

(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, 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 September 30, 2024 and 2023, and the related statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 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 September 30, 2024 and 2023, and of its financial performance for the three months and nine months ended September 30, 2024 and 2023, and its cash flows for the nine months ended September 30, 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)
November 11, 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

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,277,058	23	5,330,034	23	5,437,797	23	2130	Contract liabilities-current (note 6(r))	\$ 13,325	-	19,596	-	12,370	-
1140	Contract assets-current (note 6(r))	648,703	3	482,464	2	607,327	3	2280	Current lease liabilities (note 6(l))	133,006	1	109,585	1	109,221	-
1170	Notes and accounts receivable, net (notes 6(b) and (r))	2,049,701	9	2,094,535	9	2,424,187	10	2170	Accounts payable	860,610	4	715,291	3	724,998	3
1180	Accounts receivable from related parties, net (notes 6(b), (r) and 7)	841,240	4	1,090,586	5	826,709	4	2180	Accounts payable to related parties (note 7)	60,730	-	34,202	-	53,855	-
1200	Other receivables (note 6(c))	35,281	-	14,188	-	14,408	-	2200	Other payables (note 6(t))	999,137	4	469,145	2	820,539	4
1210	Other receivables from related parties (notes 6(c) and 7)	10,216	-	10,888	-	36,989	-	2220	Other payables to related parties (note 7)	16,665	-	45,459	-	33,744	-
130X	Inventories (notes 6(d) and (f))	2,609,557	11	2,308,576	10	2,156,507	9	2230	Current tax liabilities	241,381	1	458,119	2	467,333	2
1470	Other current assets (note 6(j))	114,613	1	65,534	1	94,514	1	2320	Long-term borrowings, current portion (notes 6(k) and 8)	1,055,732	5	1,388,185	6	2,054,359	9
Total current assets		<u>11,586,369</u>	<u>51</u>	<u>11,396,805</u>	<u>50</u>	<u>11,598,438</u>	<u>50</u>	2399	Other current liabilities	17,237	-	66,112	1	15,645	-
Non-current assets:								Total current liabilities		<u>3,397,823</u>	<u>15</u>	<u>3,305,694</u>	<u>15</u>	<u>4,292,064</u>	<u>18</u>
1550	Investments accounted for using equity method (notes 6(e) and 7)	1,672,205	7	2,044,576	9	2,030,756	9	Non-current liabilities:							
1600	Property, plant and equipment (notes 6(f), 7 and 8)	5,900,113	26	6,133,431	27	6,224,981	27	2540	Long-term borrowings (notes 6(k) and 8)	4,538,749	19	4,814,800	21	4,354,448	19
1755	Right-of-use assets (note 6(g))	2,314,411	10	1,978,057	8	2,007,640	8	2580	Non-current lease liabilities (note 6(l))	2,250,876	10	1,928,899	8	1,956,432	8
1760	Investment property (notes 6(h) and 8)	995,224	4	1,029,594	4	1,041,050	4	2645	Guarantee deposits received	624	-	824	-	824	-
1780	Intangible assets (note 6(i))	31,858	-	38,585	-	42,049	-	Total non-Current liabilities		<u>6,790,249</u>	<u>29</u>	<u>6,744,523</u>	<u>29</u>	<u>6,311,704</u>	<u>27</u>
1840	Deferred income tax assets	236,910	1	236,910	1	242,058	1	Total liabilities		<u>10,188,072</u>	<u>44</u>	<u>10,050,217</u>	<u>44</u>	<u>10,603,768</u>	<u>45</u>
1975	Net defined benefit assets	117,971	1	116,696	1	179,092	1	Equity (notes 6(e), (p) and (q)):							
1900	Other non-current assets (notes 6(f), (j) and 8)	53,410	-	34,487	-	32,051	-	3100	Ordinary shares	3,745,709	17	3,745,709	16	3,745,709	16
Total non-current assets		<u>11,322,102</u>	<u>49</u>	<u>11,612,336</u>	<u>50</u>	<u>11,799,677</u>	<u>50</u>	3200	Capital surplus	2,131,649	9	2,131,649	9	2,131,649	9
Total assets		<u>\$ 22,908,471</u>	<u>100</u>	<u>23,009,141</u>	<u>100</u>	<u>23,398,115</u>	<u>100</u>	3300	Retained earnings	6,826,392	30	7,097,921	31	6,897,376	30
								3400	Other equity	16,649	-	(16,355)	-	19,613	-
								Total equity		<u>12,720,399</u>	<u>56</u>	<u>12,958,924</u>	<u>56</u>	<u>12,794,347</u>	<u>55</u>
								Total liabilities and equity		<u>\$ 22,908,471</u>	<u>100</u>	<u>23,009,141</u>	<u>100</u>	<u>23,398,115</u>	<u>100</u>

