

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**EVERGREEN AVIATION TECHNOLOGIES
CORPORATION**

Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Evergreen Aviation Technologies Corporation:

Introduction

We have reviewed the accompanying balance sheets of Evergreen Aviation Technologies Corporation (“the Company”) as of September 30, 2022 and 2021, and the related statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the 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 generally accepted auditing standards 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Evergreen Aviation Technologies Corporation as of September 30, 2022 and 2021, and of its financial performance for the three months and nine months ended September 30, 2022 and 2021, and its cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chia-Chien Tang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)
October 31, 2022

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(expressed in thousands of New Taiwan dollars)

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(expressed in thousands of New Taiwan dollars, except earnings per share)

		For the three months ended September 30				For the nine months ended September 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(m), (q) and 7)	\$ 3,067,373	100	2,514,813	100	8,884,134	100	7,302,767	100
5000	Operating costs (notes 6(d), (f), (g), (i), (n), (s), 7 and 12)	(2,469,162)	(80)	(2,133,966)	(85)	(7,257,284)	(82)	(6,078,530)	(83)
	Gross profit from operations	598,211	20	380,847	15	1,626,850	18	1,224,237	17
	Operating expenses (notes 6(f), (g), (h), (i), (l), (n), (s), 7 and 12):								
6200	Selling and administrative expenses	137,917	4	115,270	5	396,577	4	333,257	5
6300	Research and development expenses	8,203	-	2,732	-	23,012	-	10,666	-
	Total operating expenses	146,120	4	118,002	5	419,589	4	343,923	5
	Net operating income	452,091	16	262,845	10	1,207,261	14	880,314	12
	Non-operating income and expenses (notes 6(e), (f), (l), (t) and 7):								
7010	Other income	350	-	350	-	1,040	-	1,038	-
7100	Interest income	12,120	-	4,969	-	25,215	-	16,549	-
7020	Other gains and losses	277,147	9	31,750	1	533,280	6	(7,010)	-
7050	Finance costs	(34,680)	(1)	(31,688)	(1)	(97,170)	(1)	(93,352)	(1)
7060	Share of profit of associates accounted for using equity method	70,118	2	7,944	-	124,291	1	24,718	-
	Total non-operating income and expenses	325,055	10	13,325	-	586,656	6	(58,057)	(1)
7900	Profit before tax	777,146	26	276,170	10	1,793,917	20	822,257	11
7951	Income tax expenses (note 6(o))	(155,430)	(5)	(55,235)	(3)	(358,784)	(4)	(164,452)	(2)
	Profit	621,716	21	220,935	7	1,435,133	16	657,805	9
8300	Other comprehensive income (notes 6(e) and (p)):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss:								
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	3,374	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	3,374	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	22,465	1	(6,682)	-	70,322	1	(21,973)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	22,465	1	(6,682)	-	70,322	1	(21,973)	-
8300	Other comprehensive income, net of tax	22,465	1	(6,682)	-	73,696	1	(21,973)	-
	Total comprehensive income	\$ 644,181	22	214,253	7	1,508,829	17	635,832	9
	Earnings per share (note 6(r))								
9750	Basic earnings per share (in New Taiwan dollars)	\$ 1.76		0.63		4.07		1.86	
9850	Diluted earnings per share (in New Taiwan dollars)	\$ 1.76		0.62		4.05		1.85	

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Statements of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Ordinary shares	Capital surplus	Retained earnings				Other equity	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	
Balance on January 1, 2021	\$ 3,528,069	565,262	1,513,611	-	4,394,845	5,908,456	(49,693)	9,952,094
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	113,931	-	(113,931)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,058,421)	(1,058,421)	-	(1,058,421)
	-	-	113,931	-	(1,172,352)	(1,058,421)	-	(1,058,421)
Profit	-	-	-	-	657,805	657,805	-	657,805
Other comprehensive income	-	-	-	-	-	-	(21,973)	(21,973)
Total comprehensive income	-	-	-	-	657,805	657,805	(21,973)	635,832
Balance at September 30, 2021	<u>\$ 3,528,069</u>	<u>565,262</u>	<u>1,627,542</u>	<u>-</u>	<u>3,880,298</u>	<u>5,507,840</u>	<u>(71,666)</u>	<u>9,529,505</u>
Balance at January 1, 2022	\$ 3,528,069	565,262	1,627,542	-	4,081,233	5,708,775	(72,769)	9,729,337
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	85,874	-	(85,874)	-	-	-
Special reserve	-	-	-	72,769	(72,769)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(705,614)	(705,614)	-	(705,614)
	-	-	85,874	72,769	(864,257)	(705,614)	-	(705,614)
Profit	-	-	-	-	1,435,133	1,435,133	-	1,435,133
Other comprehensive income	-	-	-	-	3,374	3,374	70,322	73,696
Total comprehensive income	-	-	-	-	1,438,507	1,438,507	70,322	1,508,829
Balance on September 30, 2022	<u>\$ 3,528,069</u>	<u>565,262</u>	<u>1,713,416</u>	<u>72,769</u>	<u>4,655,483</u>	<u>6,441,668</u>	<u>(2,447)</u>	<u>10,532,552</u>

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Statements of Cash Flows

For the three months and nine months ended September 30, 2022 and 2021

(expressed in thousands of New Taiwan dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 1,793,917	822,257
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	644,327	637,205
Amortization expense	17,366	25,486
Interest expense	97,170	93,352
Interest income	(25,215)	(16,549)
Shares of profits of associates accounted for using equity method	(124,291)	(24,718)
Gains on disposal of property, plant and equipment	(7,070)	(2,246)
Property, plant and equipment transferred to expenses	-	37
Others	(49,655)	(88,800)
Total adjustments to reconcile profit	552,632	623,767
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(113,273)	(140,842)
Notes and accounts receivable, including related parties	(980,522)	(306,000)
Other receivables, including related parties	(41,146)	(180,977)
Inventories	(269,398)	44,152
Other current assets	11,122	73,767
Total changes in operating assets	(1,393,217)	(509,900)
Changes in operating liabilities:		
Contract liabilities	102,182	204,101
Accounts payable, including related parties	280,064	170,543
Other payables, including related parties	52,838	64,334
Other current liabilities	6,129	12,832
Net defined benefit liabilities	(27,708)	1,208
Total changes in operating liabilities	413,505	453,018
Total changes in operating assets and liabilities	(979,712)	(56,882)
Total adjustments	(427,080)	566,885
Cash inflow generated from operations	1,366,837	1,389,142
Income taxes paid	(180,769)	(56,489)
Net cash flows from operating activities	1,186,068	1,332,653
Cash flows generated from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(97,857)	(13,695)
Acquisition of property, plant and equipment	(74,912)	(183,331)
Proceeds from disposal of property, plant and equipment	34,074	7,280
Acquisition of intangible assets	(4,849)	(5,679)
Acquisition of investment property	(54,393)	(28,507)
Decrease (increase) in other non-current assets	1,809	(2,267)
Increase in prepayments for business facilities	(32,735)	(8,686)
Interest received	24,818	16,474
Dividends received	31,550	102,008
Net cash flows used in investing activities	(172,495)	(116,403)
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	950,000	2,000,000
Repayments of long-term borrowings	(2,107,024)	(2,384,665)
Increase in guarantee deposits received	-	624
Payment of lease liabilities	(54,982)	(18,248)
Cash dividends paid	(705,614)	(1,058,421)
Interest paid	(97,006)	(96,318)
Net cash flows used in financing activities	(2,014,626)	(1,557,028)
Net decrease in cash and cash equivalents	(1,001,053)	(340,778)
Cash and cash equivalents at beginning of period	6,009,054	7,070,958
Cash and cash equivalents at end of period	\$ 5,008,001	6,730,180

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to the Financial Statements

September 30, 2022 and 2021

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

Evergreen Aviation Technologies Corporation (the “Company”) was incorporated on November 10, 1997, as a corporation limited by shares under the Company Act of the Republic of China (R.O.C.).

