

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

**EVERGREEN AVIATION TECHNOLOGIES
CORPORATION**

Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors of Evergreen Aviation Technologies Corporation:

Introduction

We have reviewed the accompanying balance sheets of Evergreen Aviation Technologies Corporation (“the Company”) as of March 31, 2024 and 2023, and the related statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Evergreen Aviation Technologies Corporation as of March 31, 2024 and 2023, and of its financial performance and its cash flows for the three months ended March 31, 2024 and 2023 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 Chen, Ya-Ling and Huang, Ming-Hung.

KPMG

Taipei, Taiwan (Republic of China)

May 6, 2024

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(expressed in thousands of New Taiwan dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:									Current liabilities:								
1100	Cash and cash equivalents (note 6(a))	\$	6,082,899	26	5,330,034	23	5,586,067	24	2130	Contract liabilities-current (note 6(r))	\$	6,407	-	19,596	-	6,907	-
1140	Contract assets-current (note 6(r))		598,195	3	482,464	2	504,101	2	2280	Current lease liabilities (note 6(l))		109,949	1	109,585	1	108,498	1
1170	Notes and accounts receivable, net (notes 6(b) and (r))		2,167,703	9	2,094,535	9	2,309,227	10	2170	Accounts payable		763,437	3	715,291	3	746,926	3
1180	Accounts receivable from related parties, net (notes 6(b), (r) and 7)		827,006	3	1,090,586	5	822,490	3	2180	Accounts payable to related parties (note 7)		36,456	-	34,202	-	35,244	-
1200	Other receivables (note 6(c))		17,722	-	14,188	-	11,371	-	2200	Other payables (notes 6(p) and (t))		2,308,189	10	469,145	2	1,876,355	8
1210	Other receivables from related parties (notes 6(c) and 7)		9,679	-	10,888	-	14,711	-	2220	Other payables to related parties (note 7)		34,722	-	45,459	-	20,505	-
130X	Inventories (notes 6(d) and (f))		2,328,278	10	2,308,576	10	2,310,806	10	2230	Current tax liabilities		582,653	3	458,119	2	472,142	2
1470	Other current assets (note 6(j))		119,983	-	65,534	1	77,121	-	2320	Long-term borrowings, current portion (notes 6(k) and 8)		1,021,178	4	1,388,185	6	1,704,185	7
	Total current assets		12,151,465	51	11,396,805	50	11,635,894	49	2399	Other current liabilities		16,843	-	66,112	1	15,635	-
	Non-current assets:									Total current liabilities		4,879,834	21	3,305,694	15	4,986,397	21
1550	Investments accounted for using equity method (notes 6(e) and 7)		2,035,894	9	2,044,576	9	1,994,240	8		Non-Current liabilities:							
1600	Property, plant and equipment (notes 6(f), 7 and 8)		6,059,613	26	6,133,431	27	6,444,214	27	2540	Long-term borrowings (notes 6(k) and 8)		5,031,800	21	4,814,800	21	5,191,537	22
1755	Right-of-use assets (note 6(g))		1,948,473	8	1,978,057	8	2,066,806	9	2580	Non-current lease liabilities (note 6(l))		1,901,275	8	1,928,899	8	2,011,224	8
1760	Investment property (notes 6(h) and 8)		1,018,137	5	1,029,594	4	1,063,964	5	2645	Guarantee deposits received		824	-	824	-	824	-
1780	Intangible assets (note 6(i))		34,816	-	38,585	-	43,022	-		Total non-Current liabilities		6,933,899	29	6,744,523	29	7,203,585	30
1840	Deferred income tax assets		236,910	1	236,910	1	242,058	1		Total liabilities		11,813,733	50	10,050,217	44	12,189,982	51
1975	Net defined benefit assets		106,901	-	116,696	1	162,446	1		Equity (notes 6(e), (p) and (q)):							
1900	Other non-current assets (notes 6(f), (j) and 8)		37,475	-	34,487	-	28,114	-	3100	Ordinary shares		3,745,709	16	3,745,709	16	3,745,709	16
	Total non-current assets		11,478,219	49	11,612,336	50	12,044,864	51	3200	Capital surplus		2,131,649	9	2,131,649	9	2,131,649	9
	Total assets	\$	23,629,684	100	23,009,141	100	23,680,758	100	3300	Retained earnings		5,921,272	25	7,097,921	31	5,636,689	24
									3400	Other equity		17,321	-	(16,355)	-	(23,271)	-
										Total equity		11,815,951	50	12,958,924	56	11,490,776	49
										Total liabilities and equity	\$	23,629,684	100	23,009,141	100	23,680,758	100

See accompanying notes to financial statements.

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(expressed in thousands of New Taiwan dollars, except earnings per share)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 3,698,284	100	3,313,151	100
5000	Operating costs (notes 6(d), (f), (g), (i), (n), (q), (t), 7 and 12)	<u>(2,970,907)</u>	<u>(80)</u>	<u>(2,768,726)</u>	<u>(84)</u>
	Gross profit from operations	<u>727,377</u>	<u>20</u>	<u>544,425</u>	<u>16</u>
	Operating expenses (notes 6(b), (f), (g), (i), (l), (n), (q), (t), 7 and 12):				
6200	Selling and administrative expenses	(141,991)	(4)	(159,955)	(5)
6300	Research and development expenses	(13,211)	(1)	(8,429)	-
6450	Expected credit loss (gain)	<u>140</u>	<u>-</u>	<u>(19,483)</u>	<u>-</u>
	Total operating expenses	<u>(155,062)</u>	<u>(5)</u>	<u>(187,867)</u>	<u>(5)</u>
	Net operating income	<u>572,315</u>	<u>15</u>	<u>356,558</u>	<u>11</u>
	Non-operating income and expenses (notes 6(e), (h), (l), (m), (u) and 7):				
7010	Other income	5,222	-	353	-
7100	Interest income	26,543	1	16,851	-
7020	Other gains and losses	124,168	3	8,221	-
7050	Finance costs	(33,950)	(1)	(37,303)	(1)
7060	Share of profit of associates accounted for using equity method	<u>(58,148)</u>	<u>(1)</u>	<u>29,572</u>	<u>1</u>
	Total non-operating income and expenses	<u>63,835</u>	<u>2</u>	<u>17,694</u>	<u>-</u>
7900	Profit before tax	636,150	17	374,252	11
7951	Income tax expenses (note 6(o))	<u>(127,230)</u>	<u>(3)</u>	<u>(74,850)</u>	<u>(2)</u>
	Profit	<u>508,920</u>	<u>14</u>	<u>299,402</u>	<u>9</u>
8300	Other comprehensive income (notes 6(e) and (p)):				
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	33,676	1	(6,555)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>33,676</u>	<u>1</u>	<u>(6,555)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>33,676</u>	<u>1</u>	<u>(6,555)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 542,596</u>	<u>15</u>	<u>292,847</u>	<u>9</u>
	Earnings per share (note 6(s))				
9750	Basic earnings per share (in New Taiwan dollars)	<u>\$ 1.36</u>		<u>0.84</u>	
9850	Diluted earnings per share (in New Taiwan dollars)	<u>\$ 1.35</u>		<u>0.83</u>	

