

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

**EVERGREEN AVIATION TECHNOLOGIES
CORPORATION**

Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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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 March 31, 2023 and 2022, and the related statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 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.

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 March 31, 2023 and 2022, and of its financial performance and its cash flows for the three months ended March 31, 2023 and 2022 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 Ya-Ling Chen and Ming-Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)
May 8, 2023

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.

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

Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022**EVERGREEN AVIATION TECHNOLOGIES CORPORATION****Balance Sheets****March 31, 2023, December 31, 2022, and March 31, 2022**

(expressed in thousands of New Taiwan dollars)

Assets	March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:													
1100 Cash and cash equivalents (note 6(a))	\$ 5,586,067	24	4,241,715	19	6,051,694	27	2130 Contract liabilities-current (note 6(r))	\$ 6,907	-	9,167	-	47,141	-
1140 Contract assets-current (note (r))	504,101	2	544,841	3	575,736	3	2280 Current lease liabilities (note 6(l))	108,498	1	96,818	-	104,501	1
1170 Notes and accounts receivable, net (notes 6(b) and (r))	2,309,227	10	1,668,978	8	1,603,222	7	2170 Accounts payable	746,926	3	700,522	3	655,908	3
1180 Accounts receivable from related parties, net (notes 6(b), (r) and 7)	822,490	3	859,961	4	539,525	2	2180 Accounts payable to related parties (note 7)	35,244	-	33,740	-	42,148	-
1200 Other receivables (note 6(c))	11,371	-	14,667	-	3,556	-	2220 Other payables (notes 6(p) and (t))	1,876,355	8	365,564	2	380,099	2
1210 Other receivables from related parties (notes 6(c) and 7)	14,711	-	16,775	-	6,038	-	2220 Other payables to related parties (note 7)	20,505	-	16,943	-	28,511	-
130X Inventories (notes 6(d) and (f))	2,310,806	10	2,217,192	10	1,817,506	8	2230 Current tax liabilities	472,142	2	397,291	2	313,689	1
1470 Other current assets (note 6(j))	77,121	-	84,402	-	69,617	-	2320 Long-term borrowings, current portion (notes 6(k) and 8)	1,704,185	7	1,619,341	8	2,289,294	10
Total current assets	11,635,894	49	9,648,531	44	10,666,894	47	2399 Other current liabilities	15,635	-	42,533	-	13,651	-
Non-current assets:							Total current liabilities	4,986,397	21	3,281,919	15	3,874,942	17
1550 Investments accounted for using equity method (notes 6(e) and 7)	1,994,240	8	1,954,959	9	1,648,183	7	2540 Long-term borrowings (notes 6(k) and 8)	5,191,537	22	5,564,475	26	6,702,517	29
1600 Property, plant and equipment (notes 6(f), 7 and 8)	6,444,214	27	6,574,868	30	6,999,348	30	2580 Non-current lease liabilities (note 6(l))	2,011,224	8	2,015,299	9	2,088,030	9
1755 Right-of-use assets (note 6(g))	2,066,806	9	2,061,885	10	2,150,451	9	2640 Net defined benefit liabilities	-	-	-	-	186,673	1
1760 Investment property (notes 6(h) and 8)	1,063,964	5	1,075,420	5	1,055,145	5	2645 Guarantee deposits received	824	-	824	-	824	-
1780 Intangible assets (note 6(i))	43,022	-	22,362	-	35,845	-	Total non-Current liabilities	7,203,585	30	7,580,598	35	8,978,044	39
1840 Deferred income tax assets	242,058	1	242,058	1	348,010	2	Total liabilities	12,189,982	51	10,862,517	50	12,852,986	56
1975 Net defined benefit assets	162,446	1	167,701	1	-	-	Equity (notes 6(e), (p) and (q)):						
1900 Other non-current assets (notes 6(f), (j) and 8)	28,114	-	26,919	-	9,611	-	3100 Ordinary shares	3,745,709	16	3,528,069	16	3,528,069	15
Total non-current assets	12,044,864	51	12,126,172	56	12,246,593	53	3200 Capital surplus	2,131,649	9	565,262	3	565,262	3
Total assets	\$ 23,680,758	100	21,774,703	100	22,913,487	100	3300 Retained earnings	5,636,689	24	6,835,571	31	6,013,918	26
							3400 Other equity	(23,271)	-	(16,716)	-	(46,748)	-
							Total equity	11,490,776	49	10,912,186	50	10,060,501	44
							Total liabilities and equity	\$ 23,680,758	100	21,774,703	100	22,913,487	100

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

	For the three months ended March 31			
	2023		2022	
	Amount	%	Amount	%
4000	Operating revenue (notes 6(m), (r) and 7)		\$ 3,313,151	100
5000	Operating costs (notes 6(d), (f), (g), (i), (n), (q), (t), 7 and 12)		(2,768,726)	(84)
	Gross profit from operations		<u>544,425</u>	<u>16</u>
	Operating expenses (notes 6(b), (f), (g), (h), (i), (l), (n), (q), (t), 7 and 12):			
6200	Selling and administrative expenses		(159,955)	(5)
6300	Research and development expenses		(8,429)	-
6450	Expected credit loss		(19,483)	-
	Total operating expenses		<u>(187,867)</u>	<u>(5)</u>
	Net operating income		<u>356,558</u>	<u>11</u>
	Non-operating income and expenses (notes 6(e), (f), (l), (u) and 7):			
7010	Other income		353	-
7100	Interest income		16,851	-
7020	Other gains and losses		8,221	-
7050	Finance costs		(37,303)	(1)
7060	Share of profit of associates accounted for using equity method		29,572	1
	Total non-operating income and expenses		<u>17,694</u>	<u>-</u>
7900	Profit before tax		<u>374,252</u>	<u>11</u>
7951	Income tax expenses (note 6(o))		<u>(74,850)</u>	<u>(2)</u>
	Profit		<u>299,402</u>	<u>9</u>
8300	Other comprehensive income (notes 6(e) and (p)): Components of other comprehensive income that will not be reclassified to profit or loss:			
8310	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		-	-
8320				3,374
	Total components of other comprehensive income that will not be reclassified to profit or loss		<u>-</u>	<u>-</u>
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		(6,555)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	26,021
	Total components of other comprehensive income that will be reclassified to profit or loss		<u>(6,555)</u>	<u>-</u>
8300	Other comprehensive income, net of tax		<u>(6,555)</u>	<u>-</u>
	Total comprehensive income		<u>\$ 292,847</u>	<u>9</u>
	Earnings per share (note 6(s))			
9750	Basic earnings per share (in New Taiwan dollars)		\$ 0.84	0.86
9850	Diluted earnings per share (in New Taiwan dollars)		\$ 0.83	0.85