The business activities of the Company are

- maintenance, repair and overhaul of airframes, aircraft engines and accessories;
- manufacture, conversion and sale of airframes and engine parts;
- technical and management consulting for the preceding items;
- import and export of the preceding items;
- civil aviation personnel training.

(2) Approval date and procedures of the financial statements:

The financial statements were authorized for issue by the Board of Directors on October 31, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2021.

(a) Statement of compliance

These financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Employee benefits

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

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 1,588	1,517	1,528
Cash in bank	1,071,413	1,670,897	2,371,652
Time deposit	3,935,000	4,336,640	4,357,000
Cash and cash equivalents	<u><u>\$ 5,008,001</u></u>	<u><u>6,009,054</u></u>	<u><u>6,730,180</u></u>

Please refer to note 6(u) for the currency risk and sensitivity analysis of the financial instruments of the Company.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 688	1,408	3,297
Accounts receivable (including related parties)	2,741,331	1,760,089	1,949,664
Less: loss allowance	<u>(126,316)</u>	<u>(126,316)</u>	<u>(156,316)</u>
	<u><u>\$ 2,615,703</u></u>	<u><u>1,635,181</u></u>	<u><u>1,796,645</u></u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances were determined as follows:

September 30, 2022			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,543,278	0%~3.71%	94,461
Overdue 1~30 days	175,613	2.06%~72.76%	28,363
Overdue 31~60 days	13,252	2.57%	341
Overdue 61 days but less than one year	7,396	9.07%	671
Overdue more than one year	<u>2,480</u>	100%	<u>2,480</u>
	<u><u>\$ 2,742,019</u></u>		<u><u>126,316</u></u>
December 31, 2021			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,691,523	0%~3.34%	56,342
Overdue 1~30 days	64,151	100%	64,151
Overdue 31~60 days	3,245	100%	3,245
Overdue 61 days but less than one year	204	100%	204
Overdue more than one year	<u>2,374</u>	100%	<u>2,374</u>
	<u><u>\$ 1,761,497</u></u>		<u><u>126,316</u></u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	September 30, 2021		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,783,818	0%	-
Overdue 1~30 days	132,394	0%~90.31%	119,567
Overdue 31~60 days	32,358	100%	32,358
Overdue 61 days but less than one year	2,035	100%	2,035
Overdue more than one year	2,356	100%	2,356
	\$ 1,952,961		156,316

The movements in the allowance for notes and accounts receivable were as follows:

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Balance at September 30 (same as beginning balance at January 1)	\$ 126,316	156,316

As of September 30, 2022, December 31 and September 30, 2021, the notes and accounts receivable were not pledged as collateral for borrowings.

Other credit risk information please refer to note 6(u).

(c) Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables	\$ 38,561	3,164	18,658
Other receivables-related parties	14,731	8,585	187,780
Less: loss allowance	-	-	-
	\$ 53,292	11,749	206,438

As of September 30, 2022, December 31 and September 30, 2021, the financial assets were not pledged as collateral for borrowings. Other credit risk information please refer to note 6(u).

For the nine months ends September 30, 2022 and 2021, the impairment loss are not recognized for other receivables.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(d) Inventories

(i) The component were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Spares and expendable part	\$ 449,418	358,819	222,891
Raw material	735,038	727,210	661,651
Work-in-progress	657,340	517,950	568,846
Finished goods	289,416	257,768	204,201
	<u><u>\$ 2,131,212</u></u>	<u><u>1,861,747</u></u>	<u><u>1,657,589</u></u>

(ii) Except for cost of goods sold and inventories recognized as expense, the gains or losses which were recognized as operating costs were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Write-down of inventories (reversal of write-down)	\$ (830)	(54,420)	(79,974)	(352,451)
Unallocated fixed manufacturing overhead	50,095	59,291	157,515	185,219
Losses (gains) on inventory count	(5)	(19)	(4)	(15)
Scrap income	(1,372)	(1,131)	(3,780)	(3,453)
	<u><u>\$ 47,888</u></u>	<u><u>3,721</u></u>	<u><u>73,757</u></u>	<u><u>(170,700)</u></u>

Gains on reversal of write-down on valuation of inventories and obsolescences were resulting from inventories sold.

(iii) As of September 30, 2022, December 31 and September 30, 2021, these inventories were not pledged as collateral of borrowings.

(e) Investments accounted for using equity method

(i) The Components of investments accounted for using the equity method were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	<u><u>\$ 1,896,524</u></u>	<u><u>1,582,449</u></u>	<u><u>1,500,701</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(ii) Associates

Name of associates	Nature of relationship with the Company	Main operating location/ registered country of the Company	Percentage of shareholding voting rights		
			September 30, 2022	December 31, 2021	September 30, 2021
GE Evergreen Engine Services Corp.	Maintenance, repair and overhaul of aircraft engines	R.O.C.	49.00 %	49.00 %	49.00 %
Spirit Evergreen Aftermarket Solution Co., Ltd.	Maintenance, repair and overhaul of aircraft	R.O.C.	49.00 %	49.00 %	49.00 %
Ever Superior Technologies Corporation	Chemical processing on metal products	R.O.C.	35.00 %	35.00 %	-

For the nine months ended September 30, 2021, the Company acquired 49% shares of Spirit Evergreen Aftermarket Solutions Co., Ltd. for \$13,695 thousand in cash, resulting in the Company to have significant influence over the aforementioned company.

For the nine months ended September 30, 2022, the Company subscribed the new shares contributed by Spirit Evergreen Aftermarket Solutions Co., for \$97,857 thousand in cash based on the percentage of its shareholding.

The summarized financial information of the abovementioned associates which is material to the Company is as follows. The financial information has been prepared in accordance with the IFRS endorsed by the FSC. The amounts included in the IFRS financial statements of the associates have been adjusted to reflect the adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

- 1) The summary financial information of GE Evergreen Engine Services Corp was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 6,195,465	4,214,812	3,806,462
Non-current assets	3,426,482	3,549,967	3,570,325
Current liabilities	(4,302,754)	(2,851,231)	(2,484,127)
Non-current liabilities	(765,878)	(738,684)	(732,815)
Net assets	<u>\$ 4,553,315</u>	<u>4,174,864</u>	<u>4,159,845</u>

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Operation revenue	<u>\$ 4,762,363</u>	<u>4,037,734</u>	<u>12,971,631</u>	<u>11,132,389</u>
Profit from continuing operations	\$ 159,166	17,755	292,438	51,988
Other comprehensive income	45,847	(13,637)	150,400	(44,843)
Comprehensive income	<u>\$ 205,013</u>	<u>4,118</u>	<u>442,838</u>	<u>7,145</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Share of net assets of the associates as of January 1	\$ 2,045,683	2,136,830
Comprehensive income attributable to the Company	216,990	3,501
Dividends received from the associate	(31,550)	(102,008)
Share of net assets of the associates as of September 30	2,231,123	2,038,323
Less: downstream transaction unrealized gain	(484,185)	(550,561)
Ending balance of associated owned by the Company	<u><u>\$ 1,746,938</u></u>	<u><u>1,487,762</u></u>

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of individually insignificant associates' equity	<u><u>\$ 149,586</u></u>	<u><u>70,733</u></u>	<u><u>12,939</u></u>

Attributable to the Group:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Loss from continuing operations	\$ (7,873)	(756)	(19,003)	(756)
Other comprehensive income	-	-	-	-
Comprehensive income	<u><u>\$ (7,873)</u></u>	<u><u>(756)</u></u>	<u><u>(19,003)</u></u>	<u><u>(756)</u></u>

(iii) Pledge

As of September 30, 2022, December 31 and September 30, 2021, the Company did not provide any investment accounted for using the equity method as collateral of borrowing.

