

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

**EVERGREEN AVIATION TECHNOLOGIES
CORPORATION**

Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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 June 30, 2023 and 2022, and the related statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2023 and 2022, and of its financial performance for the three months and six months ended June 30, 2023 and 2022, and its cash flows for the six months ended June 30, 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)
August 7, 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)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(expressed in thousands of New Taiwan dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:									Current liabilities:								
1100	Cash and cash equivalents (note 6(a))	\$	5,826,608	24	4,241,715	19	5,521,238	24	2130	Contract liabilities-current (note 6(r))	\$	17,853	-	9,167	-	42,230	-
1140	Contract assets-current (note (r))		476,745	2	544,841	3	626,048	3	2280	Current lease liabilities (note 6(l))		108,859	-	96,818	-	101,948	1
1170	Notes and accounts receivable, net (notes 6(b) and (r))		2,513,580	10	1,668,978	8	2,010,223	9	2170	Accounts payable		856,269	4	700,522	3	746,434	3
1180	Accounts receivable from related parties, net (notes 6(b), (r) and 7)		972,574	4	859,961	4	551,045	2	2180	Accounts payable to related parties (note 7)		36,856	-	33,740	-	45,888	-
1200	Other receivables (note 6(c))		15,120	-	14,667	-	11,562	-	2200	Other payables (notes 6(p) and (t))		1,023,549	4	365,564	2	659,591	3
1210	Other receivables from related parties (notes 6(c) and 7)		199,277	1	16,775	-	36,562	-	2220	Other payables to related parties (note 7)		1,055,707	5	16,943	-	538,994	3
130X	Inventories (notes 6(d) and (f))		2,396,563	10	2,217,192	10	2,000,532	9	2230	Current tax liabilities		313,086	1	397,291	2	261,696	1
1470	Other current assets (note 6(j))		82,779	-	84,402	-	59,129	-	2320	Long-term borrowings, current portion (notes 6(k) and 8)		1,791,682	8	1,619,341	8	1,876,690	8
	Total current assets		12,483,246	51	9,648,531	44	10,816,339	47	2399	Other current liabilities		20,221	-	42,533	-	13,668	-
Non-current assets:										Total current liabilities		5,224,082	22	3,281,919	15	4,287,139	19
1550	Investments accounted for using equity method (notes 6(e) and 7)		1,891,556	8	1,954,959	9	1,689,491	7		Non-Current liabilities:							
1600	Property, plant and equipment (notes 6(f), 7 and 8)		6,331,680	26	6,574,868	30	6,846,005	30	2540	Long-term borrowings (notes 6(k) and 8)		4,917,412	20	5,564,475	26	6,554,822	28
1755	Right-of-use assets (note 6(g))		2,037,223	9	2,061,885	10	2,120,929	9	2580	Non-current lease liabilities (note 6(l))		1,983,874	8	2,015,299	9	2,063,865	9
1760	Investment property (notes 6(h) and 8)		1,052,507	4	1,075,420	5	1,098,333	5	2640	Net defined benefit liabilities		-	-	-	-	179,301	1
1780	Intangible assets (note 6(i))		36,045	-	22,362	-	30,360	-	2645	Guarantee deposits received		824	-	824	-	824	-
1840	Deferred income tax assets		242,058	1	242,058	1	348,010	2		Total non-Current liabilities		6,902,110	28	7,580,598	35	8,798,812	38
1975	Net defined benefit assets		170,331	1	167,701	1	-	-		Total liabilities		12,126,192	50	10,862,517	50	13,085,951	57
1900	Other non-current assets (notes 6(f), (j) and 8)		30,122	-	26,919	-	24,855	-		Equity (notes 6(e), (p) and (q)):							
	Total non-current assets		11,791,522	49	12,126,172	56	12,157,983	53	3100	Ordinary shares		3,745,709	15	3,528,069	16	3,528,069	15
									3200	Capital surplus		2,131,649	9	565,262	3	565,262	3
									3300	Retained earnings		6,270,673	26	6,835,571	31	5,819,952	25
									3400	Other equity		545	-	(16,716)	-	(24,912)	-
										Total equity		12,148,576	50	10,912,186	50	9,888,371	43
	Total assets	\$	24,274,768	100	21,774,703	100	22,974,322	100		Total liabilities and equity	\$	24,274,768	100	21,774,703	100	22,974,322	100

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Comprehensive Income****For the three months and six months ended June 30, 2023 and 2022****(expressed in thousands of New Taiwan dollars, except earnings per share)**

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 3,788,818	100	3,079,638	100	7,101,969	100	5,816,761	100
5000	Operating costs (notes 6(d), (f), (g), (i), (n), (q), (t), 7 and 12)	(2,949,773)	(78)	(2,454,088)	(80)	(5,718,499)	(81)	(4,788,122)	(82)
	Gross profit from operations	839,045	22	625,550	20	1,383,470	19	1,028,639	18
	Operating expenses (notes 6(b), (f), (g), (h), (i), (l), (n), (q), (t), 7 and 12):								
6200	Selling and administrative expenses	(127,265)	(3)	(126,736)	(4)	(287,220)	(4)	(258,660)	(5)
6300	Research and development expenses	(27,436)	(1)	(5,052)	-	(35,865)	-	(14,809)	-
6450	Expected credit loss	(42,999)	(1)	-	-	(62,482)	1	-	-
	Total operating expenses	(197,700)	(5)	(131,788)	(4)	(385,567)	(5)	(273,469)	(5)
	Net operating income	641,345	17	493,762	16	997,903	14	755,170	13
	Non-operating income and expenses (notes 6(e), (f), (h), (l), (m), (u) and 7):								
7010	Other income	10,351	-	349	-	10,704	-	690	-
7100	Interest income	28,289	1	8,221	-	45,140	-	13,095	-
7020	Other gains and losses	112,861	3	135,790	4	121,082	2	256,133	4
7050	Finance costs	(38,491)	(1)	(32,990)	(1)	(75,794)	(1)	(62,490)	(1)
7060	Share of profit of associates accounted for using equity method	38,125	1	34,428	1	67,697	1	54,173	1
	Total non-operating income and expenses	151,135	4	145,798	4	168,829	2	261,601	4
7900	Profit before tax	792,480	21	639,560	20	1,166,732	16	1,016,771	17
7951	Income tax expenses (note 6(o))	(158,496)	(4)	(127,912)	(5)	(233,346)	(3)	(203,354)	(3)
	Profit	633,984	17	511,648	15	933,386	13	813,417	14
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	23,816	1	21,836	1	17,261	-	47,857	1
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	23,816	1	21,836	1	17,261	-	47,857	1
8300	Other comprehensive income, net of tax	23,816	1	21,836	1	17,261	-	51,231	1
	Total comprehensive income	\$ 657,800	18	533,484	16	950,647	13	864,648	15
	Earnings per share (note 6(s))								
9750	Basic earnings per share (in New Taiwan dollars)	\$ 1.69		1.45		2.55		2.31	
9850	Diluted earnings per share (in New Taiwan dollars)	\$ 1.69		1.45		2.54		2.30	