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 and nine months ended September 30, 2024 and 2023****(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			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(r) and 7)	\$ 4,027,962	100	3,939,553	100	11,709,886	100	11,041,522	100
5000	Operating costs (notes 6(d), (f), (g), (i), (n), (q), (t), 7 and 12)	<u>(3,136,330)</u>	<u>(78)</u>	<u>(3,218,452)</u>	<u>(82)</u>	<u>(9,339,080)</u>	<u>(80)</u>	<u>(8,936,951)</u>	<u>(81)</u>
	Gross profit from operations	<u>891,632</u>	<u>22</u>	<u>721,101</u>	<u>18</u>	<u>2,370,806</u>	<u>20</u>	<u>2,104,571</u>	<u>19</u>
	Operating expenses (notes 6(b), (f), (g), (i), (l), (n), (q), (t), 7 and 12):								
6200	Selling and administrative expenses	(138,519)	(4)	(138,760)	(4)	(427,021)	(4)	(425,980)	(4)
6300	Research and development expenses	(10,682)	-	(9,103)	-	(41,232)	-	(44,968)	-
6450	Expected credit gains (losses)	<u>3</u>	<u>-</u>	<u>(51,522)</u>	<u>(1)</u>	<u>19</u>	<u>-</u>	<u>(114,004)</u>	<u>(1)</u>
	Total operating expenses	<u>(149,198)</u>	<u>(4)</u>	<u>(199,385)</u>	<u>(5)</u>	<u>(468,234)</u>	<u>(4)</u>	<u>(584,952)</u>	<u>(5)</u>
	Net operating income	<u>742,434</u>	<u>18</u>	<u>521,716</u>	<u>13</u>	<u>1,902,572</u>	<u>16</u>	<u>1,519,619</u>	<u>14</u>
	Non-operating income and expenses (notes 6(e), (f), (h), (l), (m), (u) and 7):								
7010	Other income	5,439	-	5,490	-	16,035	-	16,194	-
7100	Interest income	35,073	1	26,823	1	95,103	1	71,963	1
7020	Other gains and losses	(73,358)	(2)	163,077	4	99,595	1	284,159	2
7050	Finance costs	(38,246)	(1)	(38,069)	(1)	(106,276)	(1)	(113,863)	(1)
7060	Share of profit (loss) of associates accounted for using equity method	<u>(168,765)</u>	<u>(4)</u>	<u>104,342</u>	<u>3</u>	<u>(239,478)</u>	<u>(2)</u>	<u>172,039</u>	<u>2</u>
	Total non-operating income and expenses	<u>(239,857)</u>	<u>(6)</u>	<u>261,663</u>	<u>7</u>	<u>(135,021)</u>	<u>(1)</u>	<u>430,492</u>	<u>4</u>
7900	Profit before tax	502,577	12	783,379	20	1,767,551	15	1,950,111	18
7951	Income tax expense (note 6(o))	<u>(100,516)</u>	<u>(2)</u>	<u>(156,676)</u>	<u>(4)</u>	<u>(353,511)</u>	<u>(3)</u>	<u>(390,022)</u>	<u>(4)</u>
	Profit	<u>402,061</u>	<u>10</u>	<u>626,703</u>	<u>16</u>	<u>1,414,040</u>	<u>12</u>	<u>1,560,089</u>	<u>14</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	(15,778)	-	19,068	-	33,004	-	36,329	-
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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(15,778)</u>	<u>-</u>	<u>19,068</u>	<u>-</u>	<u>33,004</u>	<u>-</u>	<u>36,329</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(15,778)</u>	<u>-</u>	<u>19,068</u>	<u>-</u>	<u>33,004</u>	<u>-</u>	<u>36,329</u>	<u>-</u>
	Total comprehensive income	<u>\$ 386,283</u>	<u>10</u>	<u>645,771</u>	<u>16</u>	<u>1,447,044</u>	<u>12</u>	<u>1,596,418</u>	<u>14</u>
	Earnings per share (note 6(s))								
9750	Basic earnings per share (in New Taiwan Dollars)	<u>\$ 1.07</u>		<u>1.67</u>		<u>3.78</u>		<u>4.23</u>	
9850	Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 1.07</u>		<u>1.67</u>		<u>3.76</u>		<u>4.22</u>	

See accompanying notes to financial statements.

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

EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Changes in Equity****For the nine months ended September 30, 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:								
Legal reserve	-	-	183,241	-	(183,241)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,498,284)	(1,498,284)	-	(1,498,284)
Reversal of special reserve	-	-	-	(56,053)	56,053	-	-	-
	-	-	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
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:								
Legal reserve	-	-	176,063	-	(176,063)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,685,569)	(1,685,569)	-	(1,685,569)
Reversal of special reserve	-	-	-	(361)	361	-	-	-
	-	-	176,063	(361)	(1,861,271)	(1,685,569)	-	(1,685,569)
Profit	-	-	-	-	1,414,040	1,414,040	-	1,414,040
Other comprehensive income	-	-	-	-	-	-	33,004	33,004
Total comprehensive income	-	-	-	-	1,414,040	1,414,040	33,004	1,447,044
Balance on September 30, 2024	\$ 3,745,709	2,131,649	2,072,720	16,355	4,737,317	6,826,392	16,649	12,720,399