(f) Property, plant and equipment

The movements in cost and accumulated depreciation of property, plant and equipment were as follows:

	Land	Building and structures	Machinery and equipment	Unfinished construction	Total
Cost:					
Beginning balance as of January 1, 2022	\$ 759,534	8,727,902	5,793,551	2,530	15,283,517
Additions	-	-	65,185	9,727	74,912
Disposals	-	-	(99,639)	-	(99,639)
Reclassification (Note)	-	-	10,779	(2,531)	8,248
Balance as of September 30, 2022	<u><u>\$ 759,534</u></u>	<u><u>8,727,902</u></u>	<u><u>5,769,876</u></u>	<u><u>9,726</u></u>	<u><u>15,267,038</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	Land	Building and structures	Machinery and equipment	Unfinished construction	Total
Beginning balance as of January 1, 2021	\$ 1,113,595	8,727,232	5,768,312	533,561	16,142,700
Additions	-	150	40,881	144,723	185,754
Disposals	-	(1,160)	(99,552)	-	(100,712)
Reclassification (Note)	(354,061)	-	9,909	(628,396)	(972,548)
Balance as of September 30, 2021	<u>\$ 759,534</u>	<u>8,726,222</u>	<u>5,719,550</u>	<u>49,888</u>	<u>15,255,194</u>
Accumulated depreciation:					
Beginning balance as of January 1, 2022	\$ -	4,162,001	3,974,061	-	8,136,062
Depreciation	-	236,604	285,789	-	522,393
Disposals	-	-	(72,635)	-	(72,635)
Reclassification (Note)	-	-	(275)	-	(275)
Balance as of September 30, 2022	<u>\$ -</u>	<u>4,398,605</u>	<u>4,186,940</u>	<u>-</u>	<u>8,585,545</u>
Beginning balance as of January 1, 2021	\$ -	3,841,244	3,684,871	-	7,526,115
Depreciation	-	241,318	291,942	-	533,260
Disposals	-	(209)	(95,469)	-	(95,678)
Reclassification (Note)	-	-	(801)	-	(801)
Balance as of September 30, 2021	<u>\$ -</u>	<u>4,082,353</u>	<u>3,880,543</u>	<u>-</u>	<u>7,962,896</u>
Carrying amounts:					
Balance as of January 1, 2022	<u>\$ 759,534</u>	<u>4,565,901</u>	<u>1,819,490</u>	<u>2,530</u>	<u>7,147,455</u>
Balance as of September 30, 2022	<u>\$ 759,534</u>	<u>4,329,297</u>	<u>1,582,936</u>	<u>9,726</u>	<u>6,681,493</u>
Balance as of January 1, 2021	<u>\$ 1,113,595</u>	<u>4,885,988</u>	<u>2,083,441</u>	<u>533,561</u>	<u>8,616,585</u>
Balance as of September 30, 2021	<u>\$ 759,534</u>	<u>4,643,869</u>	<u>1,839,007</u>	<u>49,888</u>	<u>7,292,298</u>

Note: Reclassifications are mainly the transfers of property, plant and equipment to investment property and operating expenses, as well as the inventories and prepayment for equipment being reclassified to/from property, plant and equipment.

(i) Pledge

As of September 30, 2022, December 31 and September 30, 2021, the Company's property, plant and equipment were used as pledge for long-term borrowing and lines of credit, please refer to note 8.

(ii) Unfinished construction

The Company has started construction of spare parts maintenance factory in Guan Yin . The construction has completed in the second quarter of 2021. As of September 30, 2021, the cost incurred was amounted to \$568,157 thousand, which was included capitalized borrowings costs.

(iii) In 2015 the Company purchased a piece of agricultural land on Puxin, Dayuan Dist., Taoyuan City for car park lot amounting to \$60,558 thousand. The purchase was in the name of EGAT's director. The Company has implemented adequate safeguard procedures by setting mortgage for the agricultural land mentioned above.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

- (iv) For the three months and nine months ended September 30, 2021, the Company capitalized the interest expense amounting to \$0 and \$2,440 thousand, respectively. The ranges of monthly interest rate used for capitalization calculation was 0.08%. There was no such transaction for the three months and nine months ended September 30, 2022.

(g) Right-of-use assets

The Company leases many assets including land and buildings. Information about leases for which the Company has been a lessee was presented below:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at September 30, 2022 (same as beginning balance at January 1, 2022)	\$ <u>2,499,098</u>	<u>40,569</u>	<u>2,539,667</u>
Balance at January 1, 2021	\$ 2,370,800	40,569	2,411,369
Additions	<u>128,298</u>	<u>-</u>	<u>128,298</u>
Balance at September 30, 2021	\$ <u>2,499,098</u>	<u>40,569</u>	<u>2,539,667</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 329,267	30,426	359,693
Depreciation	<u>80,960</u>	<u>7,607</u>	<u>88,567</u>
Balance at September 30, 2022	\$ <u>410,227</u>	<u>38,033</u>	<u>448,260</u>
Balance at January 1, 2021	\$ 221,321	20,284	241,605
Depreciation	<u>80,960</u>	<u>7,607</u>	<u>88,567</u>
Balance at September 30, 2021	\$ <u>302,281</u>	<u>27,891</u>	<u>330,172</u>
Carrying amount:			
Balance at January 1, 2022	\$ <u>2,169,831</u>	<u>10,143</u>	<u>2,179,974</u>
Balance at September 30, 2022	\$ <u>2,088,871</u>	<u>2,536</u>	<u>2,091,407</u>
Balance at January 1, 2021	\$ <u>2,149,479</u>	<u>20,285</u>	<u>2,169,764</u>
Balance at September 30, 2021	\$ <u>2,196,817</u>	<u>12,678</u>	<u>2,209,495</u>

(h) Investment property

Investment property comprises lands and buildings that are leased to third parties under operating leases, including properties, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 10 years. Some leases provide the lessees with options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The movements of investment property were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 354,061	737,530	1,091,591
Acquisitions	<u>-</u>	<u>54,393</u>	<u>54,393</u>
Balance at September 30, 2022	<u><u>\$ 354,061</u></u>	<u><u>791,923</u></u>	<u><u>1,145,984</u></u>
Balance at January 1, 2021	\$ -	-	-
Acquisitions	-	28,507	28,507
Reclassification from property, plant and equipment	<u>354,061</u>	<u>628,396</u>	<u>982,457</u>
Balance at September 30, 2021	<u><u>\$ 354,061</u></u>	<u><u>656,903</u></u>	<u><u>1,010,964</u></u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ -	25,741	25,741
Depreciation	<u>-</u>	<u>33,367</u>	<u>33,367</u>
Balance at September 30, 2022	<u><u>\$ -</u></u>	<u><u>59,108</u></u>	<u><u>59,108</u></u>
Balance at January 1, 2021	\$ -	-	-
Depreciation	<u>-</u>	<u>15,378</u>	<u>15,378</u>
Balance at September 30, 2021	<u><u>\$ -</u></u>	<u><u>15,378</u></u>	<u><u>15,378</u></u>
Carrying amount:			
Balance at January 1, 2022	<u><u>\$ 354,061</u></u>	<u><u>711,789</u></u>	<u><u>1,065,850</u></u>
Balance at September 30, 2022	<u><u>\$ 354,061</u></u>	<u><u>732,815</u></u>	<u><u>1,086,876</u></u>
Balance at January 1, 2021	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Balance at September 30, 2021	<u><u>\$ 354,061</u></u>	<u><u>641,525</u></u>	<u><u>995,586</u></u>
Fair value:			
Balance at January 1, 2022			<u><u>\$ 1,393,802</u></u>
Balance at September 30, 2022			<u><u>\$ 1,466,045</u></u>
Balance at January 1, 2021			<u><u>\$ -</u></u>
Balance at September 30, 2021			<u><u>\$ 1,376,477</u></u>

The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

Fair value was measured using the cost approach and market approach.