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in thousands of New Taiwan dollars)**

	Retained earnings						Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
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:								
Legal reserve	-	-	85,874	-	(85,874)	-	-	-
Special reserve	-	-	-	72,769	(72,769)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(705,614)	(705,614)	-	(705,614)
	-	-	85,874	72,769	(864,257)	(705,614)	-	(705,614)
Profit	-	-	-	-	813,417	813,417	-	813,417
Other comprehensive income	-	-	-	-	3,374	3,374	47,857	51,231
Total comprehensive income	-	-	-	-	816,791	816,791	47,857	864,648
Balance on June 30, 2022	\$ 3,528,069	565,262	1,713,416	72,769	4,033,767	5,819,952	(24,912)	9,888,371
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:								
Legal reserve	-	-	183,241	-	(183,241)	-	-	-
Special reserve	-	-	-	(56,053)	56,053	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,498,284)	(1,498,284)	-	(1,498,284)
	-	-	183,241	(56,053)	(1,625,472)	(1,498,284)	-	(1,498,284)
Profit	-	-	-	-	933,386	933,386	-	933,386
Other comprehensive income	-	-	-	-	-	-	17,261	17,261
Total comprehensive income	-	-	-	-	933,386	933,386	17,261	950,647
Cash subscription	217,640	1,483,481	-	-	-	-	-	1,701,121
Share-based payments	-	82,906	-	-	-	-	-	82,906
Balance on June 30, 2023	\$ 3,745,709	2,131,649	1,896,657	16,716	4,357,300	6,270,673	545	12,148,576

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(expressed in thousands of New Taiwan dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 1,166,732	1,016,771
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	370,611	430,433
Amortization expense	15,430	11,643
Expected credit loss	62,482	-
Interest expense	75,794	62,490
Interest income	(45,140)	(13,095)
Share-based payments	82,906	-
Shares of profits of associates accounted for using equity method	(67,697)	(54,173)
Gains on disposal of property, plant and equipment	(10,637)	(987)
Others	(9,111)	(33,188)
Total adjustments to reconcile profit	474,638	403,123
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	68,096	(149,245)
Notes and accounts receivable, including related parties	(1,019,697)	(926,087)
Other receivables, including related parties	(473)	(4,270)
Inventories	(179,153)	(138,745)
Other current assets	1,623	21,200
Total changes in operating assets	(1,129,604)	(1,197,147)
Changes in operating liabilities:		
Contract liabilities	8,686	(4,477)
Accounts payable, including related parties	158,863	354,069
Other payables, including related parties	199,064	(21,609)
Other current liabilities	(22,312)	(13,259)
Net defined benefit liabilities	(2,630)	174
Total changes in operating liabilities	341,671	314,898
Total changes in operating assets and liabilities	(787,933)	(882,249)
Total adjustments	(313,295)	(479,126)
Cash inflow generated from operations	853,437	537,645
Income taxes paid	(317,552)	(179,904)
Net cash flows from operating activities	535,885	357,741
Cash flows generated from (used in) investing activities:		
Acquisition of property, plant and equipment	(49,372)	(45,073)
Proceeds from disposal of property, plant and equipment	12,281	3,484
Acquisition of intangible assets	(29,113)	(2,750)
Acquisition of investment property	-	(54,393)
Decrease in other non-current assets	448	941
Increase in prepayments for business facilities	(24,295)	(19,883)
Interest received	43,073	12,540
Net cash flows used in investing activities	(46,978)	(105,134)
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	690,000	750,000
Repayments of long-term borrowings	(1,164,722)	(1,399,782)
Payment of lease liabilities	(53,889)	(28,177)
Cash subscription	1,701,121	-
Interest paid	(76,524)	(62,464)
Net cash flow from (used in) financing activities	1,095,986	(740,423)
Net increase (decrease) in cash and cash equivalents	1,584,893	(487,816)
Cash and cash equivalents at beginning of period	4,241,715	6,009,054
Cash and cash equivalents at end of period	\$ 5,826,608	5,521,238

See accompanying notes to financial statements.

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to the Financial Statements

June 30, 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 August 7, 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”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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.