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings		Other equity Exchange differences on translation of foreign financial statements	Total equity
					Unappropriated retained earnings	Total retained earnings		
Balance on 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:								
Profit	-	-	-	-	301,769	301,769	-	301,769
Other comprehensive income	-	-	-	-	3,374	3,374	26,021	29,395
Total comprehensive income	-	-	-	-	305,143	305,143	26,021	331,164
Balance on March 31, 2022	\$ 3,528,069	565,262	1,627,542	-	4,386,376	6,013,918	(46,748)	10,060,501
Balance on January 1, 2023	\$ 3,528,069	565,262	1,713,416	72,769	5,049,386	6,835,571	(16,716)	10,912,186
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary shares	-	-	-	-	(1,498,284)	(1,498,284)	-	(1,498,284)
Profit	-	-	-	-	(1,498,284)	(1,498,284)	-	(1,498,284)
Other comprehensive income	-	-	-	-	-	-	(6,555)	(6,555)
Total comprehensive income	-	-	-	-	299,402	299,402	(6,555)	292,847
Issue of shares	217,640	1,483,481	-	-	-	-	-	1,701,121
Share-based payments	-	82,906	-	-	-	-	-	82,906
Balance on March 31, 2023	\$ 3,745,709	2,131,649	1,713,416	72,769	3,850,504	5,636,689	(23,271)	11,490,776

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(expressed in thousands of New Taiwan dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 374,252	377,211
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	198,683	215,927
Amortization expense	7,205	5,872
Expected credit loss	19,483	-
Interest expense	37,303	29,500
Interest income	(16,851)	(4,874)
Share-based payments	82,906	-
Shares of profits of associates accounted for using equity method	(29,572)	(19,745)
Gains on disposal of property, plant and equipment	(7,541)	(1,090)
Others	(16,264)	(16,594)
Total adjustments to reconcile profit	<u>275,352</u>	<u>208,996</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	40,740	(98,933)
Notes and accounts receivable, including related parties	(622,261)	(507,566)
Other receivables, including related parties	5,717	2,382
Inventories	(93,448)	44,249
Other current assets	8,909	10,889
Total changes in operating assets	<u>(660,343)</u>	<u>(548,979)</u>
Changes in operating liabilities:		
Contract liabilities	(2,260)	434
Accounts payable, including related parties	47,908	259,803
Other payables, including related parties	18,351	(80,701)
Other current liabilities	(26,898)	(13,276)
Net defined benefit liabilities	5,255	7,546
Total changes in operating liabilities	<u>42,356</u>	<u>173,806</u>
Total changes in operating assets and liabilities	<u>(617,987)</u>	<u>(375,173)</u>
Total adjustments	<u>(342,635)</u>	<u>(166,177)</u>
Cash inflow generated from operations	<u>31,617</u>	<u>211,034</u>
Income taxes paid	<u>(1,628)</u>	<u>(177)</u>
Net cash flows from operating activities	<u>29,989</u>	<u>210,857</u>
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(24,414)	(24,487)
Proceeds from disposal of property, plant and equipment	8,095	1,443
Acquisition of intangible assets	(27,865)	(2,464)
Decrease (increase) in other non-current assets	(474)	1,268
Increase in prepayments for business facilities	(5,598)	(2,816)
Interest received	16,493	4,647
Net cash flows used in investing activities	<u>(33,763)</u>	<u>(22,409)</u>
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	37,500	550,000
Repayments of long-term borrowings	(325,594)	(639,483)
Payment of lease liabilities	(26,900)	(26,631)
Proceeds from issuing shares	1,701,121	-
Interest paid	(38,001)	(29,694)
Net cash flow from (used in) financing activities	<u>1,348,126</u>	<u>(145,808)</u>
Net increase in cash and cash equivalents	<u>1,344,352</u>	<u>42,640</u>
Cash and cash equivalents at beginning of period	<u>4,241,715</u>	<u>6,009,054</u>
Cash and cash equivalents at end of period	<u>\$ 5,586,067</u>	<u>6,051,694</u>

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to the Financial Statements

March 31, 2023 and 2022

(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 May 8, 2023.

(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, 2023:

- 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”

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) 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 IAS 1 “Non-current Liabilities with Covenants”
- 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, 2022. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2022.

(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.

(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).

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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.

(d) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which reaches a conclusion about price and number of a new award between the Company and employee.

(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 the 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. Significant accounting estimates and assumptions made by the management may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Company has considered the economic implications of climate change on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance.

