

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

**EVERGREEN AVIATION TECHNOLOGIES
CORPORATION**

Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 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.

Table of Contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	11~36
(7) Related-party transactions	36~43
(8) Assets pledged as security	43
(9) Commitments and contingencies	43
(10) Losses due to major disasters	43
(11) Subsequent events	43
(12) Other	44
(13) Other disclosures	
(a) Information on significant transactions	45
(b) Information on investees	46
(c) Information on investment in mainland China	46
(d) Major shareholders	46
(14) Segment information	46~47



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3

Independent Auditors' Review Report

To the Board of Directors of Evergreen Aviation Technologies Corporation:

Introduction

We have reviewed the accompanying balance sheets of Evergreen Aviation Technologies Corporation (“the Company”) as of September 30, 2023 and 2022, and the related statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 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 September 30, 2023 and 2022, and of its financial performance for the three months and nine months ended September 30, 2023 and 2022, and its cash flows for the nine months ended September 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)
November 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(expressed in thousands of New Taiwan dollars)

	Assets				Liabilities and Equity				Assets						
	September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100 Cash and cash equivalents (note 6(a))	\$ 5,437,797	23	4,241,715	19	5,008,001	22	2130	Contract liabilities-current (note 6(r))	\$ 12,370	-	9,167	-	148,889	1	
1140 Contract assets-current (note 6(r))	607,327	3	544,841	3	590,076	3	2280	Current lease liabilities (note 6(l))	109,221	-	96,818	-	99,387	-	
1170 Notes and accounts receivable, net (notes 6(b) and (r))	2,424,187	10	1,668,978	8	1,919,075	9	2170	Accounts payable	724,998	3	700,522	3	682,838	3	
1180 Accounts receivable from related parties, net (notes 6(b), (r) and 7)	826,709	4	859,961	4	696,628	3	2180	Accounts payable to related parties (note 7)	53,855	-	33,740	-	35,479	-	
1200 Other receivables (note 6(c))	14,408	-	14,667	-	38,561	-	2200	Other payables (note 6(t))	820,539	4	365,564	2	549,930	2	
1210 Other receivables from related parties (notes 6(c) and 7)	36,989	-	16,775	-	14,731	-	2220	Other payables to related parties (note 7)	33,744	-	16,943	-	18,262	-	
130X Inventories (notes 6(d) and (f))	2,156,507	9	2,217,192	10	2,131,212	9	2230	Current tax liabilities	467,333	2	397,291	2	416,261	2	
1470 Other current assets (note 6(j))	94,514	1	84,402	-	69,207	-	2320	Long-term borrowings, current portion (notes 6(k) and 8)	2,054,359	9	1,619,341	8	1,929,363	9	
Total current assets	11,598,438	50	9,648,531	44	10,467,491	46	2399	Other current liabilities	15,645	-	42,533	-	33,056	-	
								Total current liabilities	4,292,064	18	3,281,919	15	3,913,465	17	
Non-current assets:															
1550 Investments accounted for using equity method (notes 6(e) and 7)	2,030,756	9	1,954,959	9	1,896,524	8	2540	Long-term borrowings (notes 6(k) and 8)	4,354,448	19	5,564,475	26	5,994,907	26	
1600 Property, plant and equipment (notes 6(f), 7 and 8)	6,224,981	27	6,574,868	30	6,681,493	30	2580	Non-current lease liabilities (note 6(l))	1,956,432	8	2,015,299	9	2,039,621	9	
1755 Right-of-use assets (note 6(g))	2,007,640	8	2,061,885	10	2,091,407	9	2640	Net defined benefit liabilities	-	-	-	-	151,419	1	
1760 Investment property (notes 6(h) and 8)	1,041,050	4	1,075,420	5	1,086,876	5	2645	Guarantee deposits received	824	-	824	-	824	-	
1780 Intangible assets (note 6(i))	42,049	-	22,362	-	26,736	-		Total non-Current liabilities	6,311,704	27	7,580,598	35	8,186,771	36	
1840 Deferred income tax assets	242,058	1	242,058	1	348,010	2		Total liabilities	10,603,768	45	10,862,517	50	12,100,236	53	
1975 Net defined benefit assets	179,092	1	167,701	1	-	-	3100	Equity (notes 6(e), (p) and (q)):							
1900 Other non-current assets (notes 6(f), (j) and 8)	32,051	-	26,919	-	34,251	-	3200	Ordinary shares	3,745,709	16	3,528,069	16	3,528,069	16	
Total non-current assets	11,799,677	50	12,126,172	56	12,165,297	54	3300	Capital surplus	2,131,649	9	565,262	3	565,262	3	
							3400	Retained earnings	6,897,376	30	6,835,571	31	6,441,668	28	
Total assets	\$ 23,398,115	100	21,774,703	100	22,632,788	100		Other equity	19,613	-	(16,716)	-	(2,447)	-	
								Total equity	12,794,347	55	10,912,186	50	10,532,552	47	
								Total liabilities and equity	\$ 23,398,115	100	21,774,703	100	22,632,788	100	