(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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 1,573	1,506	1,543
Cash in bank	530,965	779,559	1,176,695
Time deposit	5,294,070	3,460,650	4,343,000
Cash and cash equivalents	<u><u>\$ 5,826,608</u></u>	<u><u>4,241,715</u></u>	<u><u>5,521,238</u></u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 649	897	1,013
Accounts receivable (including related parties)	3,581,293	2,561,348	2,686,571
Less: loss allowance	(95,788)	(33,306)	(126,316)
	<u><u>\$ 3,486,154</u></u>	<u><u>2,528,939</u></u>	<u><u>2,561,268</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. The loss allowances were determined as follows:

	June 30, 2023		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,399,810	0%~0.05%	1,810
Overdue 1~30 days	53,635	1.10%	589
Overdue 31~60 days	26	7.19%	2
Overdue 61 days but less than one year	128,471	72.69%	93,387
Overdue more than one year	-	100%	-
	<u><u>\$ 3,581,942</u></u>		<u><u>95,788</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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	50	100%	50
	\$ 2,562,245		33,306
June 30, 2022			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,528,099	0%~2.16%	54,717
Overdue 1~30 days	145,139	3.03%~77.05%	60,126
Overdue 31~60 days	11,668	7.77%~77.05%	8,890
Overdue 61 days but less than one year	250	61.96%	155
Overdue more than one year	2,428	100%	2,428
	\$ 2,687,584		126,316

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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Balance at January 1	\$ 33,306	126,316
Impairment losses recognized	62,482	-
Balance at June 30	\$ 95,788	126,316

As of June 30, 2023, December 31 and June 30, 2022, the aforementioned notes and accounts receivable were not pledged as collateral for borrowings.

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(c) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables	\$ 15,120	14,667	11,562
Other receivables-related parties	199,277	16,775	36,562
Less: loss allowance	-	-	-
	<u>\$ 214,397</u>	<u>31,442</u>	<u>48,124</u>

As of June 30, 2023, December 31 and June 30, 2022, the aforementioned financial assets were not pledged as collateral for borrowings. Other credit risk information please refer to note 6(v).

For the six months ended ends June 30, 2023 and 2022, there were no impairment loss recognized for other receivables.

(d) Inventories

(i) The component were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Spares and expendable part	\$ 591,750	480,601	473,866
Raw material	904,106	769,222	748,097
Work-in-progress	731,222	675,513	611,712
Finished goods	169,485	291,856	166,857
	<u>\$ 2,396,563</u>	<u>2,217,192</u>	<u>2,000,532</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 June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Write-down of inventories (reversal of write-down)	\$ (13,512)	(57,826)	(11,786)	(79,144)
Unallocated fixed manufacturing overhead	58,073	55,860	116,385	107,420
Losses (gains) on inventory count	2	1	2	1
Scrap income	(923)	(1,443)	(1,790)	(2,408)
	<u>\$ 43,640</u>	<u>(3,408)</u>	<u>102,811</u>	<u>25,869</u>

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) As of June 30, 2023, December 31 and June 30, 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	<u><u>\$ 1,891,556</u></u>	<u><u>1,954,959</u></u>	<u><u>1,689,491</u></u>

(ii) Associates

<u>Name of associates</u>	<u>Nature of relationship with the Company</u>	<u>Main operating location/ registered country of the Company</u>	<u>Percentage of shareholding voting rights</u>		
			<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
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.

The summarized financial information of GEEVES was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 4,586,023	6,323,491	5,656,891
Non-current assets	3,434,995	3,490,839	3,461,107
Current liabilities	(2,787,723)	(4,438,283)	(4,016,708)
Non-current liabilities	(733,747)	(716,605)	(752,988)
Net assets	<u><u>\$ 4,499,548</u></u>	<u><u>4,659,442</u></u>	<u><u>4,348,302</u></u>

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operation revenue	<u><u>\$ 5,461,327</u></u>	<u><u>4,347,633</u></u>	<u><u>10,371,393</u></u>	<u><u>8,209,268</u></u>
Profit from continuing operations \$	96,032	83,110	178,234	133,272
Other comprehensive income	48,607	44,563	30,063	104,553
Comprehensive income	<u><u>\$ 144,639</u></u>	<u><u>127,673</u></u>	<u><u>208,297</u></u>	<u><u>237,825</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Share of net assets of the associates as of January 1	\$ 2,283,125	2,045,683
Comprehensive income attributable to the Company	104,597	116,534
Dividends received from the associate	<u>(180,415)</u>	<u>(31,550)</u>
Share of net assets of the associates as of June 30	2,207,307	2,130,667
Less: downstream transaction unrealized gain	<u>(435,538)</u>	<u>(500,779)</u>
Ending balance of associated owned by the Company	<u><u>\$ 1,771,769</u></u>	<u><u>1,629,888</u></u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of individually insignificant associates' equity	<u><u>\$ 119,787</u></u>	<u><u>139,425</u></u>	<u><u>59,603</u></u>

Attributable to the Group:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Loss from continuing operations	\$ (8,931)	(6,296)	(19,638)	(11,130)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income	<u><u>\$ (8,931)</u></u>	<u><u>(6,296)</u></u>	<u><u>(19,638)</u></u>	<u><u>(11,130)</u></u>

(iii) Pledge

As of June 30, 2023, December 31 and June 30, 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	-	-	45,892	3,480	49,372
Disposals	-	-	(76,171)	-	(76,171)
Reclassification (Note)	-	-	22,922	(3,480)	19,442
Balance as of June 30, 2023	<u><u>\$ 759,534</u></u>	<u><u>8,727,902</u></u>	<u><u>5,726,832</u></u>	<u><u>-</u></u>	<u><u>15,214,268</u></u>

(Continued)