As of September 30, 2022, December 31 and September 30, 2021, the Company's investment property, plant and equipment were used as pledge for long-term borrowing and lines of credit, please refer to note 8.

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Notes to Financial Statements

(i) Intangible assets

The movements cost and amortization of the intangible assets of the Company were as follows:

	Computer software
Cost:	
Beginning balance as of January 1, 2022	\$ 200,257
Additions	4,849
Disposal	(3,948)
Balance as of September 30, 2022	<u><u>\$ 201,158</u></u>
Beginning balance as of January 1, 2021	\$ 197,400
Additions	5,679
Disposal	(6,669)
Balance as of September 30, 2021	<u><u>\$ 196,410</u></u>
Amortization:	
Beginning balance as of January 1, 2022	\$ 161,004
Amortization	17,366
Disposal	(3,948)
Balance as of September 30, 2022	<u><u>\$ 174,422</u></u>
Beginning balance as of January 1, 2021	\$ 135,476
Amortization	25,486
Disposal	(6,669)
Balance as of September 30, 2021	<u><u>\$ 154,293</u></u>
Carrying amounts:	
Balance as of January 1, 2022	<u><u>\$ 39,253</u></u>
Balance as of September 30, 2022	<u><u>\$ 26,736</u></u>
Balance as of January 1, 2021	<u><u>\$ 61,924</u></u>
Balance as of September 30, 2021	<u><u>\$ 42,117</u></u>

(i) Amortization

For the nine months ended September 30, 2022 and 2021, the amortization of intangible assets is included under operating costs and operating expenses in the statement of comprehensive income.

(ii) Pledge

The aforementioned intangible assets were not pledged as collateral for borrowing.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(j) Other current assets and other non-current assets

The details of the Company's other current assets were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Payment on behalf of others	\$ -	46,461	35,436
Prepayments	48,373	33,868	38,060
Tax refundable	20,834	-	11,708
	<u>\$ 69,207</u>	<u>80,329</u>	<u>85,204</u>

The detail of the Company's other non-current assets were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Pledged time deposits	\$ 1,985	1,982	1,982
Guarantee deposits	781	732	794
Prepayment for equipment	25,345	1,324	3,497
Others	6,140	8,000	6,761
	<u>\$ 34,251</u>	<u>12,038</u>	<u>13,034</u>

(k) Long-term borrowings

The details, conditions and terms of the Company's long-term borrowings were as follows:

September 30, 2022				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.22%~1.56%	2022~2027	\$ 6,424,073
Secured loans	NTD	1.43%~1.64%	2022~2037	1,500,197
Subtotal				7,924,270
Less: current portion				1,929,363
Total				<u>\$ 5,994,907</u>

December 31, 2021				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	0.9%~1.08%	2022~2025	\$ 7,437,758
Secured loans	NTD	1.01%~1.11%	2022~2034	1,643,536
Subtotal				9,081,294
Less: current portion				2,174,987
Total				<u>\$ 6,906,307</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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September 30, 2021				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	0.9%~1.08%	2021~2025	\$ 7,996,570
Secured loans	NTD	1.01%~1.11%	2021~2034	<u>1,808,237</u>
Subtotal				9,804,807
Less: current portion				<u>2,324,866</u>
Total				<u><u>\$ 7,479,941</u></u>

As of September 30, 2022, the details of the future repayment periods and amounts of the Company's long-term borrowings were as follows:

Period	Amount
2022.10.1~2023.9.30	\$ 1,929,363
2023.10.1~2024.9.30	1,923,025
2024.10.1~2025.9.30	3,037,012
2025.10.1~2026.9.30	253,919
2026.10.1~2027.9.30	263,748
2027.10.1 and thereafter	<u>517,203</u>
	<u><u>\$ 7,924,270</u></u>

Information on the Company's exposure to interest rate risk, currency risk and liquidity risk is disclosed in note 6(u).

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of September 30, 2022, December 31 and September 30, 2021, the unused credit lines for short-term and long-term borrowings amounted to \$1,280,000 thousand, \$1,500,000 thousand and \$1,320,000 thousand, respectively.

(l) Lease liabilities

The Company amounts of lease liabilities were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	<u>\$ 99,387</u>	<u>81,873</u>	<u>99,822</u>
Non-current	<u>\$ 2,039,621</u>	<u>2,112,117</u>	<u>2,139,009</u>

For the maturity analysis, please refer to note 6(u).

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The amounts recognized in profit or loss were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Interest on lease liabilities	\$ 6,973	7,319	21,180	22,215
Expenses relating to short-term leases	\$ 10,898	9,042	35,788	21,382
Covid-19-related rent concessions (recognized as deduction of depreciation expenses)	\$ -	1,117	-	44,725

The amounts recognized in the statement of cash flows by the Company were as follows:

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Total cash outflow for leases	\$ 111,950	61,845

The lease of land, building and structures:

The Company leases land which typically run for a period of 35 years, and of buildings and structures for 4 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(m) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) sets out information about the operating leases of investment property.

A maturity analysis of lease payments showing the undiscounted lease payments to be received after the reporting date was as follows:

	September 30, 2022
Less than one year	\$ 19,240
One to two years	19,433
Two to three years	19,627
Three to four years	19,823
Four to five years	20,022
More than five years	294,540
Total undiscounted lease payments	\$ 392,685

(Continued)

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Notes to Financial Statements

For the three months and nine months ended September 30, 2022 and 2021, the rental income from investment properties were \$4,521 thousand, \$4,183 thousand, \$13,052 thousand and \$5,577 thousand, respectively.

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or loss for the Company were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2021	For the nine months ended September 30, 2021
Operating costs and expenses	\$ <u>6,282</u>	<u>7,086</u>	<u>18,845</u>	<u>20,962</u>

(ii) Defined contribution plans

The Company's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Operating costs and expenses	\$ <u>31,546</u>	<u>30,053</u>	<u>90,630</u>	<u>90,899</u>

(o) Income tax

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Income tax expenses	\$ <u>155,430</u>	<u>55,235</u>	<u>358,784</u>	<u>164,452</u>

- (ii) For the three months and nine months ended September 30, 2022 and 2021, there were no income tax expense recognized in other comprehensive income.
- (iii) The Company's income tax returns for the years through 2020 were assessed by the local tax authorities.

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(p) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the nine months ended September 30, 2022 and 2021. For the related information, please refer to note (p) of the financial statements for the year ended December 31, 2021.