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in thousands of New Taiwan dollars)**

	Retained earnings						Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2023	\$ 3,528,069	565,262	1,713,416	72,769	5,049,386	6,835,571	(16,716)	10,912,186
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	-	(1,498,284)	(1,498,284)	-	(1,498,284)
	-	-	-	-	(1,498,284)	(1,498,284)	-	(1,498,284)
Profit	-	-	-	-	299,402	299,402	-	299,402
Other comprehensive income	-	-	-	-	-	-	(6,555)	(6,555)
Total comprehensive income	-	-	-	-	299,402	299,402	(6,555)	292,847
Issue of shares	217,640	1,483,481	-	-	-	-	-	1,701,121
Share-based payments	-	82,906	-	-	-	-	-	82,906
Balance on March 31, 2023	<u>\$ 3,745,709</u>	<u>2,131,649</u>	<u>1,713,416</u>	<u>72,769</u>	<u>3,850,504</u>	<u>5,636,689</u>	<u>(23,271)</u>	<u>11,490,776</u>
Balance on January 1, 2024	\$ 3,745,709	2,131,649	1,896,657	16,716	5,184,548	7,097,921	(16,355)	12,958,924
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	-	(1,685,569)	(1,685,569)	-	(1,685,569)
	-	-	-	-	(1,685,569)	(1,685,569)	-	(1,685,569)
Profit	-	-	-	-	508,920	508,920	-	508,920
Other comprehensive income	-	-	-	-	-	-	33,676	33,676
Total comprehensive income	-	-	-	-	508,920	508,920	33,676	542,596
Balance on March 31, 2024	<u>\$ 3,745,709</u>	<u>2,131,649</u>	<u>1,896,657</u>	<u>16,716</u>	<u>4,007,899</u>	<u>5,921,272</u>	<u>17,321</u>	<u>11,815,951</u>

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(expressed in thousands of New Taiwan dollars)**

	For the three months ended March 31	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 636,150	374,252
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	177,118	198,683
Amortization expense	3,769	7,205
Expected credit loss (gain)	(140)	19,483
Net gains on financial assets or liabilities at fair value through profit or loss	(171)	-
Interest expense	33,950	37,303
Interest income	(26,543)	(16,851)
Share-based payments	-	82,906
Shares of profits of associates accounted for using equity method	58,148	(29,572)
Gains on disposal of property, plant and equipment	28	(7,541)
Others	(4,310)	(16,264)
Total adjustments to reconcile profit	241,849	275,352
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(115,731)	40,740
Notes and accounts receivable, including related parties	190,552	(622,261)
Other receivables, including related parties	(3,296)	5,717
Inventories	(19,692)	(93,448)
Other current assets	(54,449)	8,909
Total changes in operating assets	(2,616)	(660,343)
Changes in operating liabilities:		
Contract liabilities	(13,189)	(2,260)
Accounts payable, including related parties	50,400	47,908
Other payables, including related parties	142,855	18,351
Other current liabilities	(49,269)	(26,898)
Net defined benefit liabilities	9,795	5,255
Total changes in operating liabilities	140,592	42,356
Total changes in operating assets and liabilities	137,976	(617,987)
Total adjustments	379,825	(342,635)
Cash inflow generated from operations	1,015,975	31,617
Income taxes paid	(2,696)	(1,628)
Net cash flows from operating activities	1,013,279	29,989
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(290,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	290,171	-
Acquisition of property, plant and equipment	(62,571)	(24,414)
Proceeds from disposal of property, plant and equipment	178	8,095
Acquisition of intangible assets	-	(27,865)
Decrease (increase) in other non-current assets	50	(474)
Increase in prepayments for business facilities	(14,347)	(5,598)
Interest received	27,514	16,493
Net cash flows generated from (used in) investing activities	(49,005)	(33,763)
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	500,000	37,500
Repayments of long-term borrowings	(650,007)	(325,594)
Payment of lease liabilities	(27,260)	(26,900)
Cash subscription	-	1,701,121
Interest paid	(34,142)	(38,001)
Net cash used in financing activities	(211,409)	1,348,126
Net increase (decrease) in cash and cash equivalents	752,865	1,344,352
Cash and cash equivalents at beginning of period	5,330,034	4,241,715
Cash and cash equivalents at end of period	\$ 6,082,899	5,586,067

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to the Financial Statements

March 31, 2024 and 2023

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

(1) Company history

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

The business activities of the Company are

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

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

The financial statements were authorized for issue by the Board of Directors on May 6, 2024 .

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- 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”

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other 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 material accounting policies:

(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 Accounting Standards endorsed by the FSC) for a complete set of the annual financial statements.