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	\$ 759,534	8,727,902	5,793,551	2,530	15,283,517
Additions	-	-	40,833	4,240	45,073
Disposals	-	-	(28,067)	-	(28,067)
Reclassification (Note)	-	-	7,121	(1,900)	5,221
Balance as of June 30, 2022	<u>\$ 759,534</u>	<u>8,727,902</u>	<u>5,813,438</u>	<u>4,870</u>	<u>15,305,744</u>
Accumulated depreciation:					
Beginning balance as of January 1, 2023	\$ -	4,477,460	4,169,297	-	8,646,757
Depreciation	-	157,708	153,736	-	311,444
Disposals	-	-	(74,527)	-	(74,527)
Reclassification (Note)	-	-	(1,086)	-	(1,086)
Balance as of June 30, 2023	<u>\$ -</u>	<u>4,635,168</u>	<u>4,247,420</u>	<u>-</u>	<u>8,882,588</u>
Beginning balance as of January 1, 2022	\$ -	4,162,001	3,974,061	-	8,136,062
Depreciation	-	157,751	191,727	-	349,478
Disposals	-	-	(25,570)	-	(25,570)
Reclassification (Note)	-	-	(231)	-	(231)
Balance as of June 30, 2022	<u>\$ -</u>	<u>4,319,752</u>	<u>4,139,987</u>	<u>-</u>	<u>8,459,739</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 June 30, 2023	<u>\$ 759,534</u>	<u>4,092,734</u>	<u>1,479,412</u>	<u>-</u>	<u>6,331,680</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 June 30, 2022	<u>\$ 759,534</u>	<u>4,408,150</u>	<u>1,673,451</u>	<u>4,870</u>	<u>6,846,005</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 June 30, 2023, December 31 and June 30, 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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 June 30, 2023	<u>\$ 2,479,771</u>	<u>30,499</u>	<u>2,510,270</u>
Balance at June 30, 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	54,083	5,084	59,167
Balance at June 30, 2023	<u>\$ 467,963</u>	<u>5,084</u>	<u>473,047</u>
Balance at January 1, 2022	\$ 329,267	30,426	359,693
Depreciation	53,973	5,072	59,045
Balance at June 30, 2022	<u>\$ 383,240</u>	<u>35,498</u>	<u>418,738</u>
Carrying amount:			
Balance at January 1, 2023	<u>\$ 2,061,885</u>	-	<u>2,061,885</u>
Balance at June 30, 2023	<u>\$ 2,011,808</u>	<u>25,415</u>	<u>2,037,223</u>
Balance at January 1, 2022	<u>\$ 2,169,831</u>	<u>10,143</u>	<u>2,179,974</u>
Balance at June 30, 2022	<u>\$ 2,115,858</u>	<u>5,071</u>	<u>2,120,929</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 June 30, 2023 (same as beginning at January 1, 2023)	\$ <u>354,061</u>	<u>791,923</u>	<u>1,145,984</u>
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 June 30, 2022	\$ <u>354,061</u>	<u>791,923</u>	<u>1,145,984</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ -	70,564	70,564
Depreciation	<u>-</u>	<u>22,913</u>	<u>22,913</u>
Balance at June 30, 2023	\$ <u>-</u>	<u>93,477</u>	<u>93,477</u>
Balance at January 1, 2022	\$ -	25,741	25,741
Depreciation	<u>-</u>	<u>21,910</u>	<u>21,910</u>
Balance at June 30, 2022	\$ <u>-</u>	<u>47,651</u>	<u>47,651</u>
Carrying amount:			
Balance at January 1, 2023	\$ <u>354,061</u>	<u>721,359</u>	<u>1,075,420</u>
Balance at June 30, 2023	\$ <u>354,061</u>	<u>698,446</u>	<u>1,052,507</u>
Balance at January 1, 2022	\$ <u>354,061</u>	<u>711,789</u>	<u>1,065,850</u>
Balance at June 30, 2022	\$ <u>354,061</u>	<u>744,272</u>	<u>1,098,333</u>
Fair value:			
Balance at January 1, 2023			\$ <u>1,461,205</u>
Balance at June 30, 2023			\$ <u>1,461,205</u>
Balance at January 1, 2022			\$ <u>1,393,802</u>
Balance at June 30, 2022			\$ <u>1,466,045</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 June 30, 2023, December 31 and June 30, 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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, 2023	\$ 201,480
Additions	29,113
Disposal	<u>(665)</u>
Balance as of June 30, 2023	<u>\$ 229,928</u>
Beginning balance as of January 1, 2022	\$ 200,257
Additions	2,750
Disposal	<u>(3,948)</u>
Balance as of June 30, 2022	<u>\$ 199,059</u>
Amortization:	
Beginning balance as of January 1, 2023	\$ 179,118
Amortization	15,430
Disposal	<u>(665)</u>
Balance as of June 30, 2023	<u>\$ 193,883</u>
Beginning balance as of January 1, 2022	\$ 161,004
Amortization	11,643
Disposal	<u>(3,948)</u>
Balance as of June 30, 2022	<u>\$ 168,699</u>
Carrying amounts:	
Balance as of January 1, 2023	<u>\$ 22,362</u>
Balance as of June 30, 2023	<u>\$ 36,045</u>
Balance as of January 1, 2022	<u>\$ 39,253</u>
Balance as of June 30, 2022	<u>\$ 30,360</u>

(i) Amortization

For the six months ended June 30, 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.

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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:

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments	\$ <u>82,779</u>	<u>84,402</u>	<u>59,129</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Pledged time deposits	\$ 1,685	1,685	1,982
Guarantee deposits	1,018	1,020	771
Prepayment for equipment	13,411	9,759	15,082
Others	<u>14,008</u>	<u>14,455</u>	<u>7,020</u>
	<u>\$ 30,122</u>	<u>26,919</u>	<u>24,855</u>

(k) Long-term borrowings

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

June 30, 2023				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.60%~2.09%	2023~2027	\$ 4,910,000
Secured loans	NTD	1.70%~2.12%	2023~2037	<u>1,799,094</u>
Subtotal				6,709,094
Less: current portion				<u>1,791,682</u>
Total				<u>\$ 4,917,412</u>

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	<u>1,384,415</u>
Subtotal				7,183,816
Less: current portion				<u>1,619,341</u>
Total				<u>\$ 5,564,475</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	June 30, 2022			
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.10%~1.43%	2022~2027	\$ 6,862,349
Secured loans	NTD	1.33%~1.50%	2022~2037	1,569,163
Subtotal				8,431,512
Less: current portion				1,876,690
Total				<u><u>\$ 6,554,822</u></u>

As of June 30, 2023, the details of the future repayment periods and amounts of the Company's long-term borrowings were as follows:

Period	Amount
2023.7.1~2024.6.30	\$ 1,791,682
2024.7.1~2025.6.30	1,755,297
2025.7.1~2026.6.30	1,931,416
2026.7.1~2027.6.30	264,206
2027.7.1~2028.6.30	189,502
2028.7.1 and thereafter	776,991
	<u><u>\$ 6,709,094</u></u>

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 June 30, 2023, December 31 and June 30, 2022, the unused credit lines for short-term and long-term borrowings amounted to \$1,420,000 thousand, \$1,100,000 thousand and \$1,180,000 thousand, respectively.