The preparation of the interim 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, 2022. For the related information, please refer to note 5 of the financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 1,597	1,506	1,562
Cash in bank	441,824	779,559	1,763,132
Time deposit	5,142,646	3,460,650	4,287,000
Cash and cash equivalents	\$ 5,586,067	4,241,715	6,051,694

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

(b) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 595	897	1,148
Accounts receivable (including related parties)	3,183,911	2,561,348	2,267,915
Less: loss allowance	<u>(52,789)</u>	<u>(33,306)</u>	<u>(126,316)</u>
	<u>\$ 3,131,717</u>	<u>2,528,939</u>	<u>2,142,747</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. The loss allowances were determined as follows:

March 31, 2023			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,983,396	0%~0.06%	1,907
Overdue 1~30 days	51,769	1.22%	631
Overdue 31~60 days	553	3.68%	20
Overdue 61 days but less than one year	148,738	33.73%	50,181
Overdue more than one year	<u>50</u>	<u>100%</u>	<u>50</u>
	<u>\$ 3,184,506</u>		<u>52,789</u>

December 31, 2022			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,413,700	0%~0.03%	732
Overdue 1~30 days	99,931	0.61%~100%	6,748
Overdue 31~60 days	15,829	3.33%	527
Overdue 61 days but less than one year	32,735	11.58%~100%	25,249
Overdue more than one year	<u>50</u>	<u>100%</u>	<u>50</u>
	<u>\$ 2,562,245</u>		<u>33,306</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	March 31, 2022		
	Notes and accounts receivable (including related parties) carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,067,791	0%~3.44%	71,044
Overdue 1~30 days	198,133	1.05%~100%	52,814
Overdue 31~60 days	278	3.96%	11
Overdue 61 days but less than one year	462	10.39%	48
Overdue more than one year	2,399	100%	2,399
	\$ 2,269,063		126,316

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

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Balance at January 1	\$ 33,306	126,316
Impairment losses recognized	19,483	-
Balance at March 31	\$ 52,789	126,316

As of March 31, 2023, December 31 and March 31, 2022, the aforementioned notes and accounts receivable were not pledged as collateral for borrowings.

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

(c) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables	\$ 11,371	14,667	3,556
Other receivables-related parties	14,711	16,775	6,038
Less: loss allowance	-	-	-
	\$ 26,082	31,442	9,594

As of March 31, 2023, December 31 and March 31, 2022, the aforementioned financial assets were not pledged as collateral for borrowings. Other credit risk information please refer to note 6(v).

For the three months ended March 31, 2023 and 2022, there were no impairment loss recognized for other receivables.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(d) Inventories

(i) The component were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Spares and expendable part	\$ 522,045	480,601	368,957
Raw material	835,925	769,222	717,377
Work-in-progress	735,441	675,513	543,395
Finished goods	<u>217,395</u>	<u>291,856</u>	<u>187,777</u>
	\$ 2,310,806	2,217,192	1,817,506

(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 March 31, 2023	For the three months ended March 31, 2022
Write-down of inventories (reversal of write-down)	\$ 1,726	(21,318)
Unallocated fixed manufacturing overhead	58,312	51,560
Scrap income	<u>(867)</u>	<u>(965)</u>
	\$ 59,171	29,277

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

(iii) As of March 31, 2023, December 31 and March 31, 2022, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	<u>\$ 1,994,240</u>	<u>1,954,959</u>	<u>1,648,183</u>

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		
			March 31, 2023	December 31, 2022	March 31, 2022
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 %	35.00 %

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.

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 6,292,063	6,323,491	5,735,803
Non-current assets	3,459,378	3,490,839	3,515,222
Current liabilities	(4,314,278)	(4,438,283)	(4,218,943)
Non-current liabilities	(714,063)	(716,605)	(747,067)
Net assets	<u><u>\$ 4,723,100</u></u>	<u><u>4,659,442</u></u>	<u><u>4,285,015</u></u>

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Operation revenue	\$ 4,910,066	3,861,635
Profit from continuing operations	82,202	50,162
Other comprehensive income	(18,544)	59,990
Comprehensive income	<u><u>\$ 63,658</u></u>	<u><u>110,152</u></u>

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Share of net assets of the associates as of January 1	\$ 2,283,125	2,045,683
Comprehensive income attributable to the Company	33,724	53,974
Share of net assets of the associates as of March 31	2,316,849	2,099,657
Less: downstream transaction unrealized gain	(451,327)	(517,373)
Ending balance of associated owned by the Company	<u><u>\$ 1,865,522</u></u>	<u><u>1,582,284</u></u>

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Notes to Financial Statements

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

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of individually insignificant associates' equity	<u><u>\$ 128,718</u></u>	<u><u>139,425</u></u>	<u><u>65,899</u></u>
Attributable to the Group:			
	For the three months ended March 31, 2023	For the three months ended March 31, 2022	
Loss from continuing operations	<u><u>\$ (10,707)</u></u>	<u><u>(4,834)</u></u>	
Other comprehensive income	<u><u>-</u></u>	<u><u>-</u></u>	
Comprehensive income	<u><u>\$ (10,707)</u></u>	<u><u>(4,834)</u></u>	

(iii) Pledge

As of March 31, 2023, December 31 and March 31, 2022, 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, 2023	\$ 759,534	8,727,902	5,734,189	-	15,221,625
Additions	-	-	23,370	1,044	24,414
Disposals	-	-	(51,381)	-	(51,381)
Reclassification (Note)	-	-	2,301	-	2,301
Balance as of March 31, 2023	<u><u>\$ 759,534</u></u>	<u><u>8,727,902</u></u>	<u><u>5,708,479</u></u>	<u><u>1,044</u></u>	<u><u>15,196,959</u></u>
Beginning balance as of January 1, 2022	\$ 759,534	8,727,902	5,793,551	2,530	15,283,517
Additions	-	-	24,487	-	24,487
Disposals	-	-	(5,955)	-	(5,955)
Reclassification (Note)	-	-	5,318	(1,900)	3,418
Balance as of March 31, 2022	<u><u>\$ 759,534</u></u>	<u><u>8,727,902</u></u>	<u><u>5,817,401</u></u>	<u><u>630</u></u>	<u><u>15,305,467</u></u>
Accumulated depreciation:					
Beginning balance as of January 1, 2023	\$ -	4,477,460	4,169,297	-	8,646,757
Depreciation	-	78,854	78,789	-	157,643
Disposals	-	-	(50,827)	-	(50,827)
Reclassification (Note)	-	-	(828)	-	(828)
Balance as of March 31, 2023	<u><u>\$ -</u></u>	<u><u>4,556,314</u></u>	<u><u>4,196,431</u></u>	<u><u>-</u></u>	<u><u>8,752,745</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Beginning balance as of January 1, 2022	\$ -	4,162,001	3,974,061	-	8,136,062
Depreciation	-	78,884	96,815	-	175,699
Disposals	-	-	(5,602)	-	(5,602)
Reclassification (Note)	-	-	(40)	-	(40)
Balance as of March 31, 2022	<u>\$ -</u>	<u>4,240,885</u>	<u>4,065,234</u>	<u>-</u>	<u>8,306,119</u>
Carrying amounts:					
Balance as of January 1, 2023	<u>\$ 759,534</u>	<u>4,250,442</u>	<u>1,564,892</u>	<u>-</u>	<u>6,574,868</u>
Balance as of March 31, 2023	<u>\$ 759,534</u>	<u>4,171,588</u>	<u>1,512,048</u>	<u>1,044</u>	<u>6,444,214</u>
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 March 31, 2022	<u>\$ 759,534</u>	<u>4,487,017</u>	<u>1,752,167</u>	<u>630</u>	<u>6,999,348</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 March 31, 2023, December 31 and March 31, 2022, 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) 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.