(b) Employee benefits

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(c) Income taxes

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

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

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

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

The preparation of the financial statements in conformity with the Regulations and IFRS Accounting Standards (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, 2023. For the related information, please refer to note 5 of the financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,574	1,609	1,597
Cash in bank	641,325	783,620	441,824
Time deposit	5,440,000	4,544,805	5,142,646
Cash and cash equivalents	<u><u>\$ 6,082,899</u></u>	<u><u>5,330,034</u></u>	<u><u>5,586,067</u></u>

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Notes and accounts receivable

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 209	436	595
Accounts receivable (including related parties)	2,994,565	3,288,533	3,183,911
Less: loss allowance	(65)	(103,848)	(52,789)
	<u><u>\$ 2,994,709</u></u>	<u><u>3,185,121</u></u>	<u><u>3,131,717</u></u>

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

March 31, 2024			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,961,634	0.00%	46
Overdue 1~30 days	31,747	0.04%	12
Overdue 31~60 days	1,304	0.23%	3
Overdue 61 days but less than one year	89	0.57%~72.66%	4
	<u><u>\$ 2,994,774</u></u>		<u><u>65</u></u>

December 31, 2023			
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,137,657	0.00%	48
Overdue 1~30 days	45,406	0.04%	17
Overdue 31~60 days	1,899	0.23%	4
Overdue 61 days but less than one year	104,007	0.56%~100%	103,779
	<u><u>\$ 3,288,969</u></u>		<u><u>103,848</u></u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Balance at January 1	\$ 103,848	33,306
Impairment losses recognized	(140)	19,483
Amounts written off	(103,643)	-
Balance at March 31	<u>\$ 65</u>	<u>52,789</u>

As of March 31, 2024, December 31 and March 31, 2023, the notes and accounts receivable were not pledged as collateral for borrowings.

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

(c) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Other receivables	\$ 17,722	14,188	11,371
Other receivables-related parties	9,679	10,888	14,711
Less: loss allowance	-	-	-
	<u>\$ 27,401</u>	<u>25,076</u>	<u>26,082</u>

As of March 31, 2024, December 31 and March 31, 2023, the aforementioned financial assets were not pledged as collateral for borrowings. Other credit risk information please refer to note 6(v).

For the three months ended ends March 31, 2024 and 2023, there were no impairment loss recognized for other receivables.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(d) Inventories

(i) The component were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Spares and expendable part	\$ 507,051	534,053	522,045
Raw material	917,248	817,523	835,925
Work-in-progress	723,629	766,316	735,441
Finished goods	180,350	190,684	217,395
	<u>\$ 2,328,278</u>	<u>2,308,576</u>	<u>2,310,806</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 March 31, 2024	For the three months ended March 31, 2023
Write-down of inventories	\$ 5,894	1,726
Unallocated fixed manufacturing overhead	60,731	58,312
Scrap income	(511)	(867)
	<u>\$ 66,114</u>	<u>59,171</u>

(iii) As of March 31, 2024, December 31 and March 31, 2023, these inventories were not pledged as collateral of borrowings.

(e) Investments accounted for using equity method

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

	March 31, 2024	December 31, 2023	March 31, 2023
Associates	<u>\$ 2,035,894</u>	<u>2,044,576</u>	<u>1,994,240</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		
			March 31, 2024	December 31, 2023	March 31, 2023
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 %

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 5,212,524	5,064,881	6,292,063
Non-current assets	3,329,060	3,393,456	3,459,378
Current liabilities	(3,149,567)	(3,003,625)	(4,314,278)
Non-current liabilities	(700,541)	(712,531)	(714,063)
Net assets	<u>\$ 4,691,476</u>	<u>4,742,181</u>	<u>4,723,100</u>

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Operation revenue	\$ <u>2,814,347</u>	<u>4,910,066</u>
Profit (loss) from continuing operations	\$ (119,433)	82,202
Other comprehensive income	68,728	(18,544)
Comprehensive income	<u>\$ (50,705)</u>	<u>63,658</u>

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Share of net assets of the associates as of January 1	\$ 2,323,665	2,283,125
Comprehensive income attributable to the Company	(24,845)	33,724
Share of net assets of the associates as of March 31	2,298,820	2,316,849
Less: downstream transaction unrealized gain	(388,169)	(451,327)
Ending balance of associated owned by the Company	<u>\$ 1,910,651</u>	<u>1,865,522</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amount of individually insignificant associates' equity	<u>\$ 125,243</u>	<u>124,869</u>	<u>128,718</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Attributable to the Company:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Profit (loss) from continuing operations	\$ 374	(10,707)
Other comprehensive income	-	-
Comprehensive income	<u><u>\$ 374</u></u>	<u><u>(10,707)</u></u>

(iii) Pledge

As of March 31, 2024, December 31 and March 31, 2023, the Company did not provide any investment accounted for using the equity method as collateral of borrowing.