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION**Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 1,767,551	1,950,111
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	531,595	551,548
Amortization expense	11,437	24,975
Expected credit losses (gains)	(19)	114,004
Net gains on financial assets or liabilities at fair value through profit or loss	(988)	(202)
Interest expense	106,276	113,863
Interest income	(95,103)	(71,963)
Share-based payments	-	82,906
Shares of loss (profits) of associates accounted for using the equity method	239,478	(172,039)
Gains on disposal of property, plant and equipment	(90)	(10,012)
Others	(12,949)	(13,438)
Total adjustments to reconcile profit	779,637	619,642
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	(166,239)	(62,486)
Notes and accounts receivable, including related parties	294,199	(835,961)
Other receivables, including related parties	(18,809)	(15,545)
Inventories	(300,672)	60,904
Other current assets	(52,107)	(10,112)
Net defined benefit assets	(1,275)	(11,391)
Total changes in operating assets	(244,903)	(874,591)
Changes in operating liabilities:		
Contract liabilities	(6,271)	3,203
Accounts payable, including related parties	171,847	44,591
Other payables, including related parties	483,637	473,232
Other current liabilities	(45,847)	(26,888)
Total changes in operating liabilities	603,366	494,138
Total changes in operating assets and liabilities	358,463	(380,453)
Total adjustments	1,138,100	239,189
Cash inflow generated from operations	2,905,651	2,189,300
Income taxes paid	(570,249)	(319,980)
Net cash flows from operating activities	2,335,402	1,869,320
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(1,790,000)	(360,000)
Proceeds from disposal of financial assets at fair value through profit or loss	1,790,988	360,202
Acquisition of property, plant and equipment	(141,501)	(88,462)
Proceeds from disposal of property, plant and equipment	1,150	12,282
Acquisition of intangible assets	(4,710)	(44,662)
Decrease (increase) in other non-current assets	(2,219)	13,570
Increase in prepayments for business facilities	(57,861)	(46,982)
Interest received	93,491	67,553
Dividends received	213,266	180,415
Net cash flows from investing activities	102,604	93,916
Cash flows generated from (used in) financing activities:		
Proceeds from long-term borrowings	1,550,000	690,000
Repayments of long-term borrowings	(2,158,504)	(1,465,009)
Decrease in guarantee deposits received	(200)	-
Payments of lease liabilities	(89,306)	(80,969)
Cash dividends paid	(1,685,569)	(1,498,284)
Cash subscription	-	1,701,121
Interest paid	(107,403)	(114,013)
Net cash flow used in financing activities	(2,490,982)	(767,154)
Net (decrease) increase in cash and cash equivalents	(52,976)	1,196,082
Cash and cash equivalents at the beginning of period	5,330,034	4,241,715
Cash and cash equivalents at the end of period	\$ 5,277,058	5,437,797

See accompanying notes to financial statements.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to the Financial Statements

September 30, 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 November 11, 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”

- (b) The impact of IFRS endorsed 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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

- (c) The impact of IFRS Accounting Standards 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material 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, 2023. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2023.

(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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Employee benefits

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

(c) Income taxes

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

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

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

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

The preparation of the financial statements in conformity with the Regulations and IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Significant accounting estimates and assumptions made by 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 1,390	1,609	1,516
Cash in bank	229,868	783,620	606,831
Time deposits	5,045,800	4,544,805	4,829,450
Cash and cash equivalents	<u><u>\$ 5,277,058</u></u>	<u><u>5,330,034</u></u>	<u><u>5,437,797</u></u>

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

(b) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 279	436	321
Accounts receivable (including related parties)	2,890,848	3,288,533	3,397,885
Less: loss allowance	(186)	(103,848)	(147,310)
	<u><u>\$ 2,890,941</u></u>	<u><u>3,185,121</u></u>	<u><u>3,250,896</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:

	September 30, 2024		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,817,312	0.00%	47
Overdue 1~30 days	44,201	0.04%	17
Overdue 31~60 days	24,671	0.23%	56
Overdue 61 days but less than one year	4,943	0.57%~56.34%	66
	<u><u>\$ 2,891,127</u></u>		<u><u>186</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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
	\$ 3,288,969		103,848
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	102	100.00%	102
	\$ 3,398,206		147,310

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

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Balance at January 1	\$ 103,848	33,306
Impairment (reversal) losses recognized	(19)	114,004
Amounts written off	(103,643)	-
Balance at September 30	\$ 186	147,310

As of September 30, 2024, December 31 and September 30, 2023, the notes and accounts receivable were not pledged as collateral for borrowings.

For other credit risk information, please refer to note 6(v).

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(c) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	\$ 35,281	14,188	14,408
Other receivables-related parties	10,216	10,888	36,989
Less: loss allowance	-	-	-
	<u>\$ 45,497</u>	<u>25,076</u>	<u>51,397</u>

As of September 30, 2024, December 31 and September 30, 2023, the aforementioned financial assets were not pledged as collateral for borrowings. For other credit risk information, please refer to note 6(v).

For the nine months ended September 30, 2024 and 2023, there were no impairment losses recognized for other receivables.

(d) Inventories

(i) The components were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Spares and expendable part	\$ 522,925	534,053	500,178
Raw material	995,461	817,523	756,140
Work-in-progress	810,696	766,316	714,383
Finished goods	280,475	190,684	185,806
	<u>\$ 2,609,557</u>	<u>2,308,576</u>	<u>2,156,507</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, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Write-down of inventories (reversal of write-downs)	\$ (5,205)	(140,067)	1,032	(151,853)
Unallocated fixed manufacturing overhead	75,692	71,660	214,176	188,045
Losses (gains) on inventory count	-	-	(1)	2
Scrap income	(2,809)	(2,582)	(4,686)	(4,372)
	<u>\$ 67,678</u>	<u>(70,989)</u>	<u>210,521</u>	<u>31,822</u>

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(iii) As of September 30, 2024, December 31 and September 30, 2023, these inventories were not pledged as collateral for borrowings.