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

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 3,939,553	100	3,067,373	100	11,041,522	100	8,884,134	100
5000	Operating costs (notes 6(d), (f), (g), (i), (n), (q), (t), 7 and 12)	(3,218,452)	(82)	(2,469,162)	(80)	(8,936,951)	(81)	(7,257,284)	(82)
	Gross profit from operations	<u>721,101</u>	<u>18</u>	<u>598,211</u>	<u>20</u>	<u>2,104,571</u>	<u>19</u>	<u>1,626,850</u>	<u>18</u>
6200	Operating expenses (notes 6(b), (f), (g), (i), (l), (n), (q), (t), 7 and 12):								
	Selling and administrative expenses	(138,760)	(4)	(137,917)	(4)	(425,980)	(4)	(396,577)	(4)
6300	Research and development expenses	(9,103)	-	(8,203)	-	(44,968)	-	(23,012)	-
6450	Expected credit loss	(51,522)	(1)	-	-	(114,004)	1	-	-
	Total operating expenses	<u>(199,385)</u>	<u>(5)</u>	<u>(146,120)</u>	<u>(4)</u>	<u>(584,952)</u>	<u>(5)</u>	<u>(419,589)</u>	<u>(4)</u>
	Net operating income	<u>521,716</u>	<u>13</u>	<u>452,091</u>	<u>16</u>	<u>1,519,619</u>	<u>14</u>	<u>1,207,261</u>	<u>14</u>
	Non-operating income and expenses (notes 6(e), (f), (h), (l), (m), (u) and 7):								
7010	Other income	5,490	-	350	-	16,194	-	1,040	-
7100	Interest income	26,823	1	12,120	-	71,963	1	25,215	-
7020	Other gains and losses	163,077	4	277,147	9	284,159	2	533,280	6
7050	Finance costs	(38,069)	(1)	(34,680)	(1)	(113,863)	(1)	(97,170)	(1)
7060	Share of profit of associates accounted for using equity method	104,342	3	70,118	2	172,039	2	124,291	1
	Total non-operating income and expenses	<u>261,663</u>	<u>7</u>	<u>325,055</u>	<u>10</u>	<u>430,492</u>	<u>4</u>	<u>586,656</u>	<u>6</u>
7900	Profit before tax	<u>783,379</u>	<u>20</u>	<u>777,146</u>	<u>26</u>	<u>1,950,111</u>	<u>18</u>	<u>1,793,917</u>	<u>20</u>
7951	Income tax expenses (note 6(o))	<u>(156,676)</u>	<u>(4)</u>	<u>(155,430)</u>	<u>(5)</u>	<u>(390,022)</u>	<u>(4)</u>	<u>(358,784)</u>	<u>(4)</u>
	Profit	<u>626,703</u>	<u>16</u>	<u>621,716</u>	<u>21</u>	<u>1,560,089</u>	<u>14</u>	<u>1,435,133</u>	<u>16</u>
8300	Other comprehensive income (notes 6(e) and (p)): 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,374</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	19,068	-	22,465	1	36,329	-	70,322	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	<u>19,068</u>	<u>-</u>	<u>22,465</u>	<u>1</u>	<u>36,329</u>	<u>-</u>	<u>70,322</u>	<u>1</u>
8300	Other comprehensive income, net of tax	<u>19,068</u>	<u>-</u>	<u>22,465</u>	<u>1</u>	<u>36,329</u>	<u>-</u>	<u>73,696</u>	<u>1</u>
	Total comprehensive income	<u>\$ 645,771</u>	<u>16</u>	<u>644,181</u>	<u>22</u>	<u>1,596,418</u>	<u>14</u>	<u>1,508,829</u>	<u>17</u>
	Earnings per share (note 6(s))								
9750	Basic earnings per share (in New Taiwan dollars)	<u>\$ 1.67</u>		<u>1.76</u>		<u>4.23</u>		<u>4.07</u>	
9850	Diluted earnings per share (in New Taiwan dollars)	<u>\$ 1.67</u>		<u>1.76</u>		<u>4.22</u>		<u>4.05</u>	

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

	Ordinary shares	Capital surplus	Retained earnings			Total retained earnings	Other equity	
			Legal reserve	Special reserve	Unappropriated 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	-	-	-	-	1,435,133	1,435,133	-	1,435,133
Other comprehensive income	-	-	-	-	3,374	3,374	70,322	73,696
Total comprehensive income	-	-	-	-	1,438,507	1,438,507	70,322	1,508,829
Balance on September 30, 2022	\$ 3,528,069	565,262	1,713,416	72,769	4,655,483	6,441,668	(2,447)	10,532,552
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	-	-	-	-	1,560,089	1,560,089	-	1,560,089
Other comprehensive income	-	-	-	-	-	-	36,329	36,329
Total comprehensive income	-	-	-	-	1,560,089	1,560,089	36,329	1,596,418
Cash subscription	217,640	1,483,481	-	-	-	-	-	1,701,121
Share-based payments	-	82,906	-	-	-	-	-	82,906
Balance on September 30, 2023	\$ 3,745,709	2,131,649	1,896,657	16,716	4,984,003	6,897,376	19,613	12,794,347

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

	For the nine months ended September 30	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 1,950,111	1,793,917
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	551,548	644,327
Amortization expense	24,975	17,366
Expected credit loss	114,004	-
Net gains on financial assets or liabilities at fair value through profit or loss	(202)	-
Interest expense	113,863	97,170
Interest income	(71,963)	(25,215)
Share-based payments	82,906	-
Shares of profits of associates accounted for using equity method	(172,039)	(124,291)
Gains on disposal of property, plant and equipment	(10,012)	(7,070)
Others	(13,438)	(49,655)
Total adjustments to reconcile profit	<u>619,642</u>	<u>552,632</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(62,486)	(113,273)
Notes and accounts receivable, including related parties	(835,961)	(980,522)
Other receivables, including related parties	(15,545)	(41,146)
Inventories	60,904	(269,398)
Other current assets	<u>(10,112)</u>	<u>11,122</u>
Total changes in operating assets	<u>(863,200)</u>	<u>(1,393,217)</u>
Changes in operating liabilities:		
Contract liabilities	3,203	102,182
Accounts payable, including related parties	44,591	280,064
Other payables, including related parties	473,232	52,838
Other current liabilities	(26,888)	6,129
Net defined benefit liabilities	(11,391)	(27,708)
Total changes in operating liabilities	<u>482,747</u>	<u>413,505</u>
Total changes in operating assets and liabilities	<u>(380,453)</u>	<u>(979,712)</u>
Total adjustments	<u>239,189</u>	<u>(427,080)</u>
Cash inflow generated from operations	2,189,300	1,366,837
Income taxes paid	(319,980)	(180,769)
Net cash flows from operating activities	<u>1,869,320</u>	<u>1,186,068</u>
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(360,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	360,202	-
Acquisition of investments accounted for using equity method	-	(97,857)
Acquisition of property, plant and equipment	(88,462)	(74,912)
Proceeds from disposal of property, plant and equipment	12,282	34,074
Acquisition of intangible assets	(44,662)	(4,849)
Acquisition of investment property	-	(54,393)
Decrease in other non-current assets	13,570	1,809
Increase in prepayments for business facilities	(46,982)	(32,735)
Interest received	67,553	24,818
Dividends received	<u>180,415</u>	<u>31,550</u>
Net cash flows generated from (used in) investing activities	<u>93,916</u>	<u>(172,495)</u>
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	690,000	950,000
Repayments of long-term borrowings	(1,465,009)	(2,107,024)
Payment of lease liabilities	(80,969)	(54,982)
Cash dividends paid	(1,498,284)	(705,614)
Cash subscription	1,701,121	-
Interest paid	<u>(114,013)</u>	<u>(97,006)</u>
Net cash used in financing activities	<u>(767,154)</u>	<u>(2,014,626)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,196,082</u>	<u>(1,001,053)</u>
Cash and cash equivalents at beginning of period	<u>4,241,715</u>	<u>6,009,054</u>
Cash and cash equivalents at end of period	<u>\$ 5,437,797</u>	<u>5,008,001</u>

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to the Financial Statements

September 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 November 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”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

(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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(c) 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.