(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 January 1, 2023	\$ 2,475,765	-	2,475,765
Additions	4,006	30,499	34,505
Balance at March 31, 2023	<u>\$ 2,479,771</u>	<u>30,499</u>	<u>2,510,270</u>
Balance at March 31, 2022 (same as beginning at January 1, 2022)	<u>\$ 2,499,098</u>	<u>40,569</u>	<u>2,539,667</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 413,880	-	413,880
Depreciation	27,042	2,542	29,584
Balance at March 31, 2023	<u>\$ 440,922</u>	<u>2,542</u>	<u>443,464</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	Land	Buildings and structures	Total
Balance at January 1, 2022	\$ 329,267	30,426	359,693
Depreciation	<u>26,987</u>	<u>2,536</u>	<u>29,523</u>
Balance at March 31, 2022	<u><u>\$ 356,254</u></u>	<u><u>32,962</u></u>	<u><u>389,216</u></u>
Carrying amount:			
Balance at January 1, 2023	<u><u>\$ 2,061,885</u></u>	<u><u>-</u></u>	<u><u>2,061,885</u></u>
Balance at March 31, 2023	<u><u>\$ 2,038,849</u></u>	<u><u>27,957</u></u>	<u><u>2,066,806</u></u>
Balance at January 1, 2022	<u><u>\$ 2,169,831</u></u>	<u><u>10,143</u></u>	<u><u>2,179,974</u></u>
Balance at March 31, 2022	<u><u>\$ 2,142,844</u></u>	<u><u>7,607</u></u>	<u><u>2,150,451</u></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.

The movements of investment property were as follows:

	Land	Buildings and structures	Total
Cost:			
Balance at March 31, 2023 (same as beginning at January 1, 2023)	<u><u>\$ 354,061</u></u>	<u><u>791,923</u></u>	<u><u>1,145,984</u></u>
Balance at March 31, 2022 (same as beginning at January 1, 2022)	<u><u>\$ 354,061</u></u>	<u><u>737,530</u></u>	<u><u>1,091,591</u></u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ -	70,564	70,564
Depreciation	<u>-</u>	<u>11,456</u>	<u>11,456</u>
Balance at March 31, 2023	<u><u>\$ -</u></u>	<u><u>82,020</u></u>	<u><u>82,020</u></u>
Balance at January 1, 2022	\$ -	25,741	25,741
Depreciation	<u>-</u>	<u>10,705</u>	<u>10,705</u>
Balance at March 31, 2022	<u><u>\$ -</u></u>	<u><u>36,446</u></u>	<u><u>36,446</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	Land	Buildings and structures	Total
Carrying amount:			
Balance at January 1, 2023	\$ <u>354,061</u>	<u>721,359</u>	<u>1,075,420</u>
Balance at March 31, 2023	\$ <u>354,061</u>	<u>709,903</u>	<u>1,063,964</u>
Balance at January 1, 2022	\$ <u>354,061</u>	<u>711,789</u>	<u>1,065,850</u>
Balance at March 31, 2022	\$ <u>354,061</u>	<u>701,084</u>	<u>1,055,145</u>
Fair value:			
Balance at January 1, 2023			\$ <u>1,461,205</u>
Balance at March 31, 2023			\$ <u>1,461,205</u>
Balance at January 1, 2022			\$ <u>1,393,802</u>
Balance at March 31, 2022			<u>\$ 1,393,802</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 March 31, 2023, December 31 and March 31, 2022, 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.

(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, 2023	\$ 201,480
Additions	<u>27,865</u>
Balance as of March 31, 2023	<u>\$ 229,345</u>
Beginning balance as of January 1, 2022	\$ 200,257
Additions	2,464
Disposal	(3,744)
Balance as of March 31, 2022	<u>\$ 198,977</u>
Amortization:	
Beginning balance as of January 1, 2023	\$ 179,118
Amortization	<u>7,205</u>
Balance as of March 31, 2023	<u>\$ 186,323</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	Computer software
Beginning balance as of January 1, 2022	\$ 161,004
Amortization	5,872
Disposal	(3,744)
Balance as of March 31, 2022	<u><u>\$ 163,132</u></u>
Carrying amounts:	
Balance as of January 1, 2023	\$ 22,362
Balance as of March 31, 2023	<u><u>\$ 43,022</u></u>
Balance as of January 1, 2022	<u><u>\$ 39,253</u></u>
Balance as of March 31, 2022	<u><u>\$ 35,845</u></u>

(i) Amortization

For the three months ended March 31, 2023 and 2022, 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.