(i) Retain earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The dividends can be distributed wholly or partly in cash only after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Earnings distribution

As the Company is in its growth phase, the Board of Directors has adopted the following principles in the appropriation of earnings, in order to meet its operational plan and guarantee shareholders' right:

- a) The annual appropriation of not less than 50% of the current after-tax net income as the shareholder's dividend.
- b) The dividends may be distributed either in full cash, or in the form of cash dividends of at least 50% of the total dividends.

(Continued)

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Earnings distribution for 2021 and 2020 were approved by the general meetings of shareholders held on June 10, 2022 and April 29, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 2.00	<u>705,614</u>	3.00	<u>1,058,421</u>

(ii) Other equity

	Exchange differences on translation of foreign financial statements
Beginning balance at January 1, 2022	\$ (72,769)
Exchange differences on associates accounted for using equity method	<u>70,322</u>
Balance at September 30, 2022	<u><u>\$ (2,447)</u></u>
Balance at January 1, 2021	\$ (49,693)
Exchange differences on associates accounted for using equity method	<u>(21,973)</u>
Balance at September 30, 2021	<u><u>\$ (71,666)</u></u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Primary geographical markets:				
Taiwan	\$ 1,108,110	924,686	3,127,456	2,729,847
Asia	369,018	375,871	1,324,883	1,338,226
North America	1,152,805	1,038,815	3,560,655	2,924,628
Europe	437,380	166,241	794,169	294,022
Other	<u>60</u>	<u>9,200</u>	<u>76,971</u>	<u>16,044</u>
	<u><u>\$ 3,067,373</u></u>	<u><u>2,514,813</u></u>	<u><u>8,884,134</u></u>	<u><u>7,302,767</u></u>
Type of contract:				
Maintenance of aircrafts	\$ 2,457,319	1,971,998	7,048,859	6,032,753
Manufacturing and selling of aircrafts related components	605,533	538,632	1,822,223	1,264,437
Other	<u>4,521</u>	<u>4,183</u>	<u>13,052</u>	<u>5,577</u>
	<u><u>\$ 3,067,373</u></u>	<u><u>2,514,813</u></u>	<u><u>8,884,134</u></u>	<u><u>7,302,767</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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(ii) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable (including related parties)	\$ 2,742,019	1,761,497	1,952,961
Less: loss allowance	(126,316)	(126,316)	(156,316)
Total	<u>\$ 2,615,703</u>	<u>1,635,181</u>	<u>1,796,645</u>
Contract assets-maintenance service	<u>\$ 590,076</u>	<u>476,803</u>	<u>657,248</u>
Contract liabilities-maintenance service	<u>\$ 148,889</u>	<u>46,707</u>	<u>327,033</u>

For details on notes and accounts receivable (including related parties) and loss allowance, please refer to note 6(b).

The amount of revenue recognized for the nine months ended September 30, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$87 thousand and \$42,239 thousand, respectively.

The contract asset primarily relates to the amount of revenue that has been recognized for the maintenance but not completed at the reporting date. The contract assets are transferred to receivables when the rights to consideration become unconditional.

The contract liabilities primarily relate to the advance consideration received from customer for the maintenance but has not yet completed, for which revenue is recognized when the products or the services are delivered to customer.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The contract of maintenance services has an original expected duration of less than one year, thus the Company applies the practical expedient of IFRS 15 and does not disclose information about the transaction price allocated to the remaining performance obligations of the contract.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(r) Earnings per share (“EPS”)

For the three months and nine months ended September 30, 2022 and 2021, basic earnings per share and diluted earnings per share were calculated as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 621,716	220,935	1,435,133	657,805
Weighted-average number of shares outstanding during the period (thousand shares)	352,807	352,807	352,807	352,807
Basic earnings per share (in New Taiwan dollars)	\$ 1.76	0.63	4.07	1.86
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ 621,716	220,935	1,435,133	657,805
Weighted-average number of shares outstanding during the period (thousand shares)	352,807	352,807	352,807	352,807
Effect of the potentially dilutive common stock				
Effect of employee compensation	966	1,295	1,251	1,865
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive common stock) (thousand shares)	353,773	354,102	354,058	354,672
Diluted earnings per share (in New Taiwan dollars)	\$ 1.76	0.62	4.05	1.85

(s) Employee compensation, and the directors’ and supervisors’ remuneration

According to the Company’s Articles of Incorporation, once the Company has an annual earnings, a minimum of 1% will be distributed as employee compensation and a maximum of 2% will be allotted for directors’ and supervisors’ remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit.

The Company estimated it’s employees’ and directors’ remuneration as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Employees' remuneration	\$ 7,852	11,434	28,830	34,966
Directors' remuneration	1,751	2,001	5,248	5,836
	\$ 9,603	13,435	34,078	40,802

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There were decreases of \$22,896 thousand between the actual employees' remuneration and directors' and supervisors' remuneration for the years of 2020, determined by the Board of Director, and the estimated amounts mainly due to the adjustment of the Board of Directors' resolution. The differences shall be accounted for as changes in accounting estimates and recognized in profit or loss for the years of 2021. There were no difference between the actual distributed amounts as determined by Board of Directors and those recognized in the financial statement for the year of 2021. The related information mentioned can be found on Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Interest income from bank deposit	\$ 12,120	4,969	25,215	16,549

(ii) Other income

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Rent income	\$ 350	350	1,040	1,038

(iii) Other gains and losses

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Foreign exchange gains (losses), net	\$ 216,556	(3,558)	426,854	(75,094)
Gains (losses) on disposal of property, plant and equipment	6,083	(1,169)	7,070	2,246
Others	54,508	36,477	99,356	65,838
	\$ 277,147	31,750	533,280	(7,010)

(iv) Finance costs

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Interest expense-bank borrowings	\$ 27,707	24,369	75,990	73,577
Interest expense-lease liabilities	6,973	7,319	21,180	22,215
Less: capitalized interest	-	-	-	(2,440)
	\$ 34,680	31,688	(97,170)	93,352

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(u) of the financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets, represents the maximum amount exposed to credit risk.

2) Circumstances of concentration of credit risk

The Company's primary potential credit risk is from accounts receivable and similar financial instruments. The Company concentrates on transactions with a few customers. In order to reduce credit risk, the Company also assesses the financial condition of customers regularly and asks for their reimbursement plan. The Company evaluates the credit losses and recognizes impairment provision regularly. The impairment losses was under the expected by the management. As of September 30, 2022, December 31 and September 30, 2021, 50%, 79% and 62% of accounts receivable were 2, 3 and 3 major customers, respectively.

3) Credit risk of receivables and debt securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(b).

Other financial assets at amortized cost includes other receivables and time deposit.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f) of the financial statement for the year ended December 31, 2021.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
As of September 30, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion) \$	7,924,270	8,178,031	2,025,596	5,614,457	537,978
Lease liabilities	2,139,008	2,465,556	126,452	494,263	1,844,841
Accounts payable (including related parties)	718,317	718,317	718,317	-	-
Other payables (including related parties)	568,192	568,192	568,192	-	-
Guarantee deposit received	824	824	824	-	-
Total	<u>\$ 11,350,611</u>	<u>11,930,920</u>	<u>3,439,381</u>	<u>6,108,720</u>	<u>2,382,819</u>
As of December 31, 2021					
Non-derivative financial liabilities					
Long-term borrowings (including current portion) \$	9,081,294	9,292,644	2,255,219	6,436,803	600,622
Lease liabilities	2,193,990	2,541,718	109,940	494,263	1,937,515
Accounts payable (including related parties)	438,253	438,253	438,253	-	-
Other payables (including related parties)	515,187	515,187	515,187	-	-
Guarantee deposit received	824	824	824	-	-
Total	<u>\$ 12,229,548</u>	<u>12,788,626</u>	<u>3,319,423</u>	<u>6,931,066</u>	<u>2,538,137</u>
As of September 30, 2021					
Non-derivative financial liabilities					
Long-term borrowings (including current portion) \$	9,804,807	10,018,282	2,409,399	7,164,120	444,763
Lease liabilities	2,238,831	2,593,792	128,236	497,150	1,968,406
Accounts payable (including related parties)	503,819	503,819	503,819	-	-
Other payables (including related parties)	693,998	693,998	693,998	-	-
Guarantee deposit received	824	824	824	-	-
Total	<u>\$ 13,242,279</u>	<u>13,810,715</u>	<u>3,736,276</u>	<u>7,661,270</u>	<u>2,413,169</u>