(d) Income taxes

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

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

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

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

The preparation of the financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires 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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 1,516	1,506	1,588
Cash in bank	606,831	779,559	1,071,413
Time deposit	<u>4,829,450</u>	<u>3,460,650</u>	<u>3,935,000</u>
Cash and cash equivalents	<u>\$ 5,437,797</u>	<u>4,241,715</u>	<u>5,008,001</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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 321	897	688
Accounts receivable (including related parties)	3,397,885	2,561,348	2,741,331
Less: loss allowance	<u>(147,310)</u>	<u>(33,306)</u>	<u>(126,316)</u>
	<u>\$ 3,250,896</u>	<u>2,528,939</u>	<u>2,615,703</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:

	September 30, 2023		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,166,163	0%~0.04%	1,165
Overdue 1~30 days	95,346	0.76%~100%	12,832
Overdue 31~60 days	3,551	4.96%	176
Overdue 61 days but less than one year	133,044	11.28%~100%	133,035
Overdue more than one year	<u>102</u>	<u>100.00%</u>	<u>102</u>
	<u>\$ 3,398,206</u>		<u>147,310</u>

(Continued)

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

September 30, 2022			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,543,278	0%~3.71%	94,461
Overdue 1~30 days	175,613	2.06%~72.76%	28,363
Overdue 31~60 days	13,252	2.57%	341
Overdue 61 days but less than one year	7,396	9.07%	671
Overdue more than one year	2,480	100%	2,480
	\$ 2,742,019		126,316

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

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Balance at January 1	\$ 33,306	126,316
Impairment losses recognized	114,004	-
Balance at September 30	\$ 147,310	126,316

As of September 30, 2023, December 31 and September 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).

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(c) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ 14,408	14,667	38,561
Other receivables-related parties	36,989	16,775	14,731
Less: loss allowance	-	-	-
	<u>\$ 51,397</u>	<u>31,442</u>	<u>53,292</u>

As of September 30, 2023, December 31 and September 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 nine months ended September 30, 2023 and 2022, there were no impairment loss recognized for other receivables.

(d) Inventories

(i) The component were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Spares and expendable part	\$ 500,178	480,601	449,418
Raw material	756,140	769,222	735,038
Work-in-progress	714,383	675,513	657,340
Finished goods	185,806	291,856	289,416
	<u>\$ 2,156,507</u>	<u>2,217,192</u>	<u>2,131,212</u>

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

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Write-down of inventories (reversal of write-down)	\$ (140,067)	(830)	(151,853)	(79,974)
Unallocated fixed manufacturing overhead	71,660	50,095	188,045	157,515
Losses (gains) on inventory count	-	(5)	2	(4)
Scrap income	(2,582)	(1,372)	(4,372)	(3,780)
	<u>\$ (70,989)</u>	<u>47,888</u>	<u>31,822</u>	<u>73,757</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 September 30, 2023, December 31 and September 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	<u>\$ 2,030,756</u>	<u>1,954,959</u>	<u>1,896,524</u>

(ii) Associates

Name of associates	Nature of relationship with the Company	Main operating location/ registered country of the Company	Percentage of shareholding voting rights		
			September 30, 2023	December 31, 2022	September 30, 2022
GE Evergreen Engine Services Corp.	Maintenance, repair and overhaul of aircraft engines	R.O.C.	49.00 %	49.00 %	49.00 %
Spirit Evergreen Aftermarket Solution Co., Ltd.	Maintenance, repair and overhaul of aircraft	R.O.C.	49.00 %	49.00 %	49.00 %
Ever Superior Technologies Corporation	Chemical processing on metal products	R.O.C.	35.00 %	35.00 %	35.00 %

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

The summarized financial information of GEEVES was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	<u>\$ 5,182,217</u>	<u>6,323,491</u>	<u>6,195,465</u>
Non-current assets	<u>3,407,679</u>	<u>3,490,839</u>	<u>3,426,482</u>
Current liabilities	<u>(3,111,633)</u>	<u>(4,438,283)</u>	<u>(4,302,754)</u>
Non-current liabilities	<u>(733,058)</u>	<u>(716,605)</u>	<u>(765,878)</u>
Net assets	<u>\$ 4,745,205</u>	<u>4,659,442</u>	<u>4,553,315</u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operation revenue	<u><u>\$ 5,870,514</u></u>	<u><u>4,762,363</u></u>	<u><u>16,241,907</u></u>	<u><u>12,971,631</u></u>
Profit from continuing operations	\$ 206,743	159,166	384,977	292,438
Other comprehensive income	38,913	45,847	68,976	150,400
Comprehensive income	<u><u>\$ 245,656</u></u>	<u><u>205,013</u></u>	<u><u>453,953</u></u>	<u><u>442,838</u></u>

	For the nine months ended September 30, 2023	For the nine months ended September 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	224,968	216,990
Dividends received from the associate	(180,415)	(31,550)
Share of net assets of the associates as of September 30	2,327,678	2,231,123
Less: downstream transaction unrealized gain	(419,748)	(484,185)
Ending balance of associated owned by the Company	<u><u>\$ 1,907,930</u></u>	<u><u>1,746,938</u></u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of individually insignificant associates' equity	<u><u>\$ 122,826</u></u>	<u><u>139,425</u></u>	<u><u>149,586</u></u>

Attributable to the Group:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Profit (loss) from continuing operations	\$ 3,038	(7,873)	(16,600)	(19,003)
Other comprehensive income	-	-	-	-
Comprehensive income	<u><u>\$ 3,038</u></u>	<u><u>(7,873)</u></u>	<u><u>(16,600)</u></u>	<u><u>(19,003)</u></u>