(l) Lease liabilities

The Company amounts of lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	<u><u>\$ 108,859</u></u>	<u><u>96,818</u></u>	<u><u>101,948</u></u>
Non-current	<u><u>\$ 1,983,874</u></u>	<u><u>2,015,299</u></u>	<u><u>2,063,865</u></u>

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest on lease liabilities	\$ <u>6,844</u>	<u>7,060</u>	<u>13,778</u>	<u>14,207</u>
Expenses relating to short-term leases	\$ <u>14,240</u>	<u>18,603</u>	<u>22,024</u>	<u>24,890</u>

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

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Total cash outflow for leases	\$ <u>89,691</u>	<u>67,274</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.

(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:

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 20,619	18,656	17,965
One to two years	20,809	18,843	18,145
Two to three years	21,001	19,031	18,326
Three to four years	21,195	19,222	18,510
Four to five years	21,390	19,414	18,695
More than five years	<u>333,447</u>	<u>280,019</u>	<u>280,425</u>
Total undiscounted lease payments	\$ <u>438,461</u>	<u>375,185</u>	<u>372,066</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The rent revenue for investment property were as follows:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Rent revenue	<u>\$ 5,034</u>	<u>4,375</u>	<u>10,034</u>	<u>8,531</u>

(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 June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operating costs and expenses	<u>\$ 4,518</u>	<u>6,281</u>	<u>9,037</u>	<u>12,563</u>

(ii) Defined contribution plans

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

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operating costs and expenses	<u>\$ 32,775</u>	<u>29,013</u>	<u>64,843</u>	<u>59,084</u>

(o) Income tax

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Current tax expenses	<u>\$ 158,496</u>	<u>127,912</u>	<u>233,346</u>	<u>203,354</u>

(ii) For the three months and six months ended June 30, 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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(p) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the six months ended June 30, 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.

(ii) Capital surplus

The details of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Cash subscription in excess of par value of shares	\$ 1,558,843	-	-
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	7,544	-	-
Total	<u><u>\$ 2,131,649</u></u>	<u><u>565,262</u></u>	<u><u>565,262</u></u>

(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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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.

On March 8, 2023, the board of directors' meeting resolved to distributed the 2022 earnings. On June 10, 2022, the shareholders' meeting resolved to distribute the 2021 earnings. 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>17,261</u>
Balance at June 30, 2023	<u><u>\$ 545</u></u>
Balance at January 1, 2022	\$ (72,769)
Exchange differences on associates accounted for using equity method	<u>47,857</u>
Balance at June 30, 2022	<u><u>\$ (24,912)</u></u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(q) Share-based payment transactions

As of June 30, 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 six months ended June 30, 2022.

(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:

	For the six months ended June 30, 2023
	Cash capital increase reserved for employee subscription
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 six months ended June 30, 2023 incurred by the Company were as follows:

	For the six months ended June 30, 2023
Costs and expenses incurred in connection with the cash capital increase allocated to employee subscriptions	\$ 82,906

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Primary geographical markets:				
Taiwan	\$ 1,508,221	1,050,094	2,754,855	2,019,346
Asia	591,462	583,217	1,110,520	955,865
North America	1,542,168	1,238,053	2,864,037	2,407,850
Europe	144,706	205,537	292,276	356,789
Other	2,261	2,737	80,281	76,911
	<u><u>\$ 3,788,818</u></u>	<u><u>3,079,638</u></u>	<u><u>7,101,969</u></u>	<u><u>5,816,761</u></u>
Type of contract:				
Maintenance of aircrafts and other	\$ 2,901,582	2,425,625	5,426,015	4,600,071
Manufacturing and selling of aircrafts related components	887,236	654,013	1,675,954	1,216,690
	<u><u>\$ 3,788,818</u></u>	<u><u>3,079,638</u></u>	<u><u>7,101,969</u></u>	<u><u>5,816,761</u></u>

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Notes and accounts receivable (including related parties)	\$ 3,581,942	2,562,245	2,687,584
Less: loss allowance	(95,788)	(33,306)	(126,316)
Total	<u><u>\$ 3,486,154</u></u>	<u><u>2,528,939</u></u>	<u><u>2,561,268</u></u>
Contract assets-maintenance service	<u><u>\$ 476,745</u></u>	<u><u>544,841</u></u>	<u><u>626,048</u></u>
Contract liabilities-maintenance service	<u><u>\$ 17,853</u></u>	<u><u>9,167</u></u>	<u><u>42,230</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 six months ended June 30, 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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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.

(s) Earnings per share (“EPS”)

For the three months and six months ended June 30, 2023 and 2022, basic earnings per share and diluted earnings per share were calculated as follows:

	<u>For the three months ended June 30, 2023</u>	<u>For the three months ended June 30, 2022</u>	<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>633,984</u>	<u>511,648</u>	<u>933,386</u>	<u>813,417</u>
Weighted-average number of shares outstanding during the period (thousand shares)	<u>374,571</u>	<u>352,807</u>	<u>366,394</u>	<u>352,807</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>1.69</u>	<u>1.45</u>	<u>2.55</u>	<u>2.31</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>633,984</u>	<u>511,648</u>	<u>933,386</u>	<u>813,417</u>
Weighted-average number of shares outstanding during the period (thousand shares)	374,571	352,807	366,394	352,807
Effect of the potentially dilutive common stock effect of employee compensation	<u>348</u>	<u>748</u>	<u>614</u>	<u>1,179</u>
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive common stock) (thousand shares)	<u>374,919</u>	<u>353,555</u>	<u>367,008</u>	<u>353,986</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>1.69</u>	<u>1.45</u>	<u>2.54</u>	<u>2.30</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Employees' remuneration	\$ 19,481	9,256	38,965	20,978
directors' and supervisors' remuneration	<u>1,750</u>	<u>1,747</u>	<u>3,500</u>	<u>3,497</u>
	<u>\$ 21,231</u>	<u>11,003</u>	<u>42,465</u>	<u>24,475</u>