(e) Investments accounted for using the equity method

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

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	<u><u>\$ 1,672,205</u></u>	<u><u>2,044,576</u></u>	<u><u>2,030,756</u></u>

(ii) Associates

<u>Name of associates</u>	<u>Nature of relationship with the Company</u>	<u>Main operating location/ registered country of the Company</u>	<u>Percentage of shareholding voting rights</u>		
			<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
GE Evergreen Engine Services Corp.	Maintenance of aircraft engines and engine parts.	R.O.C.	49.00 %	49.00 %	49.00 %
Spirit Evergreen Aftermarket Solution Co., Ltd.	Maintenance of aircraft components.	R.O.C.	49.00 %	49.00 %	49.00 %
Ever Superior Technologies Corporation	Chemical surface treatment of 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, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 6,128,296	5,064,881	5,182,217
Non-current assets	3,317,444	3,393,456	3,407,679
Current liabilities	(4,933,139)	(3,003,625)	(3,111,633)
Non-current liabilities	(654,360)	(712,531)	(733,058)
Net assets	<u><u>\$ 3,858,241</u></u>	<u><u>4,742,181</u></u>	<u><u>4,745,205</u></u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Operating revenue	\$ <u>3,242,850</u>	<u>5,870,514</u>	<u>10,053,218</u>	<u>16,241,907</u>
Profit (loss) from continuing operations	\$ (358,973)	206,743	(516,064)	384,977
Other comprehensive income	<u>(32,199)</u>	<u>38,913</u>	<u>67,355</u>	<u>68,976</u>
Total comprehensive income	\$ <u>(391,172)</u>	<u>245,656</u>	<u>(448,709)</u>	<u>453,953</u>

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Share of net assets of associates as of January 1	\$ 2,323,665	2,283,125
Comprehensive income attributable to the Company	(219,861)	224,968
Dividends received from associates	<u>(213,266)</u>	<u>(180,415)</u>
Share of net assets of associates as of September 30	1,890,538	2,327,678
Less: downstream transaction unrealized gain	<u>(356,590)</u>	<u>(419,748)</u>
Ending balance of associates owned by the Company	\$ <u>1,533,948</u>	<u>1,907,930</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of individually insignificant associates' equity	\$ <u>138,257</u>	<u>124,869</u>	<u>122,826</u>

Attributable to the Company:

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Profit (loss) from continuing operations	\$ 7,125	3,038	13,387	(16,600)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Comprehensive income	\$ <u>7,125</u>	<u>3,038</u>	<u>13,387</u>	<u>(16,600)</u>

(iii) Pledge

As of September 30, 2024, December 31 and September 30, 2023, the Company did not provide any investment accounted for using the equity method as collateral for borrowings.

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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>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2024	\$ 759,534	8,727,902	5,773,418	7,403	15,268,257
Additions	-	-	111,755	29,746	141,501
Disposals	-	-	(38,331)	-	(38,331)
Reclassification (Note)	-	-	78,165	(19,803)	58,362
Balance as of September 30, 2024	<u>\$ 759,534</u>	<u>8,727,902</u>	<u>5,925,007</u>	<u>17,346</u>	<u>15,429,789</u>
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>
Accumulated depreciation:					
Balance as of January 1, 2024	\$ -	4,792,605	4,342,221	-	9,134,826
Depreciation	-	223,001	210,244	-	433,245
Disposals	-	-	(37,271)	-	(37,271)
Reclassification (Note)	-	-	(1,124)	-	(1,124)
Balance as of September 30, 2024	<u>\$ -</u>	<u>5,015,606</u>	<u>4,514,070</u>	<u>-</u>	<u>9,529,676</u>
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>
Carrying amounts:					
Balance as of January 1, 2024	<u>\$ 759,534</u>	<u>3,935,297</u>	<u>1,431,197</u>	<u>7,403</u>	<u>6,133,431</u>
Balance as of September 30, 2024	<u>\$ 759,534</u>	<u>3,712,296</u>	<u>1,410,937</u>	<u>17,346</u>	<u>5,900,113</u>
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>

Note: Reclassifications are mainly the transfers of property, plant and equipment to 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, 2024, December 31 and September 30, 2023, the Company's property, plant and equipment have been pledged for long-term borrowings and lines of credit, please refer to note 8.

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

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 2,479,771	30,499	2,510,270
Additions	<u>434,704</u>	<u>-</u>	<u>434,704</u>
Balance at September 30, 2024	<u>\$ 2,914,475</u>	<u>30,499</u>	<u>2,944,974</u>
Balance at January 1, 2023	\$ 2,475,765	-	2,475,765
Additions	<u>4,006</u>	<u>30,499</u>	<u>34,505</u>
Balance at September 30, 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	<u>90,725</u>	<u>7,625</u>	<u>98,350</u>
Balance at September 30, 2024	<u>\$ 612,772</u>	<u>17,791</u>	<u>630,563</u>
Balance at January 1, 2023	\$ 413,880	-	413,880
Depreciation	<u>81,125</u>	<u>7,625</u>	<u>88,750</u>
Balance at September 30, 2023	<u>\$ 495,005</u>	<u>7,625</u>	<u>502,630</u>
Carrying amount:			
Balance at January 1, 2024	<u>\$ 1,957,724</u>	<u>20,333</u>	<u>1,978,057</u>
Balance at September 30, 2024	<u>\$ 2,301,703</u>	<u>12,708</u>	<u>2,314,411</u>
Balance at January 1, 2023	<u>\$ 2,061,885</u>	<u>-</u>	<u>2,061,885</u>
Balance at September 30, 2023	<u>\$ 1,984,766</u>	<u>22,874</u>	<u>2,007,640</u>

(h) Investment property

Investment property comprises land 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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The movements of investment property were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost:			
Balance at September 30, 2024 (same as beginning at January 1, 2024)	\$ <u>354,061</u>	<u>791,923</u>	<u>1,145,984</u>
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>
Accumulated depreciation:			
Balance at January 1, 2024	\$ -	116,390	116,390
Depreciation	<u>-</u>	<u>34,370</u>	<u>34,370</u>
Balance at September 30, 2024	\$ <u>-</u>	<u>150,760</u>	<u>150,760</u>
Balance at January 1, 2023	\$ -	70,564	70,564
Depreciation	<u>-</u>	<u>34,370</u>	<u>34,370</u>
Balance at September 30, 2023	\$ <u>-</u>	<u>104,934</u>	<u>104,934</u>
Carrying amount:			
Balance at January 1, 2024	\$ <u>354,061</u>	<u>675,533</u>	<u>1,029,594</u>
Balance at September 30, 2024	\$ <u>354,061</u>	<u>641,163</u>	<u>995,224</u>
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>
Fair value:			
Balance at January 1, 2024			\$ <u>1,500,459</u>
Balance at September 30, 2024			\$ <u>1,500,459</u>
Balance at January 1, 2023			\$ <u>1,461,205</u>
Balance at September 30, 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 September 30, 2024, December 31 and September 30, 2023, the Company's investment property, plant and equipment had been pledged for long-term borrowings and lines of credit; please refer to note 8.