(iii) Pledge

As of September 30, 2023, December 31 and September 30, 2022, the Company did not provide any investment accounted for using the equity method as collateral of borrowing.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(f) Property, plant and equipment

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

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Cost:					
Beginning balance as of January 1, 2023	\$ 759,534	8,727,902	5,734,189	-	15,221,625
Additions	-	-	84,982	3,480	88,462
Disposals	-	-	(94,875)	-	(94,875)
Reclassification (Note)	-	-	29,095	(3,480)	25,615
Balance as of September 30, 2023	<u>\$ 759,534</u>	<u>8,727,902</u>	<u>5,753,391</u>	<u>-</u>	<u>15,240,827</u>
Beginning balance as of January 1, 2022	\$ 759,534	8,727,902	5,793,551	2,530	15,283,517
Additions	-	-	65,185	9,727	74,912
Disposals	-	-	(99,639)	-	(99,639)
Reclassification (Note)	-	-	10,779	(2,531)	8,248
Balance as of September 30, 2022	<u>\$ 759,534</u>	<u>8,727,902</u>	<u>5,769,876</u>	<u>9,726</u>	<u>15,267,038</u>
Accumulated depreciation:					
Beginning balance as of January 1, 2023	\$ -	4,477,460	4,169,297	-	8,646,757
Depreciation	-	236,546	226,252	-	462,798
Disposals	-	-	(92,605)	-	(92,605)
Reclassification (Note)	-	-	(1,104)	-	(1,104)
Balance as of September 30, 2023	<u>\$ -</u>	<u>4,714,006</u>	<u>4,301,840</u>	<u>-</u>	<u>9,015,846</u>
Beginning balance as of January 1, 2022	\$ -	4,162,001	3,974,061	-	8,136,062
Depreciation	-	236,604	285,789	-	522,393
Disposals	-	-	(72,635)	-	(72,635)
Reclassification (Note)	-	-	(275)	-	(275)
Balance as of September 30, 2022	<u>\$ -</u>	<u>4,398,605</u>	<u>4,186,940</u>	<u>-</u>	<u>8,585,545</u>
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 September 30, 2023	<u>\$ 759,534</u>	<u>4,013,896</u>	<u>1,451,551</u>	<u>-</u>	<u>6,224,981</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 September 30, 2022	<u>\$ 759,534</u>	<u>4,329,297</u>	<u>1,582,936</u>	<u>9,726</u>	<u>6,681,493</u>

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

(i) Pledge

As of September 30, 2023, December 31 and September 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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

(g) Right-of-use assets

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

	Land	Buildings and structures	Total
Cost:			
Balance at January 1, 2023	\$ 2,475,765	-	2,475,765
Additions	4,006	30,499	34,505
Balance at September 30, 2023	<u><u>\$ 2,479,771</u></u>	<u><u>30,499</u></u>	<u><u>2,510,270</u></u>
Balance at September 30, 2022 (same as beginning at January 1, 2022)	<u><u>\$ 2,499,098</u></u>	<u><u>40,569</u></u>	<u><u>2,539,667</u></u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 413,880	-	413,880
Depreciation	81,125	7,625	88,750
Balance at September 30, 2023	<u><u>\$ 495,005</u></u>	<u><u>7,625</u></u>	<u><u>502,630</u></u>
Balance at January 1, 2022	\$ 329,267	30,426	359,693
Depreciation	80,960	7,607	88,567
Balance at September 30, 2022	<u><u>\$ 410,227</u></u>	<u><u>38,033</u></u>	<u><u>448,260</u></u>
Carrying amount:			
Balance at January 1, 2023	<u><u>\$ 2,061,885</u></u>	<u><u>-</u></u>	<u><u>2,061,885</u></u>
Balance at September 30, 2023	<u><u>\$ 1,984,766</u></u>	<u><u>22,874</u></u>	<u><u>2,007,640</u></u>
Balance at January 1, 2022	<u><u>\$ 2,169,831</u></u>	<u><u>10,143</u></u>	<u><u>2,179,974</u></u>
Balance at September 30, 2022	<u><u>\$ 2,088,871</u></u>	<u><u>2,536</u></u>	<u><u>2,091,407</u></u>

(h) Investment property

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

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The movements of investment property were as follows:

	Land	Buildings and structures	Total
Cost:			
Balance at September 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	-	54,393	54,393
Balance at September 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	-	34,370	34,370
Balance at September 30, 2023	<u>\$ -</u>	<u>104,934</u>	<u>104,934</u>
Balance at January 1, 2022	\$ -	25,741	25,741
Depreciation	-	33,367	33,367
Balance at September 30, 2022	<u>\$ -</u>	<u>59,108</u>	<u>59,108</u>
Carrying amount:			
Balance at January 1, 2023	<u>\$ 354,061</u>	<u>721,359</u>	<u>1,075,420</u>
Balance at September 30, 2023	<u>\$ 354,061</u>	<u>686,989</u>	<u>1,041,050</u>
Balance at January 1, 2022	<u>\$ 354,061</u>	<u>711,789</u>	<u>1,065,850</u>
Balance at September 30, 2022	<u>\$ 354,061</u>	<u>732,815</u>	<u>1,086,876</u>
Fair value:			
Balance at January 1, 2023			\$ <u>1,461,205</u>
Balance at September 30, 2023			<u>\$ 1,461,205</u>
Balance at January 1, 2022			<u>\$ 1,393,802</u>
Balance at September 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 September 30, 2023, December 31 and September 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.

