectively. The foreign exchange gains (losses) that was material and recognized are NT\$(1,950,867) thousand and NT\$2,279,882 thousand for the six months ended June 30, 2025 and 2024, respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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13. OTHER DISCLOSURE

(1) Significant transaction information

A. Financings provided to others

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Approved by the Board) (Note 3)	Ending Balance (Approved by the Board) (Note 8)	Amount Actually Drawn	Interest Rate%	Nature of Financing (Note 4)	Reason for Financing (Note 6)	Loss allowance	Collateral		Limit of Financing Amount for Individual Counterparty (Note 7)	Limit of Total Financial Amount for Financing Company (Note 7)
									Item	Value					
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	Yes	\$6,000,000	\$4,500,000	\$-	-	(2)	Need for operating	N/A	N/A	N/A	Financing to individual entity is limited to 50% of the Company's net asset 143,319,662 thousand;	Financing to others is limited to 50% of the Company's net asset 143,319,662 thousand;
0	The Company	Nan Ya Plastics Corporation	Other receivables from related parties	Yes	6,000,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A	28,663,932 thousand; financing to related party and party with business transaction	financing to nonbusiness but in need for capital is limited to 40% of the
0	The Company	Formosa Chemicals & Fibre Corporation	Other receivables from related parties	Yes	6,000,000	4,500,000	-	-	(2)	Need for operating	N/A	N/A	N/A	is limited to 25% of the Company's net asset 71,659,831 thousand; financing	Company's net asset 114,655,730 thousand.
0	The Company	Formosa Group Ocean Investment Corporation	Other receivables from related parties	No	602,916	349,961	316,961	2.18	(2)	Need for operating	N/A	N/A	N/A	to others is limited to 20% of the Company's net asset 57,327,865 thousand.	
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	8,800,000	6,600,000	1,500,000	2.18	(2)	Need for operating	N/A	N/A	N/A		
0	The Company	Formosa Oil (Asia Pacific) Corporation (Note 9)	Other receivables from related parties	Yes	500,000	500,000	-	-	(2)	Need for operating	N/A	N/A	N/A		
					Total	\$20,949,961	\$1,816,961								

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

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Note 4: Nature of financing is coded as follows:

- (1) The financing occurred due to business transactions is coded "1".
- (2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

Note 9: All transactions listed above are eliminated in the consolidated financial statements.

B. Endorsement/guarantee provided to others

No. (Note1)	Endorser/ Guarantor	Receiving Party		Limit of the Endorsement / Guarantee Amount for Receiving Party (Note3)	Maximum Balance for the Period (Note4)	Ending Balance (Note5)	Actual Amount Borrowed (Note6)	Amount of Collateral	Percentage	Limit on the Endorsement/Guarantee Amount (Note3)	Parent Company Endorsed / Guaranteed for the Subsidiaries (Note7)	Subsidiaries Endorsed/ Guaranteed for the Parent Company (Note7)	Endorsement or Guarantee for Entities in China (Note7)
		Company Name	Relationship (Note2)										
0	The Company	Formosa Group (Cayman) Limited	(6)	\$186,315,561	\$8,295,500	\$-	\$-	N/A	-	The Company may provide endorsement/guarantee to others but shall not exceed 130% of its net assets. The limit is 372,631,121 thousand. For endorsement/ guarantee to individual entity, the amount is limited to 50% of the limit.	N	N	N
0	The Company	FPCC USA, INC.	(2)	186,315,561	995,460	897,060	897,060	N/A	0.31	"	Y	N	N

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: The limits and the calculation methods of endorsement/guarantee amount for individual counterparty and maximum balance are disclosed in accordance with company's operating procedure of endorsement/guarantee.

Note 4: Maximum balance of endorsement/guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed/guaranteed company within the limit of endorsement/guarantee amount.

Note 7: It should be filled in "Y", if it is the public parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the public parent company, or endorsement or guarantee for entities in China.