(f) Property, plant and equipment

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

	Land	Building and structures	Machinery and equipment	Unfinished construction	Total
Cost:					
Beginning balance as of January 1, 2024	\$ 759,534	8,727,902	5,773,418	7,403	15,268,257
Additions	-	-	46,830	15,741	62,571
Disposals	-	-	(13,694)	-	(13,694)
Reclassification (Note)	-	-	11,302	-	11,302
Balance as of March 31, 2024	<u><u>\$ 759,534</u></u>	<u><u>8,727,902</u></u>	<u><u>5,817,856</u></u>	<u><u>23,144</u></u>	<u><u>15,328,436</u></u>
Beginning balance as of January 1, 2023	\$ 759,534	8,727,902	5,734,189	-	15,221,625
Additions	-	-	23,370	1,044	24,414
Disposals	-	-	(51,381)	-	(51,381)
Reclassification (Note)	-	-	2,301	-	2,301
Balance as of March 31, 2023	<u><u>\$ 759,534</u></u>	<u><u>8,727,902</u></u>	<u><u>5,708,479</u></u>	<u><u>1,044</u></u>	<u><u>15,196,959</u></u>
Accumulated depreciation:					
Beginning balance as of January 1, 2024	\$ -	4,792,605	4,342,221	-	9,134,826
Depreciation	-	76,768	70,766	-	147,534
Disposals	-	-	(13,488)	-	(13,488)
Reclassification (Note)	-	-	(49)	-	(49)
Balance as of March 31, 2024	<u><u>\$ -</u></u>	<u><u>4,869,373</u></u>	<u><u>4,399,450</u></u>	<u><u>-</u></u>	<u><u>9,268,823</u></u>
Beginning balance as of January 1, 2023	\$ -	4,477,460	4,169,297	-	8,646,757
Depreciation	-	78,854	78,789	-	157,643
Disposals	-	-	(50,827)	-	(50,827)
Reclassification (Note)	-	-	(828)	-	(828)
Balance as of March 31, 2023	<u><u>\$ -</u></u>	<u><u>4,556,314</u></u>	<u><u>4,196,431</u></u>	<u><u>-</u></u>	<u><u>8,752,745</u></u>
Carrying amounts:					
Balance as of January 1, 2024	<u><u>\$ 759,534</u></u>	<u><u>3,935,297</u></u>	<u><u>1,431,197</u></u>	<u><u>7,403</u></u>	<u><u>6,133,431</u></u>
Balance as of March 31, 2024	<u><u>\$ 759,534</u></u>	<u><u>3,858,529</u></u>	<u><u>1,418,406</u></u>	<u><u>23,144</u></u>	<u><u>6,059,613</u></u>
Balance as of January 1, 2023	<u><u>\$ 759,534</u></u>	<u><u>4,250,442</u></u>	<u><u>1,564,892</u></u>	<u><u>-</u></u>	<u><u>6,574,868</u></u>
Balance as of March 31, 2023	<u><u>\$ 759,534</u></u>	<u><u>4,171,588</u></u>	<u><u>1,512,048</u></u>	<u><u>1,044</u></u>	<u><u>6,444,214</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

(i) Pledge

As of March 31, 2024, December 31 and March 31, 2023, the Company's property, plant and equipment were used as pledge for long-term borrowing and lines of credit, please refer to note 8.

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

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at March 31, 2024 (same as beginning at January 1, 2024)	\$ <u>2,479,771</u>	<u>30,499</u>	<u>2,510,270</u>
Balance at January 1, 2023	\$ 2,475,765	-	2,475,765
Additions	4,006	30,499	34,505
Balance at March 31, 2023	\$ <u>2,479,771</u>	<u>30,499</u>	<u>2,510,270</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ 522,047	10,166	532,213
Depreciation	27,042	2,542	29,584
Balance at March 31, 2024	\$ <u>549,089</u>	<u>12,708</u>	<u>561,797</u>
Balance at January 1, 2023	\$ 413,880	-	413,880
Depreciation	27,042	2,542	29,584
Balance at March 31, 2023	\$ <u>440,922</u>	<u>2,542</u>	<u>443,464</u>
Carrying amount:			
Balance at January 1, 2024	\$ <u>1,957,724</u>	<u>20,333</u>	<u>1,978,057</u>
Balance at March 31, 2024	\$ <u>1,930,682</u>	<u>17,791</u>	<u>1,948,473</u>
Balance at January 1, 2023	\$ <u>2,061,885</u>	-	<u>2,061,885</u>
Balance at March 31, 2023	\$ <u>2,038,849</u>	<u>27,957</u>	<u>2,066,806</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(h) Investment property

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

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

The movements of investment property were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at March 31, 2024 (same as beginning at January 1, 2024)	\$ <u>354,061</u>	<u>791,923</u>	<u>1,145,984</u>
Balance at March 31, 2023 (same as beginning at January 1, 2023)	\$ <u>354,061</u>	<u>791,923</u>	<u>1,145,984</u>
Accumulated depreciation:			
Balance at January 1, 2024	\$ -	116,390	116,390
Depreciation	<u>-</u>	<u>11,457</u>	<u>11,457</u>
Balance at March 31, 2024	\$ <u>-</u>	<u>127,847</u>	<u>127,847</u>
Balance at January 1, 2023	\$ -	70,564	70,564
Depreciation	<u>-</u>	<u>11,456</u>	<u>11,456</u>
Balance at March 31, 2023	\$ <u>-</u>	<u>82,020</u>	<u>82,020</u>
Carrying amount:			
Balance at January 1, 2024	\$ <u>354,061</u>	<u>675,533</u>	<u>1,029,594</u>
Balance at March 31, 2024	\$ <u>354,061</u>	<u>664,076</u>	<u>1,018,137</u>
Balance at January 1, 2023	\$ <u>354,061</u>	<u>721,359</u>	<u>1,075,420</u>
Balance at March 31, 2023	\$ <u>354,061</u>	<u>709,903</u>	<u>1,063,964</u>
Fair value:			
Balance at January 1, 2024			\$ <u>1,500,459</u>
Balance at March 31, 2024			\$ <u>1,500,459</u>
Balance at January 1, 2023			\$ <u>1,461,205</u>
Balance at March 31, 2023			\$ <u>1,461,205</u>

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

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

As of March 31, 2024, December 31 and March 31, 2023, the Company's investment property, plant and equipment were used as pledge for long-term borrowing and lines of credit, please refer to note 8.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(i) Intangible assets

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

	Computer software	Specialized technology	Total
Cost:			
Balance as of March 31, 2024 (same as beginning at January 1, 2024)	\$ <u>226,374</u>	<u>21,139</u>	<u>247,513</u>
Beginning balance as of January 1, 2023	\$ 201,480	-	201,480
Additions	<u>27,865</u>	<u>-</u>	<u>27,865</u>
Balance as of January 1, 2024	\$ <u>229,345</u>	<u>-</u>	<u>229,345</u>
Amortization:			
Beginning balance as of January 1, 2024	\$ 204,700	4,228	208,928
Amortization	<u>2,713</u>	<u>1,056</u>	<u>3,769</u>
Balance as of March 31, 2024	\$ <u>207,413</u>	<u>5,284</u>	<u>212,697</u>
Beginning balance as of January 1, 2023	\$ 179,118	-	179,118
Amortization	<u>7,205</u>	<u>-</u>	<u>7,205</u>
Balance as of March 31, 2023	\$ <u>186,323</u>	<u>-</u>	<u>186,323</u>
Carrying amounts:			
Balance as of January 1, 2024	\$ <u>21,674</u>	<u>16,911</u>	<u>38,585</u>
Balance as of March 31, 2024	\$ <u>18,961</u>	<u>15,855</u>	<u>34,816</u>
Balance as of January 1, 2023	\$ <u>22,362</u>	<u>-</u>	<u>22,362</u>
Balance as of March 31, 2023	\$ <u>43,022</u>	<u>-</u>	<u>43,022</u>

(i) Amortization

For the three months ended March 31, 2024 and 2023, the amortization of intangible assets is included under operating costs and operating expenses in the statement of comprehensive income.