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	44,662
Disposal	<u>(665)</u>
Balance as of September 30, 2023	<u><u>\$ 245,477</u></u>
Beginning balance as of January 1, 2022	\$ 200,257
Additions	4,849
Disposal	<u>(3,948)</u>
Balance as of January 1, 2023	<u><u>\$ 201,158</u></u>
Amortization:	
Beginning balance as of January 1, 2023	\$ 179,118
Amortization	24,975
Disposal	<u>(665)</u>
Balance as of September 30, 2023	<u><u>\$ 203,428</u></u>
Beginning balance as of January 1, 2022	\$ 161,004
Amortization	17,366
Disposal	<u>(3,948)</u>
Balance as of January 1, 2023	<u><u>\$ 174,422</u></u>
Carrying amounts:	
Balance as of January 1, 2023	<u><u>\$ 22,362</u></u>
Balance as of September 30, 2023	<u><u>\$ 42,049</u></u>
Balance as of January 1, 2022	<u><u>\$ 39,253</u></u>
Balance as of September 30, 2022	<u><u>\$ 26,736</u></u>

(i) Amortization

For the nine months ended September 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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments	\$ 72,408	84,402	48,373
Tax refundable	22,106	-	20,834
	<u>94,514</u>	<u>84,402</u>	<u>69,207</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged time deposits	\$ 1,689	1,685	1,985
Guarantee deposits	1,900	1,020	781
Prepayment for equipment	28,462	9,759	25,345
Others	-	14,455	6,140
	<u>32,051</u>	<u>26,919</u>	<u>34,251</u>

(k) Long-term borrowings

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

	September 30, 2023		
	Currency	Interest rate	Year due
Unsecured loans	NTD	1.6%~2.09%	2023~2027
Secured loans	NTD	1.7%~2.12%	2023~2037
Subtotal			6,408,807
Less: current portion			2,054,359
Total			<u>\$ 4,354,448</u>

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

Period	Amount
2023/10/1~2024/9/30	\$ 2,054,359
2024/10/1~2025/9/30	1,312,034
2025/10/1~2026/9/30	1,883,988
2026/10/1~2027/9/30	239,280
2027/10/1~2028/9/30	189,577
2028/10/1 and thereafter	<u>729,569</u>
	<u><u>\$ 6,408,807</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 September 30, 2023, December 31 and September 30, 2022, the unused credit lines for short-term and long-term borrowings amounted to \$1,420,000 thousand, \$1,100,000 thousand and \$1,280,000 thousand, respectively.

(l) Lease liabilities

The Company amounts of lease liabilities were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 109,221</u>	<u>96,818</u>	<u>99,387</u>
Non-current	<u>\$ 1,956,432</u>	<u>2,015,299</u>	<u>2,039,621</u>

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest on lease liabilities	\$ <u>6,754</u>	\$ <u>6,973</u>	\$ <u>20,532</u>	\$ <u>21,180</u>
Expenses relating to short-term leases	\$ <u>8,100</u>	\$ <u>10,898</u>	\$ <u>30,124</u>	\$ <u>35,788</u>

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

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Total cash outflow for leases	\$ <u>131,625</u>	\$ <u>111,950</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Less than one year	\$ <u>21,416</u>	\$ <u>18,656</u>	\$ <u>19,240</u>
One to two years	\$ <u>21,614</u>	\$ <u>18,843</u>	\$ <u>19,433</u>
Two to three years	\$ <u>21,813</u>	\$ <u>19,031</u>	\$ <u>19,627</u>
Three to four years	\$ <u>22,014</u>	\$ <u>19,222</u>	\$ <u>19,823</u>
Four to five years	\$ <u>22,218</u>	\$ <u>19,414</u>	\$ <u>20,022</u>
More than five years	\$ <u>339,959</u>	\$ <u>280,019</u>	\$ <u>294,540</u>
Total undiscounted lease payments	\$ <u>449,034</u>	\$ <u>375,185</u>	\$ <u>392,685</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The rent revenue for investment property were as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Rent revenue	<u><u>\$ 5,180</u></u>	<u><u>4,521</u></u>	<u><u>15,214</u></u>	<u><u>13,052</u></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 September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operating costs and expenses	<u><u>\$ 4,568</u></u>	<u><u>6,282</u></u>	<u><u>13,605</u></u>	<u><u>18,845</u></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 September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Operating costs and expenses	<u><u>\$ 33,436</u></u>	<u><u>31,546</u></u>	<u><u>98,279</u></u>	<u><u>90,630</u></u>

(o) Income tax

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Current tax expenses	<u><u>\$ 156,676</u></u>	<u><u>155,430</u></u>	<u><u>390,022</u></u>	<u><u>358,784</u></u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

- (ii) For the three months and nine months ended September 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 2021 were assessed by the local tax authorities.

(p) Capital and other equity

Except for the following disclosure, there was no significant change in capital and other equity for the nine months ended September 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:

	September 30, 2023	December 31, 2022	September 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	<u>7,544</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,131,649</u>	<u>565,262</u>	<u>565,262</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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

1) Legal reserve

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

2) Earnings distribution

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

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

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>1,498,284</u>	2.00	<u>705,614</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>36,329</u>
Balance at September 30, 2023	<u><u>\$ 19,613</u></u>
Balance at January 1, 2022	\$ (72,769)
Exchange differences on associates accounted for using equity method	<u>70,322</u>
Balance at September 30, 2022	<u><u>\$ (2,447)</u></u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(q) Share-based payment transactions

As of September 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 nine months ended September 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 nine months ended
	September 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 nine months ended September 30, 2023 incurred by the Company were as follows:

	For the nine
	months ended
	September 30,
	2023
Costs and expenses incurred in connection with the cash capital increase allocated to employee subscriptions	\$ <u>82,906</u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Primary geographical markets:				
Taiwan	\$ 1,687,925	1,108,110	4,442,780	3,127,456
Asia	636,337	369,018	1,746,857	1,324,883
North America	1,512,976	1,152,805	4,377,013	3,560,655
Europe	102,315	437,380	394,591	794,169
Other	-	60	80,281	76,971
	\$ 3,939,553	3,067,373	11,041,522	8,884,134
Type of contract:				
Maintenance of aircrafts and other	\$ 2,999,359	2,461,840	8,425,374	7,061,911
Manufacturing and selling of aircrafts related components	940,194	605,533	2,616,148	1,822,223
	\$ 3,939,553	3,067,373	11,041,522	8,884,134

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable (including related parties)	\$ 3,398,206	2,562,245	2,742,019
Less: loss allowance	(147,310)	(33,306)	(126,316)
Total	\$ 3,250,896	2,528,939	2,615,703
Contract assets-maintenance service	\$ 607,327	544,841	590,076
Contract liabilities	\$ 12,370	9,167	148,889

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

The amount of revenue recognized for the nine months ended September 30, 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.