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C. Material securities held as of June 30, 2025 (not including subsidiaries, associates and joint ventures)

Shares: In thousand

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of June 30, 2025				Note
				Shares (In thousand)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	
The Company	Stock — Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income—current	131,460	\$4,581,394	2.07%	\$34.85	
The Company	Stock — Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income—current	179,214	4,892,554	2.26%	27.30	
The Company	Stock — Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Financial assets at fair value through other comprehensive income—current	48,568	1,112,197	0.83%	22.90	
The Company	Stock — National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	60,082	3,989,436	19.44%	66.40	
The Company	Stock — Nan Ya Technology Corporation	-	Financial assets at fair value through other comprehensive income—current	334,815	17,142,549	10.81%	51.20	
The Company	Stock — TSRC Corporation	-	Financial assets at fair value through other comprehensive income—current	41,201	739,558	4.99%	17.95	
The Company	Fund — Mega USD Fend-Shou Private Market Fund	-	Financial assets at fair value through profit or loss—current	4,554	1,722,625	-	378.25	
The Company	Stock — Formosa Ha Tinh (Cayman) Limited	Others	Financial assets at fair value through other comprehensive income—non-current	621,178	5,943,831	11.43%	9.57	
The Company	Stock — Asia Pacific Investment Corporation	Others	Financial assets at fair value through other comprehensive income—non-current	8,950	164,948	2.11%	18.43	
The Company	Stock — Formosa Network Technology Corporation	-	Financial assets at fair value through other comprehensive income—non-current	2,925	479,400	12.50%	163.90	
The Company	Stock — Formosa Heavy Industries Corporation	Others	Financial assets at fair value through other comprehensive income—non-current	25,350	245,139	1.26%	9.67	
The Company	Stock — Formosa Ocean Group Marine Investment Corporation	-	Financial assets at fair value through other comprehensive income—non-current	3	7,023,188	19.00%	2,678,561.36	
The Company	Stock — Amtrust Capital Corporation	-	Financial assets at fair value through other comprehensive income—non-current	2,344	21,787	3.91%	9.30	

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Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of June 30, 2025				Note
				Shares (In thousand)	Carrying Amount (Note 3)	Percentage of Ownership (%)	Market Value (Note 4)	
The Company	Stock – Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income–non-current	698	5,724	1.97%	8.20	
The Company	Stock – Idemitsu Formosa Specialty Chemicals Corp	Joint venture	Financial assets at fair value through other comprehensive income–non-current	50,000	343,427	-	10.00	
The Company	Stock – Young Ray Co., Ltd	-	Financial assets at fair value through other comprehensive income–non-current	3,000	91,657	16.61%	30.55	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IFRS 9 “Financial Instruments”.

Note 2: If the securities listed above are issued by related parties, the column is specified with further information.

Note 3: For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note 4: If the securities listed above are subject to restrictions on use due to providing guarantees, pledging loans, or other agreements, the number of shares provided as security or pledged, the amount of the security or pledge, and the restrictions on use should be disclosed.

Note 5: This table lists the securities that the company determines, based on the materiality principle, should be disclosed.

D. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more:

Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	Sales	\$31,745,889	9.96	30 days after receiving the goods	N/A	N/A	\$5,209,690	11.39	
			Purchases	2,835,378	1.00				385,034	2.71	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	Sales	11,616,879	3.64	30 days after receiving the goods	N/A	N/A	1,998,656	4.37	
			Purchases	894,450	0.32				169,385	1.19	