(ii) Pledge

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments	\$ 99,433	65,534	54,378
Tax refundable	20,550	-	22,743
	<u>\$ 119,983</u>	<u>65,534</u>	<u>77,121</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged time deposits	\$ 1,690	1,690	1,685
Guarantee deposits	609	658	1,052
Prepayment for equipment	35,176	32,139	10,481
Others	-	-	14,896
	<u>\$ 37,475</u>	<u>34,487</u>	<u>28,114</u>

(k) Long-term borrowings

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

March 31, 2024				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.60%~2.03%	2024~2029	\$ 4,471,250
Secured loans	NTD	1.70%~1.95%	2024~2037	1,581,728
Subtotal				6,052,978
Less: current portion				1,021,178
Total				<u>\$ 5,031,800</u>

December 31, 2023				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.60%~1.98%	2023~2028	\$ 4,574,167
Secured loans	NTD	1.70%~1.83%	2023~2037	1,628,818
Subtotal				6,202,985
Less: current portion				1,388,185
Total				<u>\$ 4,814,800</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

As of March 31, 2024, the details of the future repayment periods and amounts of the Company's long-term borrowings were as follows:

Period	Amount
2024/04/01~2025/03/31	\$ 1,021,178
2025/04/01~2026/03/31	2,068,844
2026/04/01~2027/03/31	1,115,800
2027/04/01~2028/03/31	356,094
2028/04/01~2029/03/31	856,394
2029/04/01 and thereafter	634,668
	<u><u>\$ 6,052,978</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 March 31, 2024, December 31 and March 31, 2023, the unused credit lines for short-term and long-term borrowings amounted to \$2,480,000 thousand, \$1,880,000 thousand and \$1,500,000 thousand, respectively.

(l) Lease liabilities

The Company amounts of lease liabilities were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Current	<u>\$ 109,949</u>	<u>109,585</u>	<u>108,498</u>
Non-current	<u>\$ 1,901,275</u>	<u>1,928,899</u>	<u>2,011,224</u>

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Interest on lease liabilities	\$ <u>6,574</u>	<u>6,934</u>
Expenses relating to short-term leases	\$ <u>8,310</u>	<u>7,784</u>

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

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Total cash outflow for leases	\$ <u>42,144</u>	<u>41,618</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Less than one year	\$ 21,334	20,428	18,545
One to two years	21,531	20,616	18,730
Two to three years	21,730	20,806	18,917
Three to four years	21,931	20,998	19,106
Four to five years	22,134	21,193	19,297
More than five years	<u>326,031</u>	<u>318,206</u>	<u>272,816</u>
Total undiscounted lease payments	\$ <u>434,691</u>	<u>422,247</u>	<u>367,411</u>

For the three months ended March 31, 2024 and 2023, the rental income from investment properties were \$5,194 thousand and \$5,000 thousand, respectively.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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, 2023 and 2022.

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

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Operating costs and expenses	<u>\$ 3,857</u>	<u>4,519</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 March 31, 2024	For the three months ended March 31, 2023
Operating costs and expenses	<u>\$ 35,661</u>	<u>32,068</u>

(o) Income tax

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Current tax expenses	<u>\$ 127,230</u>	<u>74,850</u>

(ii) For the three months ended March 31, 2024 and 2023, 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 three months ended March 31, 2024 and 2023. For the related information, please refer to note 6(p) of the financial statements for the year ended December 31, 2023.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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:

	March 31, 2024	December 31, 2023	March 31, 2023
Cash subscription in excess of par value of shares	\$ 1,558,843	1,558,843	1,558,081
Reorganization	560,532	560,532	560,532
Changes in equity of associates accounted for the using equity method	4,730	4,730	4,730
Stock options granted to employees	7,544	7,544	8,306
Total	<u><u>\$ 2,131,649</u></u>	<u><u>2,131,649</u></u>	<u><u>2,131,649</u></u>

(iii) Retain earnings

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

1) Legal reserve

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

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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

- 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 11, 2024 and March 8, 2023, the board of directors' meeting resolved to distributed the 2023 and 2022 earnings. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 4.50	<u><u>1,685,569</u></u>	4.00	<u><u>1,498,284</u></u>

- (iv) Other equity

	Exchange differences on translation of foreign financial statements
Beginning balance at January 1, 2024	\$ (16,355)
Exchange differences on associates accounted for using equity method	<u>33,676</u>
Balance at March 31, 2024	<u><u>\$ 17,321</u></u>
Balance at January 1, 2023	\$ (16,716)
Exchange differences on associates accounted for using equity method	<u>(6,555)</u>
Balance at March 31, 2023	<u><u>\$ (23,271)</u></u>

- (q) Share-based payment transactions

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

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

There was no such transaction for the three months ended March 31, 2024.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(i) Determining the fair value of equity instruments granted

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

	For the three months ended March 31, 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 three months ended March 31, 2023 incurred by the Company were as follows:

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

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Primary geographical markets:		
Taiwan	\$ 1,406,735	1,246,634
Asia	665,100	519,058
North America	1,376,008	1,321,869
Europe	250,441	147,570
Other	-	78,020
	\$ 3,698,284	3,313,151

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Type of contract:		
Maintenance of aircrafts and other	\$ 2,874,218	2,524,433
Manufacturing and selling of aircrafts related components	<u>824,066</u>	<u>788,718</u>
	<u>\$ 3,698,284</u>	<u>3,313,151</u>

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes and accounts receivable (including related parties)	\$ 2,994,774	3,288,969	3,184,506
Less: loss allowance	<u>(65)</u>	<u>(103,848)</u>	<u>(52,789)</u>
Total	<u>\$ 2,994,709</u>	<u>3,185,121</u>	<u>3,131,717</u>
Contract assets-maintenance service	<u>\$ 598,195</u>	<u>482,464</u>	<u>504,101</u>
Contract liabilities-maintenance service	<u>\$ 6,407</u>	<u>19,596</u>	<u>6,907</u>

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

The amount of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$19,596 thousand and \$6,571 thousand, respectively.