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 and the advance consideration received for goods but the goods have not been transferred to customers, 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 nine months ended September 30, 2023 and 2022, basic earnings per share and diluted earnings per share were calculated as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>626,703</u>	<u>621,716</u>	<u>1,560,089</u>	<u>1,435,133</u>
Weighted-average number of shares outstanding during the period (thousand shares)	<u>374,571</u>	<u>352,807</u>	<u>369,150</u>	<u>352,807</u>
Basic earnings per share (in New Taiwan dollars)	<u>\$ 1.67</u>	<u>1.76</u>	<u>4.23</u>	<u>4.07</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>626,703</u>	<u>621,716</u>	<u>1,560,089</u>	<u>1,435,133</u>
Weighted-average number of shares outstanding during the period (thousand shares)	374,571	352,807	369,150	352,807
Effect of the potentially dilutive common stock effect of employee compensation	<u>553</u>	<u>966</u>	<u>730</u>	<u>1,251</u>
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive common stock) (thousand shares)	<u>375,124</u>	<u>353,773</u>	<u>369,880</u>	<u>354,058</u>
Diluted earnings per share (in New Taiwan dollars)	<u>\$ 1.67</u>	<u>1.76</u>	<u>4.22</u>	<u>4.05</u>

(Continued)

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 September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Employees' remuneration	\$ 19,704	7,852	58,669	28,830
Directors' and supervisors' remuneration	1,750	1,751	5,250	5,248
	<u>\$ 21,454</u>	<u>9,603</u>	<u>63,919</u>	<u>34,078</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 September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Rent income	<u>\$ 5,490</u>	<u>350</u>	<u>16,194</u>	<u>1,040</u>

(ii) Interest income

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest income from bank deposit	<u>\$ 26,823</u>	<u>12,120</u>	<u>71,963</u>	<u>25,215</u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) Other gains and losses

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Gains (losses) on disposal of property, plant and equipment	\$ (625)	6,083	10,012	7,070
Foreign exchange gains (losses), net	146,830	216,556	202,919	426,854
Others	<u>16,872</u>	<u>54,508</u>	<u>71,228</u>	<u>99,356</u>
	<u>\$ 163,077</u>	<u>277,147</u>	<u>284,159</u>	<u>533,280</u>

(iv) Finance costs

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Interest expense-bank borrowings	\$ 31,315	27,707	93,331	75,990
Interest expense-lease liabilities	<u>6,754</u>	<u>6,973</u>	<u>20,532</u>	<u>21,180</u>
	<u>\$ 38,069</u>	<u>34,680</u>	<u>113,863</u>	<u>97,170</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 September 30, 2023, December 31 and September 30, 2022, 64%, 64% and 50% of accounts receivable were 2, 2 and 2 major customers, respectively.

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 September 30, 2023					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 6,408,807	6,674,313	2,127,193	3,777,035	770,085
Lease liabilities	2,065,653	2,365,584	135,335	508,974	1,721,275
Accounts payable (including related parties)	778,853	778,853	778,853	-	-
Other payables (including related parties)	854,283	854,283	854,283	-	-
Guarantee deposit received	824	824	200	624	-
Total	\$ 10,108,420	10,673,857	3,895,864	4,286,633	2,491,360
As of December 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 7,183,816	7,445,606	1,726,034	5,158,528	561,044
Lease liabilities	2,112,117	2,431,778	123,566	494,263	1,813,949
Accounts payable (including related parties)	734,262	734,262	734,262	-	-
Other payables (including related parties)	382,507	382,507	382,507	-	-
Guarantee deposit received	824	824	200	624	-
Total	\$ 10,413,526	10,994,977	2,966,569	5,653,415	2,374,993
As of September 30, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 7,924,270	8,178,031	2,025,596	5,614,457	537,978
Lease liabilities	2,139,008	2,465,556	126,452	494,263	1,844,841
Accounts payable (including related parties)	718,317	718,317	718,317	-	-
Other payables (including related parties)	568,192	568,192	568,192	-	-
Guarantee deposit received	824	824	824	-	-
Total	\$ 11,350,611	11,930,920	3,439,381	6,108,720	2,382,819

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	September 30, 2023			December 31, 2022			September 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	\$ 128,225	32.27	<u>4,137,821</u>	66,795	30.71	<u>2,051,274</u>	94,491	31.75	<u>3,000,089</u>
<u>Non-monetary items</u>									
USD	\$ 59,124	32.27	<u>1,907,930</u>	59,119	30.71	<u>1,815,534</u>	55,022	31.75	<u>1,746,938</u>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 7,199	32.27	<u>232,312</u>	7,316	30.71	<u>224,674</u>	6,613	31.75	<u>209,953</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 September 30, 2023 and 2022, would have decreased / increased the profit before tax by \$39,055 thousand and \$27,901 thousand, respectively. Equity would have decreased / increased the profit before tax by \$19,079 thousand and \$17,469 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 nine months ended September 30, 2023 and 2022, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$146,830 thousand, \$216,556 thousand, \$202,919 thousand and \$426,854 thousand, respectively.

(iv) Interest rate analysis

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

If the interest rate increases / decreases by 1% all other variable factors that remain constant, the profit of the Company will decrease / increase \$48,066 thousand and \$59,432 thousand for the nine months ended September 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.

	September 30, 2023				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,437,797	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	3,302,293	-	-	-	-
Other non-current assets	3,589	-	-	-	-
Total	\$ 8,743,679	—	—	—	—
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 778,853	-	-	-	-
Other payables (including related parties)	854,283	-	-	-	-
Long-term borrowings (including current portion)	6,408,807	-	-	-	-
Lease liabilities	2,065,653	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 10,108,420	—	—	—	—

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	December 31, 2022				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
	Total				
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 4,241,715	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	2,560,381	-	-	-	-
Other non-current assets	2,705	-	-	-	-
Total	\$ 6,804,801	—	—	—	—
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 734,262	-	-	-	-
Other payables (including related parties)	382,507	-	-	-	-
Long-term borrowings (including current portion)	7,183,816	-	-	-	-
Lease liabilities	2,112,117	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 10,413,526	—	—	—	—
September 30, 2022					
	Carrying amount	Level 1	Level 2	Level 3	Fair value
	Total				
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,008,001	-	-	-	-
Notes and accounts receivable and other receivable (including related parties)	2,668,995	-	-	-	-
Other non-current assets	2,766	-	-	-	-
Total	\$ 7,679,762	—	—	—	—
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	\$ 718,317	-	-	-	-
Other payables (including related parties)	568,192	-	-	-	-
Long-term borrowings (including current portion)	7,924,270	-	-	-	-
Lease liabilities	2,139,008	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 11,350,611	—	—	—	—

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

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

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

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

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

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

b) Derivative financial instruments

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

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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.