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 June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Rent income	\$ <u>10,351</u>	<u>349</u>	<u>10,704</u>	<u>690</u>

(ii) Interest income

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest income from bank deposit	\$ <u>28,289</u>	<u>8,221</u>	<u>45,140</u>	<u>13,095</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) Other gains and losses

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Foreign exchange gains (losses), net	\$ 75,639	110,235	56,089	210,298
Gains on disposal of property, plant and equipment	3,096	(103)	10,637	987
Others	<u>34,126</u>	<u>25,658</u>	<u>54,356</u>	<u>44,848</u>
	<u>\$ 112,861</u>	<u>135,790</u>	<u>121,082</u>	<u>256,133</u>

(iv) Finance costs

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest expense-bank borrowings	\$ 31,647	25,930	62,016	48,283
Interest expense-lease liabilities	<u>6,844</u>	<u>7,060</u>	<u>13,778</u>	<u>14,207</u>
	<u>\$ 38,491</u>	<u>32,990</u>	<u>75,794</u>	<u>62,490</u>

(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 June 30, 2023, December 31 and June 30, 2022, 68%, 64% and 58% of accounts receivable were 3, 2 and 3 major customers, respectively.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
As of June 30, 2023					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 6,709,094	7,003,510	1,904,287	4,279,418	819,805
Lease liabilities	2,092,733	2,399,417	135,335	511,916	1,752,166
Accounts payable (including related parties)	893,125	893,125	893,125	-	-
Other payables (including related parties)	2,079,256	2,079,256	2,079,256	-	-
Guarantee deposit received	824	824	200	624	-
Total	<u>\$ 11,775,032</u>	<u>12,376,132</u>	<u>5,012,203</u>	<u>4,791,958</u>	<u>2,571,971</u>
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	<u>\$ 10,413,526</u>	<u>10,994,977</u>	<u>2,966,569</u>	<u>5,653,415</u>	<u>2,374,993</u>
As of June 30, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 8,431,512	8,687,236	1,972,630	6,114,256	600,350
Lease liabilities	2,165,813	2,499,334	129,339	494,263	1,875,732
Accounts payable (including related parties)	792,322	792,322	792,322	-	-
Other payables (including related parties)	1,198,585	1,198,585	1,198,585	-	-
Guarantee deposit received	824	824	824	-	-
Total	<u>\$ 12,589,056</u>	<u>13,178,301</u>	<u>4,093,700</u>	<u>6,608,519</u>	<u>2,476,082</u>

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

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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:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency in thousands	Exchange rate	NTD	Foreign currency in thousands	Exchange rate	NTD	Foreign currency in thousands	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 119,224	31.14	<u>3,712,641</u>	66,795	30.71	<u>2,051,274</u>	105,214	29.72	<u>3,126,965</u>
<u>Non-monetary items</u>									
USD	\$ 56,897	31.14	<u>1,771,769</u>	59,119	30.71	<u>1,815,534</u>	54,842	29.72	<u>1,629,888</u>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 8,971	31.14	<u>279,372</u>	7,316	30.71	<u>224,674</u>	8,347	29.72	<u>248,061</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 June 30, 2023 and 2022, would have decreased / increased the profit before tax by \$34,333 thousand and \$28,789 thousand, respectively. Equity would have decreased / increased the profit before tax by \$17,718 thousand and \$16,299 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 and six months ended June 30, 2023 and 2022, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$75,639 thousand, \$110,235 thousand, \$56,089 thousand and \$210,298 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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If the interest rate increases / decreases by 1% all other variable factors that remain constant, the profit of the Company will decrease / increase \$33,545 thousand and \$42,158 thousand for the six months ended June 30, 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.

		June 30, 2023			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,826,608	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	3,700,551	-	-	-	-
Other non-current assets	2,703	-	-	-	-
Total	<u>\$ 9,529,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 893,125	-	-	-	-
Other payables (including related parties)	2,079,256	-	-	-	-
Long-term borrowings (including current portion)	6,709,094	-	-	-	-
Lease liabilities	2,092,733	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 11,775,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2022			
		Fair value			
	Carrying amount	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	<u>\$ 6,804,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

		December 31, 2022			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	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	<u>\$ 10,413,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		June 30, 2022			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,521,238	-	-	-	-
Notes and accounts receivable and other receivable (including related parties)	2,609,392	-	-	-	-
Other non-current assets	2,753	-	-	-	-
Total	<u>\$ 8,133,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 792,322	-	-	-	-
Other payables (including related parties)	1,198,585	-	-	-	-
Long-term borrowings (including current portion)	8,431,512	-	-	-	-
Lease liabilities	2,165,813	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 12,589,056</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.

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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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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.

(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.

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Notes to Financial Statements

(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 six months ended June 30, 2023 and 2022, were as follows:

	January 1, 2023	Cash flows	Non-cash changes Right-of-use assets	June 30, 2023
Long-term borrowings	\$ 7,183,816	(474,722)	-	6,709,094
Lease liabilities	2,112,117	(53,889)	34,505	2,092,733
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	<u>\$ 9,296,757</u>	<u>(528,611)</u>	<u>34,505</u>	<u>8,802,651</u>

	January 1, 2022	Cash flows	Non-cash changes Other	June 30, 2022
Long-term borrowings	\$ 9,081,294	(649,782)	-	8,431,512
Lease liabilities	2,193,990	(28,177)	-	2,165,813
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	<u>\$ 11,276,108</u>	<u>(677,959)</u>	<u>-</u>	<u>10,598,149</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 June 30, 2023, December 31 and June 30, 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.