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(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 January 1, 2024	\$ 226,374	21,139	247,513
Additions	4,710	-	4,710
Balance as of September 30, 2024	<u><u>\$ 231,084</u></u>	<u><u>21,139</u></u>	<u><u>252,223</u></u>
Balance as of January 1, 2023	\$ 201,480	-	201,480
Additions	44,662	-	44,662
Disposals	(665)	-	(665)
Balance as of September 30, 2023	<u><u>\$ 245,477</u></u>	<u><u>-</u></u>	<u><u>245,477</u></u>
Accumulated amortization:			
Balance as of January 1, 2024	\$ 204,700	4,228	208,928
Amortization	8,266	3,171	11,437
Balance as of September 30, 2024	<u><u>\$ 212,966</u></u>	<u><u>7,399</u></u>	<u><u>220,365</u></u>
Balance as of January 1, 2023	\$ 179,118	-	179,118
Amortization	24,975	-	24,975
Disposals	(665)	-	(665)
Balance as of September 30, 2023	<u><u>\$ 203,428</u></u>	<u><u>-</u></u>	<u><u>203,428</u></u>
Carrying amounts:			
Balance as of January 1, 2024	<u><u>\$ 21,674</u></u>	<u><u>16,911</u></u>	<u><u>38,585</u></u>
Balance as of September 30, 2024	<u><u>\$ 18,118</u></u>	<u><u>13,740</u></u>	<u><u>31,858</u></u>
Balance as of January 1, 2023	<u><u>\$ 22,362</u></u>	<u><u>-</u></u>	<u><u>22,362</u></u>
Balance as of September 30, 2023	<u><u>\$ 42,049</u></u>	<u><u>-</u></u>	<u><u>42,049</u></u>

(i) Amortization

For the nine months ended September 30, 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 borrowings.

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments	\$ 89,281	65,534	72,408
Tax refundable	25,332	-	22,106
	<u>\$ 114,613</u>	<u>65,534</u>	<u>94,514</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged time deposits	\$ 1,694	1,690	1,689
Guarantee deposits	373	658	1,900
Prepayments for equipment	48,844	32,139	28,462
Others	2,499	-	-
	<u>\$ 53,410</u>	<u>34,487</u>	<u>32,051</u>

(k) Long-term borrowings

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

September 30, 2024				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.78%~2.01%	2024~2029	\$ 4,108,333
Secured loans	NTD	1.83%~1.92%	2024~2037	1,486,148
Subtotal				5,594,481
Less: current portion				1,055,732
Total				<u>\$ 4,538,749</u>

December 31, 2023				
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.60%~1.98%	2024~2028	\$ 4,574,167
Secured loans	NTD	1.70%~1.83%	2024~2037	1,628,818
Subtotal				6,202,985
Less: current portion				1,388,185
Total				<u>\$ 4,814,800</u>

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	September 30, 2023			
	Currency	Interest rate	Year due	Amount
Unsecured loans	NTD	1.60%~2.09%	2023~2027	\$ 4,655,417
Secured loans	NTD	1.70%~2.12%	2023~2037	1,753,390
Subtotal				6,408,807
Less: current portion				2,054,359
Total				\$ 4,354,448

As of September 30, 2024, the details of the future repayment periods and amounts of the Company's long-term borrowings were as follows:

Period	Amount
2024/10/01 ~ 2025/09/30	\$ 1,055,732
2025/10/01 ~ 2026/09/30	1,512,290
2026/10/01 ~ 2027/09/30	857,186
2027/10/01 ~ 2028/09/30	356,255
2028/10/01 ~ 2029/09/30	1,273,246
2029/10/01 and thereafter	539,772
	\$ 5,594,481

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, 2024, December 31 and September 30, 2023, the unused credit lines for short-term and long-term borrowings amounted to \$2,110,000 thousand, \$1,880,000 thousand and \$1,420,000 thousand, respectively.

(l) Lease liabilities

The Company's amounts of lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 133,006	109,585	109,221
Non-current	\$ 2,250,876	1,928,899	1,956,432

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 September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Interest on lease liabilities	\$ <u>11,491</u>	<u>6,754</u>	<u>24,548</u>	<u>20,532</u>
Expenses relating to short-term leases	\$ <u>7,505</u>	<u>8,100</u>	<u>26,384</u>	<u>30,124</u>

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

	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Total cash outflow for leases	\$ <u>140,238</u>	<u>131,625</u>

The lease of land, buildings 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) for information on 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, 2024	December 31, 2023	September 30, 2023
Less than one year	\$ 21,198	20,428	21,416
One to two years	21,394	20,616	21,614
Two to three years	21,592	20,806	21,813
Three to four years	21,791	20,998	22,014
Four to five years	21,993	21,193	22,218
More than five years	<u>311,434</u>	<u>318,206</u>	<u>339,959</u>
Total undiscounted lease payments	\$ <u>419,402</u>	<u>422,247</u>	<u>449,034</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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The rent revenue for investment property were as follows:

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Rent revenue	\$ <u>5,406</u>	<u>5,180</u>	<u>15,946</u>	<u>15,214</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, 2023 and 2022.