(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 nine months ended September 30, 2023 and 2022, were as follows:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>September 30, 2023</u>
	<u>Right-of-use assets</u>			
Long-term borrowings	\$ 7,183,816	(775,009)	-	6,408,807
Lease liabilities	2,112,117	(80,969)	34,505	2,065,653
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	\$ 9,296,757	(855,978)	34,505	8,475,284
	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>September 30, 2022</u>
	<u>Other</u>			
Long-term borrowings	\$ 9,081,294	(1,157,024)	-	7,924,270
Lease liabilities	2,193,990	(54,982)	-	2,139,008
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	\$ 11,276,108	(1,212,006)	-	10,064,102

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

EVA Airways Corp. is both the parent company and the ultimate controlling party of the Company. As of September 30, 2023, December 31 and September 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.

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Name and relationship with the Company

Name	Relationship with the Company
EVA Airways Corp.	Parent company
Uni Airways Corp.	Juristic person shareholder
GE Evergreen Engine Services Corp.	Associates
Spirit Evergreen Aftermarket Solutions Co., Ltd.	Associates
Ever Superior Technologies Corporation	Associates
Evergreen Airline Services Corp.	Other related parties
Evergreen Sky Catering Corp.	Other related parties
Evergreen Air Cargo Services Corp.	Other related parties
Evergreen Security Corp.	Other related parties
Evergreen Logistics Corporation	Other related parties
Everfun Travel Service Corp.	Other related parties
Evergreen International Corp.	Other related parties
Evergreen International Storage & Transport Corp.	Other related parties
Evergreen Marine Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties were as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Parent company-EVA Airways Corp.	\$ 1,113,934	764,365	3,230,697	2,155,975
Juristic person shareholder-Uni Airways Corp.	82,421	79,995	236,060	237,499
Associates-GE Evergreen Engine Services Corp.	222,416	119,505	585,646	283,876
Associates-others	15,008	20,717	53,545	38,613
Other related parties	<u>-</u>	<u>313</u>	<u>565</u>	<u>484</u>
	\$ 1,433,779	984,895	4,106,513	2,716,447

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

(ii) Operating costs

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

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Parent company-EVA Airways Corp.	\$ 27,687	17,781	66,888	44,367
Juristic person shareholder-Uni Airways Corp.	57	77	120	184
Associates	20	-	72	1,697
Other related parties:				
Evergreen Airline Services Corp.	17,381	24,796	57,529	69,615
Evergreen Sky Catering Corp.	27,842	26,591	76,442	73,205
Evergreen Logistics Corporation	25,212	22,499	70,408	68,629
Others	<u>31,975</u>	<u>28,357</u>	<u>92,181</u>	<u>89,129</u>
	\$ 130,174	120,101	363,640	346,826

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

(iii) **Operating expenses**

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

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Parent company-EVA Airways Corp.	\$ 2,020	1,022	4,710	2,443
Other related parties:				
Evergreen Sky Catering Corp.	1,820	1,868	4,931	5,325
Evergreen International Storage & Transport Corp.	655	824	2,312	2,476
Evergreen Security Corp.	797	757	2,350	2,131
Others	<u>1,387</u>	<u>2,528</u>	<u>6,358</u>	<u>5,501</u>
	<u><u>\$ 6,679</u></u>	<u><u>6,999</u></u>	<u><u>20,661</u></u>	<u><u>17,876</u></u>

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

(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 September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Parent company-EVA Airways Corp.	\$ 16,733	5,795	27,450	13,360
Juristic person shareholder-Uni Airways Corp.	137	84	2,102	433
Other related parties:				
Ever Accord Construction Corp.	5,000	-	13,560	54,660
Evergreen Security Corp.	<u>75</u>	<u>53</u>	<u>75</u>	<u>3,766</u>
	<u><u>\$ 21,945</u></u>	<u><u>5,932</u></u>	<u><u>43,187</u></u>	<u><u>72,219</u></u>

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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. The aforementioned amount has already been paid.

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 September 30, 2023		
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ -	-
For the three months ended September 30, 2022		
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 248	125
Associates-GE Evergreen Engine Services Corp.	4,055	3,140
Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	25,229	3,265
	\$ 29,532	6,530
For the nine months ended September 30, 2023		
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 12,139	11,567
For the nine months ended September 30, 2022		
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 3,715	2,088
Associates-GE Evergreen Engine Services Corp.	4,055	3,140
Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	25,229	3,265
	\$ 32,999	8,493

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

3) Other

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

	Deferred gains (note)		
	September 30, 2023	December 31, 2022	September 30, 2022
	GE Evergreen Engine Services Corp.	\$ 419,748	467,591

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

(v) Lease

The Company leased the facilities to its associates, GE Evergreen Engine Services Corp., and the rent income received monthly is based on the nearby factories rental rate. The amount of rent income were \$5,180 thousand, \$4,521 thousand, \$15,214 thousand and \$13,052 thousand for the three months and nine months ended and September 30, 2023 and 2022, respectively. The preceding rent payment has been received.