(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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Name	Relationship with the Company
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
Shun An Enterprise 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 June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Parent company-EVA Airways Corp.	\$ 1,136,685	728,848	2,116,763	1,391,610
Juristic person shareholder-Uni Airways Corp.	67,538	72,736	153,639	157,504
Associates-GE Evergreen Engine Services Corp.	196,628	85,198	363,230	164,371
Associates-Others	14,403	11,055	38,537	17,896
Other related parties	565	171	565	171
	<u>\$ 1,415,819</u>	<u>898,008</u>	<u>2,672,734</u>	<u>1,731,552</u>

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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(ii) Operating costs

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

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Parent company-EVA Airways Corp.	\$ 22,977	14,603	39,201	26,586
Juristic person shareholder-Uni Airways Corp.	28	41	63	107
Associates	-	1,626	52	1,704
Other related parties:				
Evergreen Airline Services Corp.	19,035	25,438	40,148	44,819
Evergreen Sky Catering Corp.	23,334	24,022	48,600	46,614
Evergreen Logistics Corporation	23,284	17,530	45,196	46,130
Others	28,443	30,413	60,206	60,765
	\$ 117,101	113,673	233,466	226,725

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 June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Parent company-EVA Airways Corp.	\$ 1,471	720	2,690	1,421
Other related parties:				
Evergreen Sky Catering Corp.	1,497	1,568	3,111	3,457
Evergreen International Storage & Transport Corp.	864	1,011	1,657	1,652
Evergreen International Corp.	653	802	1,403	1,203
Evergreen Security Corp.	706	727	1,553	1,374
Everfun Travel Service Corp.	1,039	1	1,484	211
Others	1,088	639	2,084	1,559
	\$ 7,318	5,468	13,982	10,877

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

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Parent company-EVA Airways Corp.	\$ 7,383	3,406	10,717	7,565
Juristic person shareholder-Uni Airways Corp.	15	311	1,965	349
Other related parties:				
Ever Accord Construction Corp.	5,540	53,757	8,560	54,660
Evergreen Security Corp.	-	3,713	-	3,713
	<u>\$ 12,938</u>	<u>61,187</u>	<u>21,242</u>	<u>66,287</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 facility. The amount of contract price was corrected to \$680,613 thousand due to the demand of electromechanical system in May 2022. As of June 30, 2023, December 31 and June 30, 2022, the Company has paid the price of \$680,613 thousand, respectively.

- 2) Disposals of property, plant and equipment

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

	For the three months ended June 30, 2023	
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 4,177	3,970
	For the three months ended June 30, 2022	
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 2,033	733

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Class of related parties	For the six months ended June 30, 2023	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ <u>12,139</u>	<u>11,567</u>

Class of related parties	For the six months ended June 30, 2022	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ <u>3,467</u>	<u>1,963</u>

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)		
	June 30, 2023	December 31, 2022	June 30, 2022
GE Evergreen Engine Services Corp.	\$ <u>435,538</u>	<u>467,591</u>	<u>500,779</u>

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 \$5,034 thousand, \$4,375 thousand, \$10,034 thousand and \$8,531 thousand for the three months and six months ended and June 30, 2023 and 2022, respectively. The preceding rent payment has been received.

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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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable	Parent company-EVA Airways Corp.	\$ 780,778	704,378	428,134
Accounts receivable	Juristic person shareholder-Uni Airways Corp.	82,732	84,509	74,023
Accounts receivable	Associates-GE Evergreen Engine Service Corp.	102,594	69,201	40,196
Accounts receivable	Associates-others	6,470	1,873	8,593
Accounts receivable	Other related parties	-	-	99
Subtotal		<u>972,574</u>	<u>859,961</u>	<u>551,045</u>
Other receivables	Parent company-EVA Airways Corp.	\$ 12,357	1,250	1,036
Other receivables	Juristic person shareholder-Uni Airways Corp.	35	85	220
Other receivables	Associates-GE Evergreen Engine Service Corp.	186,037	12,451	35,026
Other receivables	Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	534	2,729	22
Other receivables	Associates-others	112	106	95
Other receivables	Other related parties	<u>202</u>	<u>154</u>	<u>163</u>
Subtotal		<u>199,277</u>	<u>16,775</u>	<u>36,562</u>
		<u><u>\$ 1,171,851</u></u>	<u><u>876,736</u></u>	<u><u>587,607</u></u>

As of June 30, 2023, December 31 and June 30, 2022, the Company had recognized dividends receivable from GE Evergreen Engine Service Corp., amounting to \$180,415 thousand, \$0 thousand and \$31,550 thousand, as other receivables to related parties, respectively.

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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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts payable	Parent company-EVA Airways Corp.	\$ 10,420	10,277	7,893
Accounts payable	Juristic person shareholder-Uni Airways Corp.	-	64	257
Accounts payable	Associates		110	6
Accounts payable	Other related parties:			
	Ever Accord Consturction Corp.	1,085	467	4,444
	Evergreen Sky Catering Corp.	7,455	6,862	7,087
	Evergreen Airline Services Corp.	6,785	4,323	9,072
	Evergreen Logistics Corporation	1,507	1,319	4,852
	Evergreen Security Corp.	3,236	3,317	6,879
	Others	<u>6,368</u>	<u>7,001</u>	<u>5,398</u>
Subtotal		<u>36,856</u>	<u>33,740</u>	<u>45,888</u>
Other payables	Parent company-EVA Airways Corp.	\$ 841,169	8,902	419,280
Other payables	Juristic Person shareholder-Uni Airways Corp.	203,406	-	101,696
Other payables	Associates-GE Evergreen Engine Services Corp.	-	-	1,376
Other payables	Associates-Others	32	-	-
Other payables	Other related parties:			
	Evergreen Airline Services Corp.	1,842	1,776	1,888
	Evergreen Logistics Corporation	3,741	3,914	3,572
	Ever Accord Consturction Corp.	3,133	-	8,257
	Others	<u>2,384</u>	<u>2,351</u>	<u>2,925</u>
Subtotal		<u>1,055,707</u>	<u>16,943</u>	<u>538,994</u>
		<u><u>\$ 1,092,563</u></u>	<u><u>50,683</u></u>	<u><u>584,882</u></u>

As of June 30, 2023, December 31 and June 30, 2022, the Company had recognized dividends payable to Parent company-EVA Airways Corp., Juristic Person shareholder-Uni Airways Corp. and other related parties-Shun An Enterprise Corp., amounting to \$1,028,348 thousand, \$0 thousand and \$514,074 thousand, as other payables to related parties, respectively.