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Prepayments	\$ 54,378	84,402	52,553
Tax refundable	<u>22,743</u>	-	17,064
	<u><u>\$ 77,121</u></u>	<u><u>84,402</u></u>	<u><u>69,617</u></u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Pledged time deposits	\$ 1,685	1,685	1,982
Guarantee deposits	1,052	1,020	444
Prepayment for equipment	10,481	9,759	165
Others	<u>14,896</u>	<u>14,455</u>	<u>7,020</u>
	<u><u>\$ 28,114</u></u>	<u><u>26,919</u></u>	<u><u>9,611</u></u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(k) Long-term borrowings

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

	March 31, 2023			
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.47%~2.01%	2023~2027	\$ 5,049,583
Secured loans	NTD	1.58%~2.12%	2023~2037	1,846,139
Subtotal				6,895,722
Less: current portion				1,704,185
Total				\$ 5,191,537

	December 31, 2022			
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.35%~1.93%	2023~2027	\$ 5,799,401
Secured loans	NTD	1.45%~1.99%	2023~2037	1,384,415
Subtotal				7,183,816
Less: current portion				1,619,341
Total				\$ 5,564,475

	March 31, 2022			
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	0.9%~1.31%	2022~2027	\$ 7,483,005
Secured loans	NTD	1.08%~1.36%	2022~2034	1,508,806
Subtotal				8,991,811
Less: current portion				2,289,294
Total				\$ 6,702,517

As of March 31, 2023, the details of the future repayment periods and amounts of the Company's long-term borrowings were as follows:

Period	Amount
2023.4.1~2024.3.31	\$ 1,704,185
2024.4.1~2025.3.31	1,949,862
2025.4.1~2026.3.31	1,938,876
2026.4.1~2027.3.31	289,144
2027.4.1~2028.3.31	189,417
2028.4.1 and thereafter	824,238
	\$ 6,895,722

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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Information on the Company's exposure to interest rate risk, currency risk and liquidity risk is disclosed in note 6(v).

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of March 31, 2023, December 31 and March 31, 2022, the unused credit lines for short-term and long-term borrowings amounted to \$1,500,000 thousand, \$1,100,000 thousand and \$750,000 thousand, respectively.

(l) Lease liabilities

The Company amounts of lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u><u>\$ 108,498</u></u>	<u><u>96,818</u></u>	<u><u>104,501</u></u>
Non-current	<u><u>\$ 2,011,224</u></u>	<u><u>2,015,299</u></u>	<u><u>2,088,030</u></u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest on lease liabilities	<u><u>\$ 6,934</u></u>	<u><u>7,147</u></u>
Expenses relating to short-term leases	<u><u>\$ 7,784</u></u>	<u><u>6,287</u></u>

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

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Total cash outflow for leases	<u><u>\$ 41,618</u></u>	<u><u>40,065</u></u>

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 3 years. Some leases include an option to extend the lease for the same duration at the end of the contract term.

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Notes to Financial Statements

(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) set 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	\$ 18,545	18,656	17,263
One to two years	18,730	18,843	17,436
Two to three years	18,917	19,031	17,610
Three to four years	19,106	19,222	17,787
Four to five years	19,297	19,414	17,964
More than five years	272,816	280,019	274,654
Total undiscounted lease payments	\$ 367,411	375,185	362,714

For the three months ended March 31, 2023 and 2022, the rental income from investment properties were \$5,000 thousand and \$4,156 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, 2022 and 2021.

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

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Operating costs and expenses	<u>\$ 4,519</u>	<u>6,282</u>

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(ii) Defined contribution plans

The Company's expenses under the pension plan cost to the Bureau of Labor Insurance for the were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Operating costs and expenses	<u>\$ 32,068</u>	<u>30,071</u>

(o) Income tax

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Current tax expenses	<u>\$ 74,850</u>	<u>75,442</u>

(ii) For the three months ended March 31, 2023 and 2022, 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.

(p) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the three months ended March 31, 2023 and 2022. For the related information, please refer to note 6(p) of the financial statements for the year ended December 31, 2022.

(i) Common shares

On December 19, 2022, the Company's board of directors approved a resolution to distribute the cash subscription for pre-IPO underwriting by issuing 21,764 thousand shares, amounting to \$217,640 thousand, at a par value of \$10 per share. The base date for capital subscription was set on March 10, 2023 and all related registration procedures had been completed.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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(ii) Capital surplus

The details of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Cash subscription in excess of par value of shares	\$ 1,558,081	-	-
Reorganization	560,532	560,532	560,532
Changes in equity of associates accounted for the using equity method	4,730	4,730	4,730
Stock options granted to employees	8,306	-	-
Total	\$ 2,131,649	565,262	565,262

(iii) Retain earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, after 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.

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Earnings distribution for 2022 and 2021 were approved by the general meetings of shareholders held on March 8, 2023 and June 10, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

		2022		2021	
		Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:					
Cash	\$ 4.00	<u><u>1,498,284</u></u>		2.00	<u><u>705,614</u></u>
(iv) Other equity					
				Exchange differences on translation of foreign financial statements	
Beginning balance at January 1, 2023			\$ (16,716)		
Exchange differences on associates accounted for using equity method			<u>(6,555)</u>		
Balance at March 31, 2023			<u><u>(23,271)</u></u>		
Balance at January 1, 2022			\$ (72,769)		
Exchange differences on associates accounted for using equity method			<u>26,021</u>		
Balance at March 31, 2022			<u><u>(46,748)</u></u>		
(q) Share-based payment transactions					

As of March 31, 2023, the Company had share-based payment agreements as follows:

	Equity-settled Cash-settled share-based payment plan (reserved for employees to subscribe)
Grant date	February 24, 2023
Grant amount	3,264,000
Recipients	Employee
Vesting conditions	Immediately vested

There was no such transaction for the three months ended March 31, 2022.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(i) Determining the fair value of equity instruments granted

The Company adopted the Black Scholes model to evaluate the fair value of the share-based payment at the grant date. The consideration inputs were as follows:

	<u>For the three months ended March 31, 2023</u>
	<u>Cash capital increase reserved for employee subscription</u>
Fair value at grant date (in dollars)	25.40
Stock price at grant date (in dollars)	93.40
Exercise price (in dollars)	68.00
Expected life	-
Risk-free interest rate (%)	1.0143
Stock Return Volatility (%)	25.47