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Purchaser / Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	Sales	57,041,816	17.89	30 days after receiving the goods	N/A	N/A	7,411,540	16.21	
			Purchases	13,403,695	4.75				2,372,634	16.68	
The Company	National Petroleum Co., Ltd.	Others	Sales	9,933,327	3.12	60 days after receiving the goods	N/A	N/A	2,069,674	4.53	
			Purchases	-	-				1,628,037 (Note Receivable)	99.95	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	Sales	6,949,588	2.18	30 days after receiving the goods	N/A	N/A	1,319,674	2.89	(Note)
			Purchases	-	-				-	-	
The Company	Formosa Taffeta Co., Ltd	Others	Sales	4,533,390	1.42	30 days after receiving the goods	N/A	N/A	417,753	0.91	
			Purchases	22,502	0.01				8,390	0.06	
The Company	Caltex Taiwan Corporation	Joint venture	Sales	3,729,426	1.17	30 days after receiving the goods	N/A	N/A	550,419	1.20	
			Purchases	-	-				6,664	0.05	
The Company	Simosa Oil Corporation	Associate	Sales	2,156,215	0.68	30 days after receiving the goods	N/A	N/A	510,869	1.12	
			Purchases	-	-				-	-	
The Company	Formosa BP Chemicals Corporation	Others	Sales	1,119,549	0.35	30 days after receiving the goods	N/A	N/A	178,183	0.39	
			Purchases	253,955	0.09				30,291	0.21	
The Company	TMS Corp.	Associate	Sales	1,634,651	0.51	30 days after receiving the goods	N/A	N/A	-	-	
			Purchases	-	-				-	-	
The Company	Formosa Kraton Chemical Co., Ltd.	Joint venture	Sales	577,877	0.18	30 days after receiving the goods	N/A	N/A	96,425	0.21	
			Purchases	-	-				-	-	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	Joint venture	Sales	251,029	0.08	30 days after receiving the goods	N/A	N/A	33,005	0.07	
			Purchases	32,271	0.01				5,452	0.04	
The Company	Simosa International Co., Ltd	Others	Sales	6,523,498	2.05	30 days after receiving the goods	N/A	N/A	1,832,293	4.01	
			Purchases	-	-				-	-	

Note: All transactions are eliminated in the consolidated financial statements.

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E. Receivables from related parties with amounts exceeding NT\$100 million or 20 percent of capital stock:

Creditor	Counterparty	Relationship with the counterparty	Balance	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Loss Allowance	Note
					Amount	Action taken			
	Accounts receivable								
The Company	Formosa Chemicals & Fibre Corporation	Entity with joint control or significant influence over the Company	\$7,411,540	14.63	-	-	\$7,411,540	N/A	
The Company	Formosa Plastics Corporation	Entity with joint control or significant influence over the Company	5,209,690	11.35	-	-	5,209,275	N/A	
The Company	Nan Ya Plastics Corporation	Entity with joint control or significant influence over the Company	1,998,656	11.28	-	-	1,998,644	N/A	
The Company	National Petroleum Co., Ltd.	Others	3,697,711	4.32	-	-	1,910,768	N/A	
The Company	Formosa Oil (Asia Pacific) Corporation	Subsidiary	1,319,674	10.47	-	-	1,319,674	N/A	(Note)
The Company	Formosa Taffeta Co., Ltd	Others	417,753	22.07	-	-	417,753	N/A	
The Company	Caltex Taiwan Corporation	Joint venture	550,419	11.87	-	-	550,419	N/A	
The Company	Simosa Oil Corporation	Associate	510,869	10.01	-	-	504,717	N/A	
The Company	Formosa BP Chemicals Corporation	Others	178,183	11.67	-	-	178,183	N/A	
The Company	Simosa International Co., Ltd	Others	1,832,393	6.28	-	-	1,832,393	N/A	
	Other receivables from related parties								
The Company	Formosa Heavy Industries Corporation	Others	1,500,000	-	-	-	-	N/A	

Note: All transactions are eliminated in the consolidated financial Statements.

F. Significant intercompany transactions between consolidated entities

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note3)
0	The Company	Formosa Oil (Asia Pacific) Corporation	1	Sales revenue	\$6,949,588	Prices similar to those with non-related parties	2.18%
				Accounts receivable	1,319,674	Receive in the following month	0.36%
1	Formosa Oil (Asia Pacific) Corporation	The Company	2	Labor force revenue	87,312	Prices similar to those with non-related parties	0.03%
2	Formosa Petrochemical Transportation Corporation	The Company	2	Labor force revenue	286,124	Prices similar to those with non-related parties	0.09%
				Accounts receivable	5,575	Receive in the following month	0.00%
3	FPCC DILIGENCE Corp.	The Company	2	Labor force revenue	341,406	Prices similar to those with non-related parties	0.11%
				Accounts receivable	147,020	Receive in the following month	0.04%

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Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Whether the Company discloses the significant transaction in this sheet is according to materiality principle.