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Notes to Financial Statements

(d) Key management personnel compensation

(i) Key management personnel compensation comprised:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Short-term employee benefits	\$ 11,188	10,477	21,337	20,965
Post-employment benefits	1,032	254	1,155	507
Share-based payment	-	-	1,524	-
	<u>\$ 12,220</u>	<u>10,731</u>	<u>24,016</u>	<u>21,472</u>

Share based payment please refer note 6(q).

(8) Assets pledged as security:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant, and equipment	Long-term borrowing	\$ 3,708,643	3,807,483	3,906,323
Investment property	Long-term borrowing	\$ 1,052,507	1,075,420	1,098,333
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:

	June 30, 2023	December 31, 2022	June 30, 2022
Unused letters of credit	\$ 163,429	136,898	130,151

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(12) Other

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

By item	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salary	757,563	58,432	815,995	677,507	47,566	725,073
Labor and health insurance	59,894	4,147	64,041	55,288	3,809	59,097
Pension	33,940	3,353	37,293	32,734	2,560	35,294
Remuneration of directors	-	3,797	3,797	-	4,529	4,529
Others	59,701	3,098	62,799	43,124	1,863	44,987
Depreciation	156,963	14,965	171,928	179,870	34,636	214,506
Amortization	1,168	7,057	8,225	126	5,645	5,771

By item	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,531,641	120,658	1,652,299	1,347,852	98,347	1,446,199
Labor and health insurance	118,758	8,236	126,994	113,154	7,626	120,780
Pension	68,031	5,849	73,880	66,529	5,118	71,647
Remuneration of directors	-	7,311	7,311	-	6,999	6,999
Others	118,036	6,209	124,245	89,612	4,116	93,728
Depreciation	317,767	52,844	370,611	361,746	68,687	430,433
Amortization	2,299	13,131	15,430	263	11,380	11,643

- (b) Seasonality of operations:

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

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 six months ended June 30, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of June 30, 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	2,116,763	29.81	60 days	-		780,778	22.40	
"	GE Evergreen Engine Services Corp.	Associates	Sales	363,230	5.11	30 days	-		102,594	2.94	
"	Uni Airways Corp.	Juristic person shareholder	Sales	153,639	2.16	60 days	-		82,732	2.37	

(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	793,135	5.65	-		793,135	-
"	GE Evergreen Engine Services Corp.	Associates	288,631	3.92	-		271,208	-

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Ratio of shares	Book value			
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No. 8, Hangzhan S. Rd., Dayuan Dist., Taoyuan City 337041, Taiwan (R.O.C.)	Maintenance, manufacturing and trading of aircraft and accessories	2,032,845	2,032,845	203,285	49.00 %	1,771,769	178,234	87,335	Note 1
"	Spirit Evergreen Aftermarket Solutions Co., Ltd.	4 F., No. 2, Hangzhan S. Rd., Puxin Vil., Dayuan Dist., Taoyuan City 337041, Taiwan (R.O.C.)	Maintenance, repair and overhaul of aircraft	111,552	111,552	11,155	49.00 %	91,382	(17,460)	(8,555)	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 %	28,405	(31,666)	(11,083)	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.

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

For the three months ended June 30, 2023				
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,901,582	887,236	-	3,788,818
Intersegment revenue	2,031	819	(2,850)	-
Total revenue	\$ 2,903,613	888,055	(2,850)	3,788,818
Reportable segment profit or loss	\$ 737,690	54,790	-	792,480

Total reportable segment revenue for the three months ended June 30, 2023, was deducted the intersegment revenue by \$2,850 thousand.

For the three months ended June 30, 2022				
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,425,625	654,013	-	3,079,638
Intersegment revenue	1,644	625	(2,269)	-
Total revenue	\$ 2,427,269	654,638	(2,269)	3,079,638
Reportable segment profit or loss	\$ 606,913	32,647	-	639,560

Total reportable segment revenue for the three months ended June 30, 2022, was deducted the intersegment revenue by \$2,269 thousand.

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	For the six months ended June 30, 2023			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 5,426,015	1,675,954	-	7,101,969
Intersegment revenue	4,154	2,461	(6,615)	-
Total revenue	<u>\$ 5,430,169</u>	<u>1,678,415</u>	<u>(6,615)</u>	<u>7,101,969</u>
Reportable segment profit or loss	<u>\$ 1,135,801</u>	<u>30,931</u>	<u>-</u>	<u>1,166,732</u>

Total reportable segment revenue for the six months ended June 30, 2023, was deducted the intersegment revenue by \$6,615 thousand.

	For the six months ended June 30, 2022			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 4,600,071	1,216,690	-	5,816,761
Intersegment revenue	2,406	1,922	(4,328)	-
Total revenue	<u>\$ 4,602,477</u>	<u>1,218,612</u>	<u>(4,328)</u>	<u>5,816,761</u>
Reportable segment profit or loss	<u>\$ 1,008,408</u>	<u>8,363</u>	<u>-</u>	<u>1,016,771</u>

Total reportable segment revenue for the six months ended June 30, 2022, was deducted the intersegment revenue by \$4,328 thousand.