(ii) Expense recognized in profit or loss

The costs and expenses in connection with share-based payments for the three months ended March 31, 2023 incurred by the Company were as follows:

	<u>For the three months ended March 31, 2023</u>
Costs and expenses incurred in connection with the cash capital increase allocated to employee subscriptions	<u>\$ 82,906</u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Primary geographical markets:		
Taiwan	\$ 1,246,634	969,252
Asia	519,058	372,648
North America	1,321,869	1,169,797
Europe	147,570	151,252
Other	<u>78,020</u>	<u>74,174</u>
	<u>\$ 3,313,151</u>	<u>\$ 2,737,123</u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Type of contract:		
Maintenance of aircrafts and other	\$ 2,524,433	2,174,446
Manufacturing and selling of aircrafts related components	<u>788,718</u>	<u>562,677</u>
	<u><u>\$ 3,313,151</u></u>	<u><u>2,737,123</u></u>

(ii) Contract balances

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes and accounts receivable (including related parties)	\$ 3,184,506	2,562,245	2,269,063
Less: loss allowance	<u>(52,789)</u>	<u>(33,306)</u>	<u>(126,316)</u>
Total	<u><u>\$ 3,131,717</u></u>	<u><u>2,528,939</u></u>	<u><u>2,142,747</u></u>
Contract assets-maintenance service	<u><u>\$ 504,101</u></u>	<u><u>544,841</u></u>	<u><u>575,736</u></u>
Contract liabilities-maintenance service	<u><u>\$ 6,907</u></u>	<u><u>9,167</u></u>	<u><u>47,141</u></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 three months ended March 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$6,571 thousand and \$87 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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(s) Earnings per share (“EPS”)

For the three months ended March 31, 2023 and 2022, basic earnings per share and diluted earnings per share were calculated as follows:

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>299,402</u>	<u>301,769</u>
Weighted-average number of shares outstanding during the period (thousand shares)	<u>358,127</u>	<u>352,807</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 0.84</u>	<u>0.86</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>299,402</u>	<u>301,769</u>
Weighted-average number of shares outstanding during the period (thousand shares)	358,127	352,807
Effect of the potentially dilutive common stock	735	1,277
Effect of employee compensation	735	1,277
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive common stock) (thousand shares)	<u>358,862</u>	<u>354,084</u>
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 0.83</u>	<u>0.85</u>

(t) 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 its employees' remuneration and directors' and supervisors' remuneration as follows:

	<u>For the three months ended March 31, 2023</u>	<u>For the three months ended March 31, 2022</u>
Employees' remuneration	\$ <u>19,484</u>	<u>11,722</u>
directors' and supervisors' remuneration	<u>1,750</u>	<u>1,750</u>
	<u>\$ 21,234</u>	<u>13,472</u>

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 no difference between the actual distributed amounts as determined by Board of Directors and those recognized in the financial statement for the years ended December 31, 2022 and 2021. The related information mentioned can be found on Market Observation Post System website.

(u) Non-operating income and expenses

(i) Other income

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Rent income	<u><u>\$ 353</u></u>	<u><u>341</u></u>

(ii) Interest income

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest income from bank deposit	<u><u>\$ 16,851</u></u>	<u><u>4,874</u></u>

(iii) Other gains and losses

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Foreign exchange gains (losses), net	<u><u>\$ (19,550)</u></u>	<u><u>100,063</u></u>
Gains on disposal of property, plant and equipment	<u><u>7,541</u></u>	<u><u>1,090</u></u>
Others	<u><u>20,230</u></u>	<u><u>19,190</u></u>
	<u><u>\$ 8,221</u></u>	<u><u>120,343</u></u>

(iv) Finance costs

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Interest expense-bank borrowings	<u><u>\$ 30,369</u></u>	<u><u>22,353</u></u>
Interest expense-lease liabilities	<u><u>6,934</u></u>	<u><u>7,147</u></u>
	<u><u>\$ 37,303</u></u>	<u><u>29,500</u></u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(v) 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, 2022.

(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 March 31, 2023, December 31 and March 31, 2022, 54%, 64% and 65% of accounts receivable were 2, 2 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, 2022.

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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 March 31, 2023					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 6,895,722	7,212,120	1,819,473	4,522,252	870,395
Lease liabilities	2,119,722	2,433,251	135,335	514,859	1,783,057
Accounts payable (including related parties)	782,170	782,170	782,170	-	-
Other payables (including related parties)	1,896,860	1,896,860	1,896,860	-	-
Guarantee deposit received	824	824	200	624	-
Total	\$ 11,695,298	12,325,225	4,634,038	5,037,735	2,653,452
As of December 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 7,183,816	7,445,606	1,726,034	5,158,528	561,044
Lease liabilities	2,112,117	2,431,778	123,566	494,263	1,813,949
Accounts payable (including related parties)	734,262	734,262	734,262	-	-
Other payables (including related parties)	382,507	382,507	382,507	-	-
Guarantee deposit received	824	824	200	624	-
Total	\$ 10,413,526	10,994,977	2,966,569	5,653,415	2,374,993
As of March 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 8,991,811	9,211,070	2,372,538	6,277,350	561,182
Lease liabilities	2,192,531	2,533,112	132,226	494,263	1,906,623
Accounts payable (including related parties)	698,056	698,056	698,056	-	-
Other payables (including related parties)	408,610	408,610	408,610	-	-
Guarantee deposit received	824	824	-	824	-
Total	\$ 12,291,832	12,851,672	3,611,430	6,772,437	2,467,805

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

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:

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 104,419	30.45	<u>3,179,547</u>	66,795	30.71	<u>2,051,274</u>	95,278	28.63	<u>2,727,319</u>
<u>Non-monetary items</u>									
USD	\$ 61,265	30.45	<u>1,865,522</u>	59,119	30.71	<u>1,815,534</u>	55,267	28.63	<u>1,582,284</u>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 8,536	30.45	<u>259,931</u>	7,316	30.71	<u>224,674</u>	8,071	28.63	<u>231,027</u>

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 March 31, 2023 and 2022, would have decreased / increased the profit before tax by \$29,196 thousand and \$24,963 thousand, respectively. Equity would have decreased / increased the profit before tax by \$18,655 thousand and \$15,823 thousand, respectively. The analysis is performed on the same basis for 2023 and 2022.