The Company is not expecting that the cash flows including the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	September 30, 2022			December 31, 2021			September 30, 2021			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
Financial assets										
Monetary items										
USD	\$	94,491	31.75	3,000,089	78,254	27.68	2,166,060	85,471	27.85	2,380,374
Non-monetary items										
USD	\$	55,022	31.75	1,746,938	54,614	27.68	1,511,716	53,421	27.85	1,487,762
Financial liabilities										
Monetary items										
USD	\$	6,613	31.75	209,953	3,683	27.68	101,940	5,751	27.85	160,164

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes receivable, accounts receivable (including related parties), accounts payable (including related parties) and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of September 30, 2022 and 2021, would have decreased / increased the profit before tax by \$27,901 thousand and \$22,202 thousand, respectively. Equity would have decreased / increased the profit before tax by \$17,469 thousand and \$14,878 thousand, respectively. The analysis is performed on the same basis for 2022 and 2021.

Due to the variety of the Company's currency, the Company discloses its exchange gains and losses of monetary items collectively. For the three months and nine months ended September 30, 2022 and 2021, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$216,556 thousand, \$(3,558) thousand, \$426,854 thousand and \$(75,094) thousand, respectively.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity management and interest exposure of the Company's financial liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Company's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates on 1% to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

If the interest rate increases / decreases by 1% all other variable factors that remain constant, the profit of the Company will decrease / increase \$59,432 thousand and \$73,536 thousand for the nine months ended September 30, 2022 and 2021, respectively due to the Company's floating-interest borrowings.

(v) Fair value

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	September 30, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,008,001	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	2,668,995	-	-	-	-
Other non-current assets	2,766	-	-	-	-
Total	<u>\$ 7,679,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 718,317	-	-	-	-
Other payables (including related parties)	568,192	-	-	-	-
Long-term borrowings (including current portion)	7,924,270	-	-	-	-
Lease liabilities	2,139,008	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 11,350,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

		December 31, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,009,054	-	-	-	-
Notes and accounts receivable and other receivable (including related parties)	1,646,930	-	-	-	-
Other non-current assets	2,714	-	-	-	-
Total	<u>\$ 7,658,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 438,253	-	-	-	-
Other payables (including related parties)	515,187	-	-	-	-
Long-term borrowings (including current portion)	9,081,294	-	-	-	-
Lease liabilities	2,193,990	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 12,229,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		September 30, 2021			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,730,180	-	-	-	-
Notes and accounts receivable and other receivable (including related parties)	2,003,083	-	-	-	-
Other non-current assets	2,776	-	-	-	-
Total	<u>\$ 8,736,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 503,819	-	-	-	-
Other payables (including related parties)	693,998	-	-	-	-
Long-term borrowings (including current portion)	9,804,807	-	-	-	-
Lease liabilities	2,238,831	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 13,242,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

For financial instruments traded in active markets, their fair values are listed below by types and attributes:

- The stocks of publicly traded companies are financial assets which are traded in active markets under standard terms and conditions. The fair value of the abovementioned stocks is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from the fair value of similar financial instruments, the discounted cash flow method, or other valuation technique.

For financial instruments not traded in active markets, their fair values are listed below by types and attributes:

- Equity instruments with no quoted market prices: the Company takes the quote market prices and the price-book ratios of similar publicly traded companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow and option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

- 3) Transfer between Level 1 and Level 2: None.
- 4) Changes between Level 3: None.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(v) Management of financial risk

There were no significant changes in the Company's financial risk management and policies as disclosed in note 6(v) of the financial statements for the year ended December 31, 2021.

(w) Capital management

Management believes that the objectives, policies and processes of capital management of the Company has been applied consistently with those described in the financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Company's capital management information as disclosed for the year ended December 31, 2021. Please refer to note 6(w) of the financial statements for the year ended December 31, 2021 for further details.

(x) Investing and financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the nine months ended September 30, 2022 and 2021, were as follows:

	January 1, 2022	Cash flows	Non-cash changes		September 30, 2022
			Other		
Long-term borrowings	\$ 9,081,294	(1,157,024)	-		7,924,270
Lease liabilities	2,193,990	(54,982)	-		2,139,008
Guarantee deposit received	824	-	-		824
Total liabilities from financing activities	<u>\$ 11,276,108</u>	<u>(1,212,006)</u>	<u>-</u>		<u>10,064,102</u>

	January 1, 2021	Cash flows	Non-cash changes		September 30, 2021
			Right-of-use assets	Other	
Long-term borrowings	\$ 10,189,472	(384,665)	-	-	9,804,807
Lease liabilities	2,170,454	(18,248)	128,298	(41,673)	2,238,831
Guarantee deposit received	200	624	-	-	824
Total liabilities from financing activities	<u>\$ 12,360,126</u>	<u>(402,289)</u>	<u>128,298</u>	<u>(41,673)</u>	<u>12,044,462</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

EVA Airways Corp. is both the parent company and the ultimate controlling party of the Company. As of September 30, 2022, December 31 and September 30, 2021, it owns 58.44%, 64.90% and 79.42% of all shares outstanding of the Company, respectively. EVA Airways Corp. has issued the consolidated financial statements available for public use.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Name and relationship with the Company

Name	Relationship with the Company
EVA Airways Corp.	Parent company
Uni Airways Corp.	Juristic person shareholder
GE Evergreen Engine Services Corp.	Associates
Spirit Evergreen Aftermarket Solutions Co., Ltd.	Associates
Ever Superior Technologies Corporation	Associates
Evergreen Airline Services Corp.	Other related parties
Evergreen Sky Catering Corp.	Other related parties
Evergreen Air Cargo Services Corp.	Other related parties
Evergreen Security Corp.	Other related parties
Evergreen Logistics Corporation	Other related parties
Everfun Travel Service Corp.	Other related parties
Evergreen International Corp.	Other related parties
Evergreen International Storage & Transport Corp.	Other related parties
Evergreen Marine Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
Hsin Yung Enterprise Corporation	Other related parties
Super Max Engineering Enterprise CO., LTD.	Other related parties
Trade-van Information Services Co.	Other related parties
STARLUX Airlines Co., Ltd	Other related parties
Chang Yung-Fa Foundation	Other related parties

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties were as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Parent company-EVA Airways Corp.	\$ 764,365	678,656	2,155,975	1,975,208
Juristic person shareholder-Uni Airways Corp.	79,995	59,322	237,499	224,430
Associates-GE Evergreen Engine Services Corp.	119,505	65,493	283,876	340,198
Associates-Others	20,717	-	38,613	-
Other related parties	313	83	484	262
	<u>\$ 984,895</u>	<u>803,554</u>	<u>2,716,447</u>	<u>2,540,098</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The prices for sales to related parties are not materially different from those of the third-parties sales. The payment terms are within 1~2 months, which do not materially differ from those of third-party transactions. There was no collateral on the accounts receivable from related parties.