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

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

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

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(s) Earnings per share (“EPS”)

For the three months ended March 31, 2024 and 2023, basic earnings per share and diluted earnings per share were calculated as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>508,920</u>	<u>299,402</u>
Weighted-average number of shares outstanding during the period (thousand shares)	<u>374,571</u>	<u>358,127</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>1.36</u>	<u>0.84</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>508,920</u>	<u>299,402</u>
Weighted-average number of shares outstanding during the period (thousand shares)	374,571	358,127
Effect of the potentially dilutive common stock effect of employee compensation (thousand shares)	<u>1,302</u>	<u>735</u>
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive common stock) (thousand shares)	<u>375,873</u>	<u>358,862</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>1.35</u>	<u>0.83</u>

(t) Employee compensation and the directors’ 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’ remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit.

The Company estimated its employees' and directors' remuneration as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Employees' remuneration compensation	\$ 21,458	19,484
Directors' remuneration	<u>1,750</u>	<u>1,750</u>
	<u>\$ 23,208</u>	<u>21,234</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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

For the year ended December 31, 2023 and 2022, the Company accrued and recognized its employee's remuneration of \$152,388 thousand and \$72,119 thousand, respectively, and the directors' remuneration of \$7,000 thousand and \$7,030 thousand, respectively. There were no difference between the actual distributed amounts as determined by Board of Directors and those recognized. The related information mentioned can be found on Market Observation Post System website.

(u) Non-operating income and expenses

(i) Other income

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Rent income	\$ <u>5,222</u>	<u>353</u>

(ii) Interest income

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Interest income from bank deposit	\$ <u>26,543</u>	<u>16,851</u>

(iii) Other gains and losses

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Gains (losses) on disposal of property, plant and equipment	\$ (28)	7,541
Foreign exchange gains (losses), net	117,221	(19,550)
Others	<u>6,975</u>	<u>20,230</u>
	\$ <u>124,168</u>	<u>8,221</u>

(iv) Finance costs

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Interest expense-bank borrowings	\$ 27,376	30,369
Interest expense-lease liabilities	<u>6,574</u>	<u>6,934</u>
	\$ <u>33,950</u>	<u>37,303</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(v) of the financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Credit risk exposure

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

2) Circumstances of concentration of credit risk

The Company's primary potential credit risk is from accounts receivable and similar financial instruments. The Company concentrates on transactions with a few customers. In order to reduce credit risk, the Company also assesses the financial condition of customers regularly and asks for their reimbursement plan. The Company evaluates the credit losses and recognizes impairment provision regularly. The impairment losses was under the expected by the management. As of March 31, 2024, December 31 and March 31, 2023, 56%, 60% and 54% of accounts receivable were 2, 2 and 2 major customers, respectively.

3) Credit risk of receivables and debt securities

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

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f) of the financial statement for the year ended December 31, 2023.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(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 March 31, 2024					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 6,052,978	6,365,852	1,124,101	4,569,182	672,569
Lease liabilities	2,011,224	2,297,916	135,334	503,090	1,659,492
Accounts payable (including related parties)	799,893	799,893	799,893	-	-
Other payables (including related parties)	2,342,911	2,342,911	2,342,911	-	-
Guarantee deposit received	824	824	200	624	-
Total	<u><u>\$ 11,207,830</u></u>	<u><u>11,807,396</u></u>	<u><u>4,402,439</u></u>	<u><u>5,072,896</u></u>	<u><u>2,332,061</u></u>
As of December 31, 2023					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 6,202,985	6,483,891	1,483,750	4,280,470	719,671
Lease liabilities	2,038,484	2,331,750	135,335	506,032	1,690,383
Accounts payable (including related parties)	749,493	749,493	749,493	-	-
Other payables (including related parties)	514,604	514,604	514,604	-	-
Guarantee deposit received	824	824	200	624	-
Total	<u><u>\$ 9,506,390</u></u>	<u><u>10,080,562</u></u>	<u><u>2,883,382</u></u>	<u><u>4,787,126</u></u>	<u><u>2,410,054</u></u>
As of March 31, 2023					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 6,895,722	7,212,120	1,819,473	4,522,252	870,395
Lease liabilities	2,119,722	2,433,251	135,335	514,859	1,783,057
Accounts payable (including related parties)	782,170	782,170	782,170	-	-
Other payables (including related parties)	1,896,860	1,896,860	1,896,860	-	-
Guarantee deposit received	824	824	200	624	-
Total	<u><u>\$ 11,695,298</u></u>	<u><u>12,325,225</u></u>	<u><u>4,634,038</u></u>	<u><u>5,037,735</u></u>	<u><u>2,653,452</u></u>

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2024			December 31, 2023			March 31, 2023		
	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	\$ 95,456	32.000	<u>3,054,592</u>	72,263	30.705	<u>2,218,835</u>	104,419	30.45	<u>3,179,547</u>
<u>Non-monetary items</u>									
USD	\$ 59,708	32.000	<u>1,910,651</u>	62,521	30.705	<u>1,919,707</u>	61,265	30.45	<u>1,865,522</u>
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 7,760	32.000	<u>248,320</u>	5,426	30.705	<u>166,605</u>	8,536	30.45	<u>259,931</u>

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes receivable, accounts receivable (including related parties), accounts payable (including related parties) and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of March 31, 2024 and 2023, would have decreased / increased the profit before tax by \$28,063 thousand and \$29,196 thousand, respectively. Equity would have decreased / increased the profit before tax by \$19,107 thousand and \$18,655 thousand, respectively. The analysis is performed on the same basis for 2024 and 2023.