(vi) Receivables from related parties

Receivables from related parties of the Company were as follows:

Account	Class of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Parent company-EVA Airways Corp.	\$ 632,846	704,378	516,957
Accounts receivable	Juristic person shareholder-Uni Airways Corp.	83,950	84,509	80,200
Accounts receivable	Associates-GE Evergreen Engine Services Corp.	101,467	69,201	53,197
Accounts receivable	Associates-others	8,446	1,873	46,186
Accounts receivable	Other related parties	-	-	88
Subtotal		<u>826,709</u>	<u>859,961</u>	<u>696,628</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Account	Class of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	Parent company-EVA Airways Corp.	\$ 23,508	1,250	796
Other receivables	Juristic person shareholder-Uni Airways Corp.	246	85	188
Other receivables	Associates-GE Evergreen Engine Services Corp.	11,291	12,451	3,782
Other receivables	Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	701	2,729	9,694
Other receivables	Associates-others	1,085	106	95
Other receivables	Other related parties	158	154	176
Subtotal		<u>36,989</u>	<u>16,775</u>	<u>14,731</u>
		<u><u>\$ 863,698</u></u>	<u><u>876,736</u></u>	<u><u>711,359</u></u>

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

Account	Class of related parties	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Parent company-EVA Airways Corp.	\$ 22,934	10,277	6,154
Accounts payable	Juristic person shareholder-Uni Airways Corp.	36	64	91
Accounts payable	Associates	70	110	6
Accounts payable	Other related parties:			
	Evergreen Airline Services Corp.	5,023	4,323	10,048
	Evergreen Sky Catering Corp.	10,834	6,862	9,937
	Others	<u>14,958</u>	<u>12,104</u>	<u>9,243</u>
Subtotal		<u>53,855</u>	<u>33,740</u>	<u>35,479</u>
Other payables	Parent company-EVA Airways Corp.	\$ 21,511	8,902	7,964
Other payables	Juristic person shareholder-Uni Airways Corp.	92	-	-
Other payables	Associates-GE Evergreen Engine Services Corp.	-	-	49
Other payables	Other related parties:			
	Evergreen Airline Services Corp.	2,366	1,776	2,072
	Ever Accord Construction Corp.	3,394	-	-
	Evergreen Logistics Corporation	3,129	3,914	4,857
	Others	<u>3,252</u>	<u>2,351</u>	<u>3,320</u>
Subtotal		<u>33,744</u>	<u>16,943</u>	<u>18,262</u>
		<u><u>\$ 87,599</u></u>	<u><u>50,683</u></u>	<u><u>53,741</u></u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(d) Key management personnel compensation

(i) Key management personnel compensation comprised:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Short-term employee benefits	\$ 10,213	9,725	31,550	30,690
Post-employment benefits	122	244	1,277	751
Share-based payment	-	-	1,524	-
	\$ 10,335	9,969	34,351	31,441

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	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant, and equipment	Long-term borrowing	\$ 3,659,222	3,807,483	3,856,903
Investment property	Long-term borrowing	\$ 1,041,050	1,075,420	1,086,876
Time deposit—non-current asset	Guarantees for customs bonded warehouse establishment	\$ 1,589	1,585	1,885
"	Guarantees for Taiwan Air Cargo Terminal Logistics	100	100	100
		\$ 1,689	1,685	1,985

(9) Commitments and contingencies:

Unused letters of credit for the Company were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unused letters of credit	\$ 143,705	136,898	158,074

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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	By function			For the three months ended September 30, 2023			For the three months ended September 30, 2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total			
Employee benefits									
Salary	727,279	65,791	793,070	638,789	48,729	687,518			
Labor and health insurance	60,673	4,037	64,710	57,473	3,955	61,428			
Pension	35,543	2,461	38,004	35,210	2,618	37,828			
Remuneration of directors	-	3,527	3,527	-	3,503	3,503			
Others	62,911	3,707	66,618	59,856	2,832	62,688			
Depreciation	153,736	27,201	180,937	174,306	39,588	213,894			
Amortization	2,433	7,112	9,545	181	5,542	5,723			

By item	By function			For the nine months ended September 30, 2023			For the nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total			
Employee benefits									
Salary	2,258,920	186,449	2,445,369	1,986,641	147,076	2,133,717			
Labor and health insurance	179,431	12,273	191,704	170,627	11,581	182,208			
Pension	103,574	8,310	111,884	101,739	7,736	109,475			
Remuneration of directors	-	10,838	10,838	-	10,502	10,502			
Others	180,947	9,916	190,863	149,468	6,948	156,416			
Depreciation	471,503	80,045	551,548	536,052	108,275	644,327			
Amortization	4,732	20,243	24,975	444	16,922	17,366			

(b) Seasonality of operations:

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

(Continued)

(English Translation of Financial Report Originally Issued in Chinese)

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 nine months ended September 30, 2023:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of September 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)	Percentage of total notes/accounts receivable (payable)	Note
			Purchases / sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms			
Evergreen Aviation Technologies Corp.	EVA Airways Corp.	Parent company	Sales	3,230,697	29.26	60 days	-		632,846	19.47	
"	GE Evergreen Engine Services Corp.	Associates	Sales	585,646	5.30	30 days	-		101,467	3.12	
"	Uni Airways Corp.	Juristic person shareholder	Sales	236,060	2.14	60 days	-		83,950	2.58	

- (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	656,354	6.33	-		656,354	-
"	GE Evergreen Engine Services Corp.	Associates	112,758	8.03	-		112,758	-

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

(English Translation of Financial Report Originally Issued in Chinese)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 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 September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 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 %	1,907,930	384,977	188,639	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 andoverhaul of aircraft	111,552	111,552	11,155	49.00 %	100,322	784	384	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 %	22,504	(48,526)	(16,984)	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 September 30, 2023			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,999,359	940,194	-	3,939,553
Intersegment revenue	2,663	1,403	(4,066)	-
Total revenue	<u>\$ 3,002,022</u>	<u>941,597</u>	<u>(4,066)</u>	<u>3,939,553</u>
Reportable segment profit or loss	\$ 723,705	59,674	-	783,379

Total reportable segment revenue for the three months ended September 30, 2023, was deducted the intersegment revenue by \$4,066 thousand.

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

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

(English Translation of Financial Report Originally Issued in Chinese)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to Consolidated Financial Statements

	For the nine months ended September 30, 2023			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 8,425,374	2,616,148	-	11,041,522
Intersegment revenue	6,817	3,864	(10,681)	-
Total revenue	<u><u>\$ 8,432,191</u></u>	<u><u>2,620,012</u></u>	<u><u>(10,681)</u></u>	<u><u>11,041,522</u></u>
Reportable segment profit or loss	<u><u>\$ 1,859,506</u></u>	<u><u>90,605</u></u>	<u><u>-</u></u>	<u><u>1,950,111</u></u>

Total reportable segment revenue for the nine months ended September 30, 2023, was deducted the intersegment revenue by \$10,681 thousand.

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

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