(ii) Operating costs

Significant operating costs from transactions with related parties of the Company were as follows:

	For the three months ended <u>September 30, 2022</u>	For the three months ended <u>September 30, 2021</u>	For the nine months ended <u>September 30, 2022</u>	For the nine months ended <u>September 30, 2021</u>
Parent company-EVA Airways Corp.	\$ 17,781	12,423	44,367	36,858
Juristic person shareholder-Uni Airways Corp.	77	91	184	413
Associates-GE Evergreen Engine Services Corp.	-	1,628	1,697	2,912
Other related parties:				
Evergreen Airline Services Corp.	24,796	25,081	69,615	63,125
Evergreen Sky Catering Corp.	26,591	22,400	73,205	67,159
Evergreen Logistics Corporation	22,499	20,906	68,629	58,512
Evergreen Security Corp.	10,135	10,116	30,505	30,195
Others	18,222	13,966	58,624	41,109
	<u>\$ 120,101</u>	<u>106,611</u>	<u>346,826</u>	<u>300,283</u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

(iii) Operating expenses

Significant operating expenses from transactions with related parties of the Company were as follows:

	For the three months ended <u>September 30, 2022</u>	For the three months ended <u>September 30, 2021</u>	For the nine months ended <u>September 30, 2022</u>	For the nine months ended <u>September 30, 2021</u>
Parent company-EVA Airways Corp.	\$ 1,022	1,488	2,443	2,838
Other related parties:				
Evergreen Sky Catering Corp.	1,868	1,556	5,325	4,591
Evergreen International Corp.	539	368	1,742	792
Evergreen International Storage & Transport Corp.	824	986	2,476	2,260
Evergreen Security Corp.	757	753	2,131	2,160
Others	1,989	313	3,759	934
	<u>\$ 6,999</u>	<u>5,464</u>	<u>17,876</u>	<u>13,575</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

(iv) Property transaction

- 1) The acquires of property, plant and equipment and spare parts from related parties were as follows:

	For the three months ended <u>September 30, 2022</u>	For the three months ended <u>September 30, 2021</u>	For the nine months ended <u>September 30, 2022</u>	For the nine months ended <u>September 30, 2021</u>
Parent company-EVA Airways Corp.	\$ 5,795	2,536	13,360	16,114
Other related parties:				
Ever Accord Construction Corp.	-	11,572	54,660	159,192
Others	<u>137</u>	<u>14</u>	<u>4,199</u>	<u>89</u>
	<u>\$ 5,932</u>	<u>14,122</u>	<u>72,219</u>	<u>175,395</u>

In October 2019, the Company entered into a contract with Ever Accord Construction Corp. amounting to \$370,700 thousand for the purpose of the construction of its spare parts maintenance factory. The amount of contract price was corrected to \$680,613 thousand due to the demand of electromechanical system in May 2022. As of September 30, 2022, December 31 and September 30, 2021, the Company has partially paid the price of \$680,613 thousand, \$634,719 thousand and \$574,584 thousand, respectively.

- 2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

<u>Class of related parties</u>	<u>For the three months ended September 30, 2022</u>	
	<u>Disposal price</u>	<u>Gains (losses) on disposal</u>
Parent company-EVA Airways Corp.	\$ 248	125
Associates-GE Evergreen Engine Services Corp.	4,055	3,140
Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	<u>25,229</u>	<u>3,265</u>
	<u>\$ 29,532</u>	<u>6,530</u>
<u>Class of related parties</u>	<u>For the three months ended September 30, 2021</u>	
	<u>Disposal price</u>	<u>Gains (losses) on disposal</u>
Parent company-EVA Airways Corp.	\$ 121	(47)

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Class of related parties	For the nine months ended September 30, 2022	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 3,715	2,088
Associates-GE Evergreen Engine Services Corp.	4,055	3,140
Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	25,229	3,265
	\$ 32,999	8,493

Class of related parties	For the nine months ended September 30, 2021	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 3,224	705
Juristic person shareholder-Uni Airways Corp.	20	-
	\$ 3,244	705

3) Other

In December 2019, the Company sold the buildings, which were located in No. 87 and No. 110, Zhongzheng Section, Dayuan District, Taoyuan City, as well as machinery and other equipment to GE Evergreen Engine Services Corp.. Gains of disposal were deferred, the amount were as follows:

	Deferred gains (note)		
	September 30, 2022	December 31, 2021	September 30, 2021
GE Evergreen Engine Services Corp.	\$ 484,185	533,967	550,561

Note: The deferred gains were included investments accounted for using equity method.

(v) Lease

The Company leased the factories to its associates, GE Evergreen Engine Services Corp., and the rent income received monthly is based on the nearby factories rental ate. The amount of rent income were \$4,521 thousand, \$4,183 thousand, \$13,052 thousand and \$5,577 thousand for the three months and nine months ended September 30, 2022 and 2021, respectively. The preceding rent payment has been received.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(vi) Receivables from related parties

Receivables from related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts receivable	Parent company-EVA Airways Corp.	\$ 516,957	466,359	387,247
Accounts receivable	Juristic person shareholder-Uni Airways Corp.	80,200	94,340	58,426
Accounts receivable	Associates	99,383	49,726	33,660
Accounts receivable	Other related parties	<u>88</u>	<u>-</u>	<u>53</u>
Subtotal		<u>696,628</u>	<u>610,425</u>	<u>479,386</u>
Other receivables	Parent company-EVA Airways Corp.	796	1,042	410
Other receivables	Juristic person shareholder-Uni Airways Corp.	188	196	186
Other receivables	Associates-GE Evergreen Engine Service Corp.	3,782	7,174	186,995
Other receivables	Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	9,694	7	-
Other receivables	Associates-other	95	-	-
Other receivables	Other related parties	<u>176</u>	<u>166</u>	<u>189</u>
Subtotal		<u>14,731</u>	<u>8,585</u>	<u>187,780</u>
		<u><u>\$ 711,359</u></u>	<u><u>619,010</u></u>	<u><u>667,166</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Accounts payable	Parent company-EVA Airways Corp.	\$ 6,154	5,509	3,218
Accounts payable	Juristic person shareholder-Uni Airways Corp.	91	22	56
Accounts payable	Associates	6	6	556
Accounts payable	Other related parties:			
	Ever Accord Consturction Corp.	190	3,356	165
	Evergreen Sky Catering Corp.	9,937	6,893	7,083
	Evergreen Airline Services Corp.	10,048	7,870	11,343
	Evergreen Security Corp.	3,310	3,321	3,310
	Evergreen Logistics Corporation	729	1,807	4,618
	Others	<u>5,014</u>	<u>5,000</u>	<u>6,175</u>
Subtotal		<u>35,479</u>	<u>33,784</u>	<u>36,524</u>
Other payables	Parent company-EVA Airways Corp.	7,964	8,086	20,981
Other payables	Associates	49	-	-
Other payables	Other related parties:			
	Evergreen Airline Services Corp.	2,072	626	1,935
	Evergreen Logistics Corporation	4,857	2,228	1,427
	Others	<u>3,320</u>	<u>3,001</u>	<u>2,443</u>
Subtotal		<u>18,262</u>	<u>13,941</u>	<u>26,786</u>
		<u><u>\$ 53,741</u></u>	<u><u>47,725</u></u>	<u><u>63,310</u></u>

(d) Key management personnel compensation

(i) Key management personnel compensation was comprised as follows:

	<u>For the three months ended September 30, 2022</u>	<u>For the three months ended September 30, 2021</u>	<u>For the nine months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2021</u>
Short-term employee benefits	\$ 9,725	8,735	30,690	27,895
Post-employment benefits	<u>244</u>	<u>259</u>	<u>751</u>	<u>772</u>
	<u><u>\$ 9,969</u></u>	<u><u>8,994</u></u>	<u><u>31,441</u></u>	<u><u>28,667</u></u>

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Notes to Financial Statements

- (ii) In order to prepare for the listing of the Company and comply with the “Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings”, the release of the shares of the Company held by the EVA Airways Corp., (hereinafter refer to as EVA), was resolved in the shareholders’ meeting of EVA on July 16, 2021. The shares shall be subscribed by all shareholders of EVA on the basis of the percentage of shareholdings, and the number of shares of subscription not fully been subscribed by shareholders of EVA shall be purchased by the specific person's designated by the Chairman of EVA. As of December 31, 2021, the Company's key management personnel had subscribed of 231 thousand shares from EVA based on the aforementioned result of the release shares plan. The subscription price, which was referred to the reasonable opinion issued by the professional institution, was set at \$62~\$63 per share. There was no such transaction for the nine months ended September 30, 2022.