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

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Operating costs and expenses	\$ <u>3,857</u>	<u>4,568</u>	<u>11,572</u>	<u>13,605</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, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Operating costs and expenses	\$ <u>38,465</u>	<u>33,436</u>	<u>110,737</u>	<u>98,279</u>

(o) Income tax

(i) Income tax expenses

The components of income tax were as follows:

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Current tax expenses	\$ <u>100,516</u>	<u>156,676</u>	<u>353,511</u>	<u>390,022</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

- (ii) For the three months and nine months ended September 30, 2024 and 2023, there were no income tax expenses 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, 2024 and 2023. For the related information, please refer to note 6(p) of the financial statements for the year ended December 31, 2023.

(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, 2024	December 31, 2023	September 30, 2023
Cash subscription in excess of par value of shares	\$ 1,558,843	1,558,843	1,558,843
Reorganization	560,532	560,532	560,532
Changes in equity of associates accounted for the using equity method	4,730	4,730	4,730
Stock options granted to employees	7,544	7,544	7,544
Total	<u><u>\$ 2,131,649</u></u>	<u><u>2,131,649</u></u>	<u><u>2,131,649</u></u>

(iii) Retained earnings

The Company's Article of Incorporation stipulates that the 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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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 11, 2024 and March 8, 2023, the board of directors' meeting resolved to distribute 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 at January 1, 2024	\$ (16,355)
Exchange differences on associates accounted for using equity method	<u>33,004</u>
Balance at September 30, 2024	<u><u>\$ 16,649</u></u>
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>

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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, 2024.

(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	\$ 82,906

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Notes to Financial Statements

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Primary geographical markets:				
Taiwan	\$ 1,650,956	1,687,925	4,659,437	4,442,780
Asia	584,681	636,337	1,993,600	1,746,857
North America	1,439,948	1,512,976	4,225,146	4,377,013
Europe	352,377	102,315	831,703	394,591
Other	-	-	-	80,281
	<u>\$ 4,027,962</u>	<u>3,939,553</u>	<u>11,709,886</u>	<u>11,041,522</u>
Type of contract:				
Maintenance of aircrafts and other	\$ 3,312,701	2,999,359	9,395,281	8,425,374
Manufacturing and selling of aircrafts related components	715,261	940,194	2,314,605	2,616,148
	<u>\$ 4,027,962</u>	<u>3,939,553</u>	<u>11,709,886</u>	<u>11,041,522</u>

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Notes and accounts receivable (including related parties)	\$ 2,891,127	3,288,969	3,398,206
Less: loss allowance	(186)	(103,848)	(147,310)
Total	<u>\$ 2,890,941</u>	<u>3,185,121</u>	<u>3,250,896</u>
Contract assets-maintenance service	<u>\$ 648,703</u>	<u>482,464</u>	<u>607,327</u>
Contract liabilities	<u>\$ 13,325</u>	<u>19,596</u>	<u>12,370</u>

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

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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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, 2024 and 2023, basic earnings per share and diluted earnings per share were calculated as follows:

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>402,061</u>	<u>626,703</u>	<u>1,414,040</u>	<u>1,560,089</u>
Weighted-average number of shares outstanding during the period (thousand shares)	<u>374,571</u>	<u>374,571</u>	<u>374,571</u>	<u>369,150</u>
Basic earnings per share (in New Taiwan Dollars)	\$ <u>1.07</u>	<u>1.67</u>	<u>3.78</u>	<u>4.23</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>402,061</u>	<u>626,703</u>	<u>1,414,040</u>	<u>1,560,089</u>
Weighted-average number of shares outstanding during the period (thousand shares)	374,571	374,571	374,571	369,150
Effect of the potentially dilutive common stock effect of employee compensation (thousand shares)	<u>870</u>	<u>553</u>	<u>1,237</u>	<u>730</u>
Weighted-average number of shares outstanding during the period (After adjusting the potential dilutive common stock) (thousand shares)	<u>375,441</u>	<u>375,124</u>	<u>375,808</u>	<u>369,880</u>
Diluted earnings per share (in New Taiwan Dollars)	\$ <u>1.07</u>	<u>1.67</u>	<u>3.76</u>	<u>4.22</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(t) Remunerations to employees and directors

According to the Company's Articles of Incorporation, once the Company has an annual earnings, a minimum of 1% will be distributed as employees' remuneration 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 September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Employees' remuneration	\$ 28,629	19,704	84,989	58,669
Directors' remuneration	<u>1,750</u>	<u>1,750</u>	<u>5,250</u>	<u>5,250</u>
	<u>\$ 30,379</u>	<u>21,454</u>	<u>90,239</u>	<u>63,919</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.

For the year ended December 31, 2023 and 2022, the Company accrued and recognized its employees' 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 differences 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 September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Rent income	<u>\$ 5,439</u>	<u>5,490</u>	<u>16,035</u>	<u>16,194</u>

(ii) Interest income

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Interest income from bank deposit	<u>\$ 35,073</u>	<u>26,823</u>	<u>95,103</u>	<u>71,963</u>

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(iii) Other gains and losses

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Gains on disposal of property, plant and equipment	\$ (90)	(625)	90	10,012
Foreign exchange gains (losses), net	(92,265)	146,830	65,025	202,919
Others	18,997	16,872	34,480	71,228
	<u><u>\$ (73,358)</u></u>	<u><u>163,077</u></u>	<u><u>99,595</u></u>	<u><u>284,159</u></u>

(iv) Finance costs

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Interest expense-bank borrowings	\$ 26,755	31,315	81,728	93,331
Interest expense-lease liabilities	11,491	6,754	24,548	20,532
	<u><u>\$ 38,246</u></u>	<u><u>38,069</u></u>	<u><u>106,276</u></u>	<u><u>113,863</u></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(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 were under the expected by management. As of September 30, 2024, December 31 and September 30, 2023, 65%, 60% and 64% of accounts receivable were 2, 2 and 2 major customers, respectively.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
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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 include other receivables and time deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit 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.