(2) Investee information

A. Names, locations and related information of investee companies as of June 30, 2024 (excluding Mainland China)

Investor	Investee (Note1 、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at June 30, 2025	Balance at December 31, 2024	Number of shares (in thousand)	Percentage	Amount			
The Company	Formosa Oil (Asia Pacific) Corporation	ROC	Retail of petrochemical	\$1,097,992	\$1,097,992	100,000	100.00	\$1,981,863	\$133,705	\$133,705	(Note4)
The Company	Formosa Petrochemical Transportation Corporation	ROC	Transportation	176,019	176,019	19,378	88.00	357,060	28,540	25,116	(Note4)
The Company	Formosa Grandseas Bunkering and Trading Corporation	ROC	Retail of petrochemical	1,081,009	508,609	108,101	60.00	1,042,280	(2,555)	(1,534)	(Note4)
The Company	FPCC USA, INC.	US	Oil drilling	1,784,197	1,784,197	10	100.00	2,099,214	54,326	54,326	(Note4)
The Company	FPCC DILIGENCE Corp.	Liberia	Ship chartering	894,723	894,723	-	100.00	199,717	87,611	87,611	(Note4)
The Company	FPCC MAJESTY Corp.	Liberia	Ship chartering	1,092,467	1,092,467	-	100.00	1,868,440	8,600	8,600	(Note4)
The Company	FPCC NATURE Corp.	Liberia	Ship chartering	1,126,902	1,126,902	-	100.00	1,941,927	19,940	19,940	(Note4)
The Company	FG INC.	US	Investing	6,506,856	6,506,856	11	57.00	5,905,922	(14,407)	(8,212)	(Note4)
The Company	Mai-Liao Power Corporation	ROC	Electricity generation	5,985,983	5,985,983	764,257	24.94	16,018,603	1,222,437	304,924	
The Company	Yi-Chi Construction Corporation	ROC	Construction	18,508	18,508	1,695	40.55	27,717	(25)	(10)	
The Company	Mailiao Harbor Administration Corporation	ROC	Harbor manage	1,348,137	1,348,137	98,907	44.96	2,391,708	289,811	130,299	
The Company	Formosa Development Corporation	ROC	Development of land	229,970	229,970	52,302	45.99	485,408	24,588	11,309	
The Company	Formosa Marine Corporation	ROC	Transportation	20,000	20,000	21,646	20.00	813,161	162,012	32,403	