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 ended March 31, 2023 and 2022, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$(19,550) thousand, \$100,063 thousand, respectively.

(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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

If the interest rate increases / decreases by 1% all other variable factors that remain constant, the profit of the Company will decrease / increase \$17,239 thousand and \$22,480 thousand for the three months ended March 31, 2023 and 2022, 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.

	March 31, 2023				
	Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,586,067	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	3,157,799	-	-	-	-
Other non-current assets	2,737	-	-	-	-
Total	\$ 8,746,603	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 782,170	-	-	-	-
Other payables (including related parties)	1,896,860	-	-	-	-
Long-term borrowings (including current portion)	6,895,722	-	-	-	-
Lease liabilities	2,119,722	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 11,695,298	-	-	-	-

	December 31, 2022				
	Carrying amount	Fair value			
	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,241,715	-	-	-	-
Notes and accounts receivable and other receivable (including related parties)	2,560,381	-	-	-	-
Other non-current assets	2,705	-	-	-	-
Total	\$ 6,804,801	-	-	-	-

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Notes to Financial Statements

	December 31, 2022				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
	Total				
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 734,262	-	-	-	-
Other payables (including related parties)	382,507	-	-	-	-
Long-term borrowings (including current portion)	7,183,816	-	-	-	-
Lease liabilities	2,112,117	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 10,413,526	—	—	—	—
 March 31, 2022					
	Carrying amount	Level 1	Level 2	Level 3	Fair value
	Total				
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,051,694	-	-	-	-
Notes and accounts receivable and other receivable (including related parties)	2,152,341	-	-	-	-
Other non-current assets	2,426	-	-	-	-
Total	\$ 8,206,461	—	—	—	—
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 698,056	-	-	-	-
Other payables (including related parties)	408,610	-	-	-	-
Long-term borrowings (including current portion)	8,991,811	-	-	-	-
Lease liabilities	2,192,531	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 12,291,832	—	—	—	—

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.

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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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.

(w) 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, 2022.

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Notes to Financial Statements

(x) 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, 2022. Also, management believes that there were no significant changes in the Company's capital management information as disclosed for the year ended December 31, 2022. Please refer to note 6(w) of the financial statements for the year ended December 31, 2022 for further details.

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

- (i) For right-of-use assets under leases, please refer to note 6(g).
- (ii) The Company's financing activities which did not affect the current cash flow in the three months ended March 31, 2023 and 2022, were as follows:

	January 1, 2023	Cash flows	Non-cash changes	March 31, 2023
	Right-of-use assets			
Long-term borrowings	\$ 7,183,816	(288,094)	-	6,895,722
Lease liabilities	2,112,117	(26,900)	34,505	2,119,722
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	\$ 9,296,757	(314,994)	34,505	9,016,268
	January 1, 2022	Cash flows	Non-cash changes	March 31, 2022
	Other			
Long-term borrowings	\$ 9,081,294	(89,483)	-	8,991,811
Lease liabilities	2,193,990	(26,631)	25,172	2,192,531
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	\$ 11,276,108	(116,114)	25,172	11,185,166

(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 March 31, 2023, December 31 and March 31, 2022, it owns 55.05%, 58.44% and 58.44% 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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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
Everfamily International Foods Corporation	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
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 March 31, 2023	For the three months ended March 31, 2022
Parent company-EVA Airways Corp.	\$ 980,078	662,762
Juristic person shareholder-Uni Airways Corp.	86,101	84,768
Associates-GE Evergreen Engine Services Corp.	166,602	79,173
Associates-Others	24,134	6,841
	\$ 1,256,915	833,544

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Notes to Financial Statements

The prices for sales to related parties are not materially different from those to 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 March 31, 2023	For the three months ended March 31, 2022
Parent company-EVA Airways Corp.	\$ 16,224	11,983
Juristic person shareholder-Uni Airways Corp.	35	66
Associates	52	78
Other related parties:		
Evergreen Airline Services Corp.	21,113	19,381
Evergreen Sky Catering Corp.	25,266	22,592
Evergreen Logistics Corporation	21,912	28,600
Others	<u>31,763</u>	<u>30,352</u>
	\$ 116,365	113,052

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 March 31, 2023	For the three months ended March 31, 2022
Parent company-EVA Airways Corp.	\$ 1,219	701
Other related parties:		
Evergreen Sky Catering Corp.	1,614	1,889
Evergreen International Storage & Transport Corp.	793	641
Evergreen International Corp.	750	401
Evergreen Security Corp.	847	647
Others	<u>1,441</u>	<u>1,130</u>
	\$ 6,664	5,409

(Continued)

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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 acquisition of property, plant and equipment and spare parts from related parties were as follows:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Parent company-EVA Airways Corp.	\$ 3,334	4,159
Juristic person shareholder-Uni Airways Corp.	1,950	38
Other related parties:		
Ever Accord Construction Corp.	3,020	903
	\$ 8,304	5,100

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 facility. The amount of contract price was corrected to \$680,613 thousand due to the demand of electromechanical system in May 2022. As of March 31, 2023, December 31 and March 31, 2022, the Company has partially paid the price of \$680,613 thousand, \$680,613 thousand and \$634,719 thousand, respectively.

2) Disposals of property, plant and equipment

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

Class of related parties	For the three months ended March 31, 2023	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 7,962	7,597
For the three months ended March 31, 2022		
Class of related parties	For the three months ended March 31, 2022	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 1,434	1,230

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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)		
	March 31, 2023	December 31, 2022	March 31, 2022
	GE Evergreen Engine Services Corp.	\$ 451,327	467,591

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

(v) Lease

The Company leased the facilities to its associates, GE Evergreen Engine Services Corp., and the rent income received monthly is based on the nearby factories rental rate. The amount of rent income were \$5,000 thousand and \$4,156 thousand for the three months ended March 31, 2023 and 2022, respectively. The preceding rent payment has been received.