(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, 2024					
Non-derivative financial liabilities					
Long-term borrowings (including current portion)	\$ 5,594,481	5,901,475	1,151,546	4,177,662	572,267
Lease liabilities	2,383,882	2,800,421	172,390	645,429	1,982,602
Accounts payable (including related parties)	921,340	921,340	921,340	-	-
Other payables (including related parties)	1,015,802	1,015,802	1,015,802	-	-
Guarantee deposit received	624	624	-	624	-
Total	<u>\$ 9,916,129</u>	<u>10,639,662</u>	<u>3,261,078</u>	<u>4,823,715</u>	<u>2,554,869</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>\$ 9,506,390</u>	<u>10,080,562</u>	<u>2,883,382</u>	<u>4,787,126</u>	<u>2,410,054</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	<u>\$ 10,108,420</u>	<u>10,673,857</u>	<u>3,895,864</u>	<u>4,286,633</u>	<u>2,491,360</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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(iii) Currency risk

1) Exposure to foreign currency risk

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

	September 30, 2024			December 31, 2023			September 30, 2023		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets									
<u>Monetary items</u>									
USD	\$ 123,986	31.650	<u>3,924,157</u>	72,263	30.705	<u>2,218,835</u>	128,225	32.27	<u>4,137,821</u>
<u>Non-monetary items</u>									
USD	\$ 48,466	31.650	<u>1,533,948</u>	62,521	30.705	<u>1,919,707</u>	59,124	32.27	<u>1,907,930</u>
Financial liabilities									
<u>Monetary items</u>									
USD	\$ 9,626	31.650	<u>304,663</u>	5,426	30.705	<u>166,605</u>	7,199	32.27	<u>232,312</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, 2024 and 2023, would have decreased / increased the profit before tax by \$36,195 thousand and \$39,055 thousand, respectively. Equity would have decreased / increased the profit before tax by \$15,339 thousand and \$19,079 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 and nine months ended September 30, 2024 and 2023, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$(92,265) thousand, \$146,830 thousand, \$65,025 thousand and \$202,919 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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If the interest rate increases / decreases by 0.25%, all other variable factors remaining constant, the profit of the Company will decrease / increase by \$10,490 thousand and \$12,017 thousand for the nine months ended September 30, 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.

		September 30, 2024			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 5,277,058	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	2,936,438	-	-	-	-
Other non-current assets	2,067	-	-	-	-
Total	<u>\$ 8,215,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion)	\$ 5,594,481	-	-	-	-
Lease liabilities	2,383,882	-	-	-	-
Accounts payable (including related parties)	921,340	-	-	-	-
Other payables (including related parties)	1,015,802	-	-	-	-
Guarantee deposit received	624	-	-	-	-
Total	<u>\$ 9,916,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2023			
		Fair value			
	Carrying amount	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	<u>\$ 8,542,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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>
		September 30, 2023			
		Fair value			
	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	<u>\$ 8,743,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion)	\$ 6,408,807	-	-	-	-
Lease liabilities	2,065,653	-	-	-	-
Accounts payable (including related parties)	778,853	-	-	-	-
Other payables (including related parties)	854,283	-	-	-	-
Guarantee deposit received	824	-	-	-	-
Total	<u>\$ 10,108,420</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.

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

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

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

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

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 quoted 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.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Company have 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.

(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, 2024 and 2023, were as follows:

	January 1, 2024	Cash flows	Non-cash changes Right-of-use assets	September 30, 2024
Long-term borrowings	\$ 6,202,985	(608,504)	-	5,594,481
Lease liabilities	2,038,484	(89,306)	434,704	2,383,882
Guarantee deposit received	824	(200)	-	624
Total liabilities from financing activities	<u>\$ 8,242,293</u>	<u>(698,010)</u>	<u>434,704</u>	<u>7,978,987</u>

	January 1, 2023	Cash flows	Non-cash changes Other	September 30, 2023
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	<u>\$ 9,296,757</u>	<u>(855,978)</u>	<u>34,505</u>	<u>8,475,284</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling company

EVA Airways Corp. is both the parent company and the ultimate controlling party of the Company. As of September 30, 2024, December 31 and September 30, 2023, it owns 55.05% of all shares outstanding of the Company. EVA Airways Corp. has issued the consolidated financial statements available for public use.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(b) Name and relationship with the Company

Name	Relationship with the Company
EVA Airways Corp.	Parent company
Uni Airways Corp.	Juristic person shareholder Associates
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 Corporation	Other related parties
Hsin Yung Enterprise Corporation	Other related parties
Super Max Engineering Enterprise CO., LTD.	Other related parties
Trade-van Information Services Co.	Other related parties
Chang Yung-Fa Foundation	Other related parties

(c) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties were as follows:

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Parent company-EVA Airways Corp.	\$ 1,160,490	1,113,934	3,403,699	3,230,697
Juristic person shareholder-Uni Airways Corp.	64,209	82,421	219,463	236,060
Associates-GE Evergreen Engine Services Corp.	233,585	222,416	610,379	585,646
Associates-others	20,118	15,008	58,487	53,545
Other related parties	-	-	-	565
	<u>\$ 1,478,402</u>	<u>1,433,779</u>	<u>4,292,028</u>	<u>4,106,513</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