Due to the variety of the Company's currency, the Company discloses its exchange gains and losses of monetary items collectively. For the three months ended March 31, 2024 and 2023, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$117,221 thousand, \$19,550 thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Company's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates on 0.25% to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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If the interest rate increases / decreases by 0.25% all other variable factors that remain constant, the profit of the Company will decrease / increase \$3,783 thousand and \$4,310 thousand for the three months ended March 31, 2024 and 2023, respectively due to the Company's floating-interest borrowings.

(v) Fair value

1) Categories and fair values of financial instruments

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

March 31, 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 6,082,899	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	3,022,110	-	-	-	-
Other non-current assets	2,299	-	-	-	-
Total	\$ 9,107,308	-	-	-	-
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion)	\$ 6,052,978	-	-	-	-
Lease liabilities	2,011,224	-	-	-	-
Accounts payable (including related parties)	799,893	-	-	-	-
Other payables (including related parties)	2,342,911	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	\$ 11,207,830	-	-	-	-
December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,330,034	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	3,210,197	-	-	-	-
Other non-current assets	2,348	-	-	-	-
Total	\$ 8,542,579	-	-	-	-

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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		December 31, 2023			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion)	\$ 6,202,985	-	-	-	-
Lease liabilities	2,038,484	-	-	-	-
Accounts payable (including related parties)	749,493	-	-	-	-
Other payables (including related parties)	514,604	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 9,506,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		March 31, 2023			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,586,067	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	3,157,799	-	-	-	-
Other non-current assets	2,737	-	-	-	-
Total	<u>\$ 8,746,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion)	\$ 6,895,722	-	-	-	-
Lease liabilities	2,119,722	-	-	-	-
Accounts payable (including related parties)	782,170	-	-	-	-
Other payables (including related parties)	1,896,860	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 11,695,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

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

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

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

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

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

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

b) Derivative financial instruments

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

3) Transfer between Level 1 and Level 2: None.

4) Changes between Level 3: None.

(w) Management of financial risk

There were no significant changes in the Company's financial risk management and policies as disclosed in note 6(w) of the financial statements for the year ended December 31, 2023.

(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, 2023. Also, management believes that there were no significant changes in the Company's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(x) of the financial statements for the year ended December 31, 2023 for further details.

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Notes to Financial Statements

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

(i) For right-of-use assets under leases, please refer to note 6(g).

(ii) The Company's financing activities which did not affect the current cash flow in the three months ended March 31, 2024 and 2023, were as follows:

	January 1, 2024	Cash flows	Non-cash changes Right-of-use assets	March 31, 2024
Long-term borrowings	\$ 6,202,985	(150,007)	-	6,052,978
Lease liabilities	2,038,484	(27,260)	-	2,011,224
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	<u>\$ 8,242,293</u>	<u>(177,267)</u>	<u>-</u>	<u>8,065,026</u>

	January 1, 2023	Cash flows	Non-cash changes Other	March 31, 2023
Long-term borrowings	\$ 7,183,816	(288,094)	-	6,895,722
Lease liabilities	2,112,117	(26,900)	34,505	2,119,722
Guarantee deposit received	824	-	-	824
Total liabilities from financing activities	<u>\$ 9,296,757</u>	<u>(314,994)</u>	<u>34,505</u>	<u>9,016,268</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

EVA Airways Corp. is both the parent company and the ultimate controlling party of the Company. As of March 31, 2024, December 31 and March 31, 2023, all of them own 55.05% of all shares outstanding of the Company. EVA Airways Corp. has issued the consolidated financial statements available for public use.

(b) Name and relationship with the Company

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Name	Relationship with the Company
Evergreen International Corp.	Other related parties
Evergreen International Storage & Transport Corp.	Other related parties
Evergreen Marine Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
Everfamily International Foods Corporation	Other related parties
Shun An Enterprise Corp.	Other related parties
Hsin Yung Enterprise Corporation	Other related parties
Super Max Engineering Enterprise CO., LTD.	Other related parties
Trade-van Information Services Co.	Other related parties
Chang Yung-Fa Foundation	Other related parties

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties were as follows:

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Parent company-EVA Airways Corp.	\$ 1,051,160	980,078
Juristic person shareholder-Uni Airways Corp.	82,263	86,101
Associates-GE Evergreen Engine Services Corp.	181,672	166,602
Associates-others	<u>16,801</u>	<u>24,134</u>
	<u>\$ 1,331,896</u>	<u>1,256,915</u>

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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(ii) Operating costs

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

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Parent company-EVA Airways Corp.	\$ 16,861	16,224
Juristic person shareholder-Uni Airways Corp.	56	35
Associates	553	52
Other related parties:		
Evergreen Airline Services Corp.	20,714	21,113
Evergreen Sky Catering Corp.	23,308	25,266
Evergreen Logistics Corporation	18,673	21,912
Others	29,137	31,763
	<u>\$ 109,302</u>	<u>116,365</u>

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

(iii) Operating expenses

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

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Parent company-EVA Airways Corp.	\$ 1,845	1,219
Other related parties:		
Evergreen Sky Catering Corp.	1,429	1,614
Evergreen Security Corp.	773	847
Evergreen International Corp.	595	750
Evergreen International Storage & Transport Corp.	614	793
Others	985	1,441
	<u>\$ 6,241</u>	<u>6,664</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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iv) Property transaction

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

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Parent company-EVA Airways Corp.	\$ 23,003	3,334
Juristic person shareholder-Uni Airways Corp.	162	1,950
Other related parties:		
Ever Accord Construction Corp.	61	3,020
Others	155	-
	<u><u>\$ 23,381</u></u>	<u><u>8,304</u></u>

- 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 March 31, 2023	
Class of related parties	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ <u><u>7,962</u></u>	<u><u>7,597</u></u>

There was no such transactions for the three months ended March 31, 2024

- 3) Other

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

	Deferred gains (note)		
	March 31, 2024	December 31, 2023	March 31, 2023
GE Evergreen Engine Services Corp.	\$ <u><u>388,169</u></u>	<u><u>403,958</u></u>	<u><u>451,327</u></u>

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

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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(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 \$5,194 thousand, \$5,000 thousand for the and three months ended March 31, 2024 and 2023, respectively. The preceding rent payment has been received.