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Investor	Investee (Note1 、2)	Region	Main Business	Original cost		At the end of period			Investees company net income (Note2(2))	Share of Profits/Losses (Note2(3))	Note
				Balance at June 30, 2025	Balance at December 31, 2024	Number of shares (in thousand)	Percentage	Amount			
The Company	Simosa Oil Corporation	ROC	Retail of other oil products and manufacturing	54,000	54,000	41,748	20.00	827,506	219,784	43,957	
The Company	Caltex Taiwan Corporation	ROC	Retail of petrochemical products and airport refueling	21,501	21,501	2,400	50.00	60,050	20,200	10,100	
The Company	Formosa Environmental Technology Corporation	ROC	Crop cultivating, Disposals of waste and sewage	417,145	417,145	41,714	24.34	243,642	13,313	3,240	
The Company	Formosa Plastics Synthetic Rubber(HK)	HK	Investing	4,244,064	4,244,064	138,333	33.33	1,362,858	(238,232)	(79,403)	
The Company	Formosa Kraton Chemical Co., Ltd.	ROC	Synthetic Rubber Manufacturing	1,237,500	1,237,500	-	50.00	1,526,944	194,565	97,282	
The Company	Formolight Technologies, Inc.	ROC	LED	80,361	80,361	8,036	39.43	57,197	(844)	(332)	
The Company	Formosa Resources Corporation	ROC	Mining	9,099,071	9,099,071	909,907	25.00	4,883,151	(2,772,344)	(693,086)	
The Company	Formosa Group (Cayman) Limited	Cayman	Investing	377	377	13	25.00	912,631	122,994	30,748	
The Company	Idemitsu Formosa Specialty Chemicals Corp.	ROC	Retail of petrochemical products	750,000	750,000	75,000	50.00	-	(36,731)	(18,366)	
The Company	NKFG	ROC	Electronic components manufacturing & selling	1,379,700	1,379,700	71,342	45.00	498,137	(79,399)	(35,729)	
The Company	Nan Ya Photonics Incorporation	ROC	Lighting equipment manufacturing	339,657	339,657	13,262	28.77	252,403	27,889	8,023	
The Company	Formosa Smart Energy Corporation	ROC	Manufacture of power generation, transmission and distribution machinery	4,250,000	4,250,000	425,000	25.00	4,151,000	(187,236)	(46,809)	
Formosa Oil (Asia Pacific) Corporation	TMS Corp.	ROC	Vehicle and parts export and import	40,000	40,000	3,920	49.00	69,872	12,550	6,150	
Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd	ROC	Retail of petrochemical	167,323	167,323	16,463	53.80	176,528	4,336	2,333	
Formosa Oil (Asia Pacific) Corporation	Formosa Engineering Technologies, INC.	ROC	Electrical and mechanical, telecommunications and circuits Equipment maintenance	10,000	10,000	1,000	20.00	4,542	(164)	(33)	
Formosa Petrochemical Transportation Corporation	Whalehome International Corp., Ltd	ROC	Retail of petrochemical	48,209	48,209	4,801	15.69	51,476	4,336	680	
FG INC.	FG LA LLC	US	Petrochemical products manufacturing & selling	11,074,475	11,126,660	-	100.00	10,067,401	4,951	4,951	(Note4)
FPCC USA, INC.	MONTGOMERY GATHERING, LLC	US	Natural gas transportation	34,497	40,557	-	70.00	36,060	7,078	4,954	(Note4)

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Note1: If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investees could disclosed their holding company's relevant information.

Note2: If not belong to Note 1, filled in by the following rules

- (1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or indirectly and explain each relationship in "Note" column.
- (2) In "Investees company net income" column should filled in each investee's net income.
- (3) In "Share of Profits/Losses" column only need to fill in the Group recognized profit or loss of each subsidiary and the company under the equity method. Regarding to the profit or loss of each subsidiary should contain the share of profit or loss of its investee.

Note3: It includes the unrealized gross profit of the current period.

Note4: All transactions are eliminated in the consolidated financial Statements.

B. The company has controlling power over Formosa Petrochemical Transportation Corporation, Formosa Oil (Asia Pacific) Corporation, Formosa Grandseas Bunkering and Trading Corporation, FPCC USA, INC., MONTGOMERY GATHERING, LLC, FG INC., FG LA LLC, FPCC DILIGENCE Corp., FPCC MAJESTY Corp. and FPCC NATURE Corp. Although the total assets and total operating revenue has not reached 10% of the company's account, but the significant transaction should be disclosed.

(a) Financing provided to others

No (Note1)	Creditor	Borrower	General Leger account (Note2)	Related party	Maximum outstanding balance during the six months period ended June 30, 2024	Balance at June 30, 2024 (Credits approved by the Boards) (Note 8)	Actual amount	Interest rate%	Nature for Financing (Note 4)	Reason for Financing (Note 6)	Loss Allowance	Collateral		Financing Limits for Each Borrowing Company (Note 7)	Financing Company's Total Financing Amount Limits (Note 7)
												Item	Value		
1	Formosa Oil (Asia Pacific) Corporation	Whalehome International Corp., Ltd.	Other receivables from related parties	yes	\$50,000	\$50,000	\$-	-	(2)	Need for operating	N/A	N/A	N/A	\$990,931	\$1,981,863
1	Formosa Oil (Asia Pacific) Corporation (Note9)	Formosa Petrochemical Transportation Corporation	Other receivables from related parties	yes	40,000	40,000	-	-	(2)	Need for operating	N/A	N/A	N/A	990,931	1,981,863

Note 1: The Company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded starting from "1" in the order.

Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.

Note 3: Maximum financing balance provided to others for the period.

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Note 4: Nature of financing is coded as follows:

(1) The financing occurred due to business transactions is coded "1".

(2) The financing occurred due to short-term financing is coded "2".

Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.

Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.

Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.

Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

Note 9: All transactions listed above are eliminated in the consolidated financial statements.

(b) Endorsement/guarantee provided to others for the six months ended June 30, 2025: None.

(c) Material securities held as of June 30, 2025

Holding Company	Type and Name of the Securities	Relationship	Financial Statement Account	As of June 30, 2024			
				Shares (In thousand)	Carrying Amount	Percentage of Ownership (%)	Market Value
Formosa Oil (Asia Pacific) Corporation	Stock—National Petroleum Co., Ltd.	Others	Financial assets at fair value through other comprehensive income—current	717	\$47,597	0.23%	\$66.40
Formosa Oil (Asia Pacific) Corporation	Stock—North-Star International Co., Ltd.	-	Financial assets at fair value through other comprehensive income—current	11,286	566,549	3.06%	50.20
Formosa Oil (Asia Pacific) Corporation	Stock—Tai Yi Feng Corporation	-	Financial assets at fair value through other comprehensive income—non-current	2,500	68,587	5.00%	27.43

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(d) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

(e) Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

C. Investment in Mainland China as of June 30, 2025

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2025	Investees company net income (Note2)	Percentage of Ownership	Share of Profits/Losses (Note2)	Carrying Amount as of June 30, 2025	Accumulated Inward Remittance of Earnings as of June 30, 2025
					Outflow	Inflow						
Formosa Plastics Synthetic Rubber(Ningbo)	Synthetic Rubber Manufacturing	US\$415,000 NT\$12,409,330	(2)	US\$138,333 NT\$4,244,059	-	-	US\$138,333 NT\$4,244,059	NT\$(238,232)	33.33%	NT\$(79,403)	NT\$1,362,858	\$-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note3)
US\$138,333 NT\$4,244,059	US\$138,333 NT\$4,244,059	NT\$175,122,768

Note1: The methods for engaging in investment in Mainland China include the following:

- (1) Directly invested in China
- (2) Investment in Mainland China companies through a company invested and established in a third region (The third region company is Formosa Plastics Synthetic Rubber(HK))
- (3) Other method

Note2: Recognized based on valuation in financial statements audited by investee companies' independent accountants.

Note3: According to MOEA's regulation, the company set its upper limit on investment is based on 60% of consolidated equity.

14. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments as follows:

- A. Petrochemical segment: Producing and selling petroleum, and petrochemical products.
- B. Public utility segment: Producing and selling water, electricity and steam.

For information regarding the segment reporting and operating activities, please refer to "Other" section of the Note.

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Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group finance costs, finance income and income taxes are managed on a group basis and are not allocated to operating segments.

The transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Information for the period from April 1 to June 30, 2025

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	\$129,420,266	\$11,866,034	\$4,261,184	\$-	\$145,547,484
Inter-segment	3,470,766	2,961,922	670,426	(7,103,114)	-
Total revenues	<u>\$132,891,032</u>	<u>\$14,827,956</u>	<u>\$4,931,610</u>	<u>\$(7,103,114)</u>	<u>\$145,547,484</u>
Segment profit or loss	<u>\$(9,861,939)</u>	<u>\$4,167,578</u>	<u>\$261,461</u>	<u>\$(4,091,886)</u>	<u>\$(9,524,786)</u>

Information for the period from April 1 to June 30, 2024

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	\$155,778,760	\$10,523,771	\$4,313,819	\$-	\$170,616,350
Inter-segment	3,472,626	3,217,049	706,830	(7,396,505)	-
Total revenues	<u>\$159,251,386</u>	<u>\$13,740,820</u>	<u>\$5,020,649</u>	<u>\$(7,396,505)</u>	<u>\$170,616,350</u>
Segment profit or loss	<u>\$(995,428)</u>	<u>\$2,551,888</u>	<u>\$264,089</u>	<u>\$1,440,249</u>	<u>\$3,260,798</u>