(vi) Receivables from related parties

Receivables from related parties of the Company were as follows:

Account	Class of related parties	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	Parent company-EVA Airways Corp.	\$ 650,462	704,378	407,279
Accounts receivable	Juristic person shareholder-Uni Airways Corp.	75,147	84,509	84,927
Accounts receivable	Associates-GE Evergreen Engine Service Corp.	89,989	69,201	41,844
Accounts receivable	Associates-others	6,892	1,873	5,475
Subtotal		<u>822,490</u>	<u>859,961</u>	<u>539,525</u>
Other receivables	Parent company-EVA Airways Corp.	\$ 3,613	1,250	634
Other receivables	Juristic person shareholder-Uni Airways Corp.	45	85	219
Other receivables	Associates-GE Evergreen Engine Service Corp.	10,188	12,451	4,931
Other receivables	Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	667	2,729	-
Other receivables	Associates-others	20	106	95
Other receivables	Other related parties	178	154	159
Subtotal		<u>14,711</u>	<u>16,775</u>	<u>6,038</u>
		<u><u>\$ 837,201</u></u>	<u><u>876,736</u></u>	<u><u>545,563</u></u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

Account	Class of related parties	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable	Parent company-EVA Airways Corp.	\$ 8,429	10,277	6,289
Accounts payable	Juristic person shareholder-Uni Airways Corp.	24	64	77
Accounts payable	Associates	6	110	729
Accounts payable	Other related parties:			
	Evergreen Sky Catering Corp.	9,405	6,862	7,818
	Evergreen Airline Services Corp.	7,631	4,323	10,049
	Evergreen Logistics Corporation	21	1,319	6,459
	Others	9,728	10,785	10,727
	Subtotal	35,244	33,740	42,148
Other payables	Parent company-EVA Airways Corp.	\$ 10,442	8,902	22,826
Other payables	Other related parties:			
	Evergreen Airline Services Corp.	1,433	1,776	1,358
	Evergreen Logistics Corporation	3,020	3,914	2,038
	Ever Accord Construcion Corp.	2,528	-	-
	Others	3,082	2,351	2,289
	Subtotal	20,505	16,943	28,511
		\$ 55,749	50,683	70,659

(d) Key management personnel compensation

(i) Key management personnel compensation comprised:

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Short-term employee benefits	\$ 10,149	10,488
Post-employment benefits	123	253
Share-based payment	1,524	-
	\$ 11,796	10,741

Share based payment please refer note 6(q).

(Continued)

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(8) Assets pledged as security:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant, and equipment	Long-term borrowing	\$ 3,758,063	3,807,483	3,955,744
Investment property	Long-term borrowing	\$ 1,063,964	1,075,420	-
Time deposit—non-current asset	Guarantees for customs bonded warehouse establishment	\$ 1,585	1,585	1,882
"	Guarantees for Taiwan Air Cargo Terminal Logistics	100	100	100
		<u>\$ 1,685</u>	<u>1,685</u>	<u>1,982</u>

(9) Commitments and contingencies:

Unused letters of credit for the Company were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unused letters of credit	<u>\$ 181,048</u>	<u>136,898</u>	<u>155,170</u>

(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 function By item	For the three months ended March 31, 2023			For the three months ended March 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	774,078	62,226	836,304	670,345	50,781	721,126
Labor and health insurance	58,864	4,089	62,953	57,866	3,817	61,683
Pension	34,091	2,496	36,587	33,795	2,558	36,353
Remuneration of directors	-	3,514	3,514	-	2,470	2,470
Others	58,335	3,111	61,446	46,488	2,253	48,741
Depreciation	160,804	37,879	198,683	181,876	34,051	215,927
Amortization	1,131	6,074	7,205	137	5,735	5,872

(b) Seasonality of operations:

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

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(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 three months ended March 31, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of March 31, 2023 (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: 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	980,078	29.58	60 days	-		650,462	20.77	
"	GE Evergreen Engine Services Corp.	Associates	Sales	166,602	5.03	30 days	-		89,989	2.87	

- (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	654,075	5.77	-		652,915	-
"	GE Evergreen Engine Services Corp.	Associates	100,177	7.33	-		82,746	-

- (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 three months ended March 31, 2023 (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 March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares	Ratio of shares	Book value			
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No. 8 Hsing-Jiann 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 %	1,865,522	82,202	40,279	Note 1
"	Spirit Evergreen Aftermarket Solutions Co., Ltd.	4F, No. 2 Hsing-Jiann S. Rd., Taiwan Taoyuan Int'l. Airport, Dayuan, Taoyuan City, Taiwan	Maintenance, repair and overhaul of aircraft	111,552	111,552	11,155	49.00 %	94,650	(10,792)	(5,288)	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 %	34,068	(15,482)	(5,419)	Note 1

Note 1: Investee company accounted for under equity method.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
EVA Airways Corp.		206,189,241	55.05 %
Uni Airways Corp.		50,847,721	13.57 %

(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 December 31, 2022.

	For the three months ended March 31, 2023			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,524,433	788,718	-	3,313,151
Intersegment revenue	2,123	1,642	(3,765)	-
Total revenue	\$ 2,526,556	790,360	(3,765)	3,313,151
Reportable segment profit or loss	\$ 398,111	(23,859)	-	374,252

Total reportable segment revenue for the three months ended March 31, 2023, was deducted the intersegment revenue by \$3,765 thousand.

	For the three months ended March 31, 2022			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,174,446	562,677	-	2,737,123
Intersegment revenue	762	1,297	(2,059)	-
Total revenue	\$ 2,175,208	563,974	(2,059)	2,737,123
Reportable segment profit or loss	\$ 401,495	(24,284)	-	377,211

Total reportable segment revenue for the three months ended March 31, 2023, was deducted the intersegment revenue by \$2,059 thousand.