(vi) Receivables from related parties

Receivables from related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts receivable	Parent company-EVA Airways Corp.	\$ 683,652	880,212	650,462
Accounts receivable	Juristic person shareholder-Uni Airways Corp.	69,031	82,699	75,147
Accounts receivable	Associates-GE Evergreen Engine Service Corp.	67,481	123,057	89,989
Accounts receivable	Associates-others	6,842	4,618	6,892
Subtotal		<u>827,006</u>	<u>1,090,586</u>	<u>822,490</u>
Other receivables	Parent company-EVA Airways Corp.	\$ 1,366	1,953	3,613
Other receivables	Juristic person shareholder-Uni Airways Corp.	211	241	45
Other receivables	Associates-GE Evergreen Engine Service Corp.	6,502	6,366	10,188
Other receivables	Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	615	620	667
Other receivables	Associates-Ever Superior Technologies Corporation	870	1,619	20
Other receivables	Other related parties	115	89	178
Subtotal		<u>9,679</u>	<u>10,888</u>	<u>14,711</u>
		<u><u>\$ 836,685</u></u>	<u><u>1,101,474</u></u>	<u><u>837,201</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Accounts payable	Parent company-EVA Airways Corp.	\$ 7,098	6,364	8,429
Accounts payable	Juristic person shareholder-Uni Airways Corp.	35	-	24
Accounts payable	Associates	-	75	6
Accounts payable	Other related parties:			
	Evergreen Airline Services Corp.	9,357	8,582	7,631
	Evergreen Sky Catering Corp.	7,781	6,875	9,405
	Others	12,185	12,306	9,749
Subtotal		<u>36,456</u>	<u>34,202</u>	<u>35,244</u>
Other payables	Parent company-EVA Airways Corp.	\$ 25,733	35,724	10,442
Other payables	Juristic Person shareholder-Uni Airways Corp.	165	37	-
Other payables	Associates	85	88	-
Other payables	Other related parties:			
	Evergreen Logistics Corporation	3,651	4,530	3,020
	Ever Accord Construction Corp.	1,332	1,268	2,528
	Others	3,756	3,812	4,515
Subtotal		<u>34,722</u>	<u>45,459</u>	<u>20,505</u>
		<u>\$ 71,178</u>	<u>79,661</u>	<u>55,749</u>

(d) Key management personnel compensation

(i) Key management personnel compensation comprised:

	<u>For the three months ended March 31, 2024</u>	<u>For the three months ended March 31, 2023</u>
Short-term employee benefits	\$ 12,692	10,149
Post-employment benefits	10,526	123
Share-based payment	-	1,524
	<u>\$ 23,218</u>	<u>11,796</u>

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Notes to Financial Statements

(8) Assets pledged as security:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant, and equipment	Long-term borrowing	<u>\$ 3,172,730</u>	<u>3,609,869</u>	<u>3,758,063</u>
Investment property	Long-term borrowing	<u>\$ 1,018,137</u>	<u>1,029,594</u>	<u>1,063,964</u>
Time deposit – non-current asset	Guarantees for customs bonded warehouse establishment	\$ 1,590	1,590	1,585
"	Guarantees for Taiwan Air Cargo Terminal Logistics	100	100	100
		<u>\$ 1,690</u>	<u>1,690</u>	<u>1,685</u>

(9) Commitments and contingencies:

Unused letters of credit for the Company were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Unused letters of credit	<u>\$ 189,580</u>	<u>203,562</u>	<u>181,048</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

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

By item	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	782,304	57,465	839,769	774,078	62,226	836,304
Labor and health insurance	63,887	4,144	68,031	58,864	4,089	62,953
Pension	36,961	2,557	39,518	34,091	2,496	36,587
Remuneration of directors	-	3,891	3,891	-	3,514	3,514
Others	70,612	3,035	73,647	58,335	3,111	61,446
Depreciation	151,125	25,993	177,118	160,804	37,879	198,683
Amortization	2,429	1,340	3,769	1,131	6,074	7,205

(b) Seasonality of operations:

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

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(13) Other disclosures

(a) Information on significant transactions:

The following is the information on the Company's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the three months ended March 31, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/accounts receivable (payable)		Note
			Purchases / sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Evergreen Aviation Technologies Corp.	EVA Airways Corp.	Parent company	Sales	1,051,160	28.42	60 days	-		683,652	22.83	
"	GE Evergreen Engine Services Corp.	Associates	Sales	181,672	4.91	30 days	-		67,481	2.25	

(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	685,018	5.37	-	-	685,018	-

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	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 %	1,910,651	(119,433)	(58,522)	Note 1
"	Spirit Evergreen Aftermarket Solutions Co., Ltd.	4 F., No. 2, Hangzhan S. Rd., Puxin Vil., Dayuan Dist., Taoyuan City 337041, Taiwan (R.O.C.)	Maintenance, repair and overhaul of aircraft	111,552	111,552	11,155	49.00 %	108,508	7,893	3,868	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 %	16,735	(9,983)	(3,494)	Note 1

Note 1: Investee company accounted for under equity method.

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(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, 2023.

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

For the three months ended March 31, 2024				
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 2,874,218	824,066	-	3,698,284
Intersegment revenue	2,794	652	(3,446)	-
Total revenue	<u>\$ 2,877,012</u>	<u>824,718</u>	<u>(3,446)</u>	<u>3,698,284</u>
Reportable segment profit or loss	<u>\$ 603,960</u>	<u>32,190</u>	<u>-</u>	<u>636,150</u>

Total reportable segment revenue for the three months ended March 31, 2024, was deducted the intersegment revenue by \$3,446 thousand.

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

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