Information for the six months ended June 30, 2025

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	\$288,828,307	\$21,274,349	\$8,712,114	\$-	\$318,814,770
Inter-segment	6,949,588	6,006,826	1,369,872	(14,326,286)	-
Total revenues	<u>\$295,777,895</u>	<u>\$27,281,175</u>	<u>\$10,081,986</u>	<u>\$(14,326,286)</u>	<u>\$318,814,770</u>
Segment profit or loss	<u>\$(7,891,776)</u>	<u>\$5,637,285</u>	<u>\$522,546</u>	<u>\$(2,974,107)</u>	<u>\$(4,706,052)</u>

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Information for the six months ended June 30, 2024

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
Revenue					
External customer	\$313,961,493	\$19,328,488	\$8,523,307	\$-	\$341,813,288
Inter-segment	6,812,643	6,398,267	1,393,035	(14,603,945)	-
Total revenues	<u>\$320,774,136</u>	<u>\$25,726,755</u>	<u>\$9,916,342</u>	<u>\$(14,603,945)</u>	<u>\$341,813,288</u>
Segment profit or loss	<u>\$89,997</u>	<u>\$3,879,096</u>	<u>\$535,366</u>	<u>\$4,863,771</u>	<u>\$9,368,230</u>

Note1: Revenues were from segments below the quantitative thresholds, such as load and unload process, transportation services and sales of petroleum products. None of those segments has ever met the quantitative thresholds for determining reportable segments assets.

Note2: Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ section. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Note3: Profit or loss of each reportable segment does not include the share of profits of associates and joint venture and the foreign currency exchange gains and losses.

The reportable segment assets and liabilities as of June 30, 2025, December 31, 2024 and June 30, 2024 are as follows:

Reportable segment assets

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
June 30, 2025	<u>\$160,752,694</u>	<u>\$27,207,996</u>	<u>\$197,460,090</u>	<u>\$(19,887,892)</u>	<u>\$365,532,888</u>
December 31, 2024	<u>\$179,639,232</u>	<u>\$28,226,578</u>	<u>\$181,656,408</u>	<u>\$(18,322,569)</u>	<u>\$371,199,649</u>
June 30, 2024	<u>\$200,857,793</u>	<u>\$28,757,385</u>	<u>\$218,249,084</u>	<u>\$(19,244,293)</u>	<u>\$428,619,969</u>

Reportable segment liabilities

	Petrochemical Division	Utility Division	Others	Adjustment and eliminations	Consolidated Amount
June 30, 2025	<u>\$29,876,851</u>	<u>\$7,985,372</u>	<u>\$40,228,969</u>	<u>\$(4,429,584)</u>	<u>\$73,661,608</u>
December 31, 2024	<u>\$27,260,359</u>	<u>\$8,411,417</u>	<u>\$36,742,688</u>	<u>\$(3,461,460)</u>	<u>\$68,953,004</u>
June 30, 2024	<u>\$37,356,918</u>	<u>\$8,857,869</u>	<u>\$53,508,799</u>	<u>\$(3,282,057)</u>	<u>\$96,441,529</u>

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Reconciliations of reportable segment profit or loss:

	For the period from April 1 to June 30, 2025	For the period from April 1 to June 30, 2024	For the six months ended June 30, 2025	For the six months ended June 30, 2024
	NTD	NTD	NTD	NTD
Total profit or loss for reportable segments	\$(5,694,361)	\$1,556,460	\$(2,254,491)	\$3,969,093
Other profit	261,461	264,089	522,546	535,366
Unallocated amounts:				
Share of profit or loss of associates and joint ventures accounted for using the equity method	110,285	515,557	(192,320)	1,057,720
Gain (loss) on foreign exchange	(2,776,811)	711,421	(1,950,867)	2,279,882
Other corporate revenue (expenses)	(1,425,360)	213,271	(830,920)	1,526,169
Income (loss) before tax from continuing operations	<u>\$(9,524,786)</u>	<u>\$3,260,798</u>	<u>\$(4,706,052)</u>	<u>\$9,368,230</u>