(8) Assets pledged as security:

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant, and equipment	Long-term borrowing	<u>\$ 3,856,903</u>	<u>4,005,164</u>	<u>4,052,904</u>
Investment property	Long-term borrowing	<u>\$ 1,086,876</u>	<u>-</u>	<u>-</u>
Time deposit — non-current asset	Guarantees for customs bonded warehouse establishment	1,885	1,882	1,882
"	Guarantees for Taiwan Air Cargo Terminal Logistics	100	100	100
		<u>\$ 1,985</u>	<u>1,982</u>	<u>1,982</u>

(9) Significant commitments and contingencies:

Unused letters of credit for the Company were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unused letters of credit	<u>\$ 158,074</u>	<u>172,200</u>	<u>155,876</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
		Operating costs	Operating Expense	Total	Operating costs	Operating Expense	Total
Employee benefits							
Salary		638,789	48,729	687,518	577,800	42,702	620,502
Labor and health insurance		57,473	3,955	61,428	56,982	3,740	60,722
Pension		35,210	2,618	37,828	34,550	2,589	37,139
Remuneration of directors		-	3,503	3,503	-	1,750	1,750
Others		59,856	2,832	62,688	50,220	5,569	55,789
Depreciation (Note)		174,306	39,588	213,894	180,279	32,135	212,414
Amortization		181	5,542	5,723	267	6,966	7,233

By item	By function	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		1,986,641	147,076	2,133,717	1,745,844	131,168	1,877,012
Labor and health insurance		170,627	11,581	182,208	174,031	11,453	185,484
Pension		101,739	7,736	109,475	103,951	7,910	111,861
Remuneration of directors		-	10,502	10,502	-	5,939	5,939
Others		149,468	6,948	156,416	148,685	13,228	161,913
Depreciation (Note)		536,052	108,275	644,327	510,081	82,399	592,480
Amortization		444	16,922	17,366	4,227	21,259	25,486

Note: For the three months and nine months ended September 30, 2021, the depreciation expenses recognized were \$213,531 thousand and \$637,205 thousand less rent concession \$1,117 thousand and \$44,725 thousand. There was no such transaction for the three months and nine months ended September 30, 2022.

(b) Seasonality of operations:

The Company's operations were not affected by seasonality or cyclical factors.

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Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on the Company's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the nine months ended September 30, 2022:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of September 30, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counterparty is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Evergreen Aviation Technologies Corp.	Spare parts maintenance factory	2019.10.24 2020.5.22 2022.5.5	680,613	680,613	Ever Accord Construction Corp.	Investment through parent company	-	-	-	-	Where land is acquired under an arrangement on engaging others to build on the Company's own land, decided by the Board of Directors.	Because of spare parts maintenance business increase	None

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchases / sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Aviation Technologies Corp.	EVA Airways Corp.	Parent company	Sales	2,155,975	24.27	60 days	-		516,957	19.76	
"	GE Evergreen Engine Services Corp.	Associates	Sales	283,876	3.20	30 days	-		53,197	2.03	
"	Uni Airways Corp.	Juristic person shareholder	Sales	237,499	2.67	60 days	-		80,200	3.07	

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for impairment loss
					Amount	Action taken		
Evergreen Aviation Technologies Corp.	EVA Airways Corp.	Parent company	517,753	5.84	-		517,753	-

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant inter-company transactions : None.

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(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares	Ratio of shares	Book value			
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No. 8 Harg-Jann S. Rd., Taiwan Taoyuan Int'l. Airport, Dayuan, Taoyuan City, Taiwan	Maintenance, manufacturing and trading of aircraft and accessories	2,032,845	2,032,845	203,285	49.00 %	1,746,938	292,438	143,294	Note 1
"	Spirit Evergreen Aftermarket Solutions Co., Ltd.	3F, No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)	Maintenance, repair and overhaul of aircraft	111,552	13,695	11,155	49.00 %	104,158	(12,270)	(6,012)	Note 1
"	Ever Superior Technologies Corporation	2F, No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)	Chemical processing on metal products	63,000	63,000	6,300	35.00 %	45,428	(37,118)	(12,991)	Note 1

Note 1: Investee company accounted for under equity method.

(c) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
EVA Airways Corp.		206,189,241	58.44 %
Uni Airways Corp.		50,847,721	14.41 %

(14) Segment information:

There were no significant changes in the Company's division, as well as the profit and loss measurement basis, as disclosed in the note 14 in the financial statements for the year ended September 30, 2021.

The Company's operating segment information and reconciliation are as follows:

For the three months ended September 30, 2022				
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,461,840	605,533	-	3,067,373
Intersegment revenue	2,229	740	(2,969)	-
Total revenue	\$ 2,464,069	606,273	(2,969)	3,067,373
Reportable segment profit or loss	\$ 694,086	83,060	-	777,146

Total reportable segment revenue after deducting the intersegment revenue was \$2,969 thousand for the three months ended September 30, 2022.

For the three months ended September 30, 2021				
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,003,877	510,936	-	2,514,813
Intersegment revenue	3,055	909	(3,964)	-
Total revenue	\$ 2,006,932	511,845	(3,964)	2,514,813
Reportable segment profit or loss	\$ 333,126	(56,956)	-	276,170

Total reportable segment revenue after deducting the intersegment revenue was \$3,964 thousand for the three months ended September 30, 2021.

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	For the nine months ended September 30, 2022			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 7,061,911	1,822,223	-	8,884,134
Intersegment revenue	4,635	2,662	(7,297)	-
Total revenue	<u>\$ 7,066,546</u>	<u>1,824,885</u>	<u>(7,297)</u>	<u>8,884,134</u>
Reportable segment profit or loss	<u>\$ 1,702,494</u>	<u>91,423</u>	<u>-</u>	<u>1,793,917</u>

Total reportable segment revenue after deducting the intersegment revenue was \$7,297 thousand for the nine months ended September 30, 2022.

	For the nine months ended September 30, 2021			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 6,038,330	1,264,437	-	7,302,767
Intersegment revenue	8,885	2,584	(11,469)	-
Total revenue	<u>\$ 6,047,215</u>	<u>1,267,021</u>	<u>(11,469)</u>	<u>7,302,767</u>
Reportable segment profit or loss	<u>\$ 1,079,281</u>	<u>(257,024)</u>	<u>-</u>	<u>822,257</u>

Total reportable segment revenue after deducting the intersegment revenue was \$11,469 thousand for the nine months ended September 30, 2021.