(ii) Operating costs

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

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Parent company-EVA Airways Corp.	\$ 23,861	27,687	61,596	66,888
Juristic person shareholder-Uni Airways Corp.	60	57	141	120
Associates	636	20	1,666	72
Other related parties:				
Evergreen Airline Services Corp.	24,520	17,381	67,450	57,529
Evergreen Sky Catering Corp.	29,248	27,842	76,514	76,442
Evergreen Logistics Corporation	24,812	25,212	66,378	70,408
Others	31,727	31,975	92,227	92,181
	<u>\$ 134,864</u>	<u>130,174</u>	<u>365,972</u>	<u>363,640</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 September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Parent company-EVA Airways Corp.	\$ 2,653	2,020	6,902	4,710
Other related parties:				
Evergreen Sky Catering Corp.	1,808	1,820	4,774	4,931
Evergreen Security Corp.	687	797	2,174	2,350
EverFun Travel Service Corp.	903	53	2,189	1,537
Evergreen International Storage & Transport Corp.	716	655	2,039	2,312
Others	669	1,334	3,206	4,821
	<u>\$ 7,436</u>	<u>6,679</u>	<u>21,284</u>	<u>20,661</u>

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

(iv) Property transaction

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

	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Parent company-EVA Airways Corp.	\$ 36,105	16,733	97,410	27,450
Juristic person shareholder-Uni Airways Corp.	6	137	170	2,102
Other related parties				
Ever Accord Construction Corp.	9,546	5,000	11,973	13,560
Others	24	75	356	75
	<u>\$ 45,681</u>	<u>21,945</u>	<u>109,909</u>	<u>43,187</u>

- 2) Disposals of property, plant and equipment

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

Class of related parties	For the three months ended September 30, 2024	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ -	-
Class of related parties	For the three months ended September 30, 2023	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ -	-
Class of related parties	For the nine months ended September 30, 2024	
	Disposal price	Gains (losses) on disposal
Parent company-EVA Airways Corp.	\$ 27	26

(Continued)

EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

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

3) Other

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

	Deferred gains (note)		
	September 30, 2024	December 31, 2023	September 30, 2023
GE Evergreen Engine Services Corp.	<u>\$ 356,590</u>	<u>403,958</u>	<u>419,748</u>

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

(v) Leases

The Company leased the facilities to its associate, GE Evergreen Engine Services Corp., and the rent income received monthly is based on the nearby factories rental rate. The amounts of rent income were \$5,406 thousand, \$5,180 thousand, \$15,946 thousand and \$15,214 thousand for the three months and nine months ended September 30, 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:

Account	Class of related parties	September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	Parent company-EVA Airways Corp.	\$ 677,238	880,212	632,846
Accounts receivable	Juristic person shareholder-Uni Airways Corp.	63,591	82,699	83,950
Accounts receivable	Associates-GE Evergreen Engine Services Corp.	92,860	123,057	101,467
Accounts receivable	Associates-others	<u>7,551</u>	<u>4,618</u>	<u>8,446</u>
Subtotal		<u>841,240</u>	<u>1,090,586</u>	<u>826,709</u>

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

Account	Class of related parties	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables	Parent company-EVA Airways Corp.	\$ 2,125	1,953	23,508
Other receivables	Juristic person shareholder-Uni Airways Corp.	1,377	241	246
Other receivables	Associates-GE Evergreen Engine Services Corp.	5,713	6,366	11,291
Other receivables	Associates-Spirit Evergreen Aftermarket Solutions Co., Ltd.	784	620	701
Other receivables	Associates-Ever Superior Technologies Corporation	108	1,619	1,085
Other receivables	Other related parties	109	89	158
Subtotal		10,216	10,888	36,989
		<u><u>\$ 851,456</u></u>	<u><u>1,101,474</u></u>	<u><u>863,698</u></u>

(vii) Payables to related parties

Payables to related parties of the Company were as follows:

Account	Class of related parties	September 30, 2024	December 31, 2023	September 30, 2023
Accounts payable	Parent company-EVA Airways Corp.	\$ 26,571	6,364	22,934
Accounts payable	Juristic person shareholder-Uni Airways Corp.	43	-	36
Accounts payable	Associates	351	75	70
Accounts payable	Other related parties:			
	Evergreen Airline Services Corp.	7,204	8,582	5,023
	Evergreen Sky Catering Corp.	11,364	6,875	10,834
	Others	15,197	12,306	14,958
Subtotal		60,730	34,202	53,855
Other payables	Parent company-EVA Airways Corp.	\$ 7,325	35,724	21,511
Other payables	Juristic person shareholder-Uni Airways Corp.	-	37	92
Other payables	Associates	-	88	-
Other payables	Other related parties:			
	Evergreen Airline Services Corp.	2,465	1,375	2,366
	Evergreen Logistics Corporation	2,430	4,530	3,129
	Ever Accord Construction Corp.	1,268	1,268	3,394
	Others	3,177	2,437	3,252
Subtotal		16,665	45,459	33,744
		<u><u>\$ 77,395</u></u>	<u><u>79,661</u></u>	<u><u>87,599</u></u>

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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, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
Short-term employee benefits	\$ 11,264	10,213	36,116	31,550
Post-employment benefits	80	122	10,685	1,277
Share-based payment	-	-	-	1,524
	<u>\$ 11,344</u>	<u>10,335</u>	<u>46,801</u>	<u>34,351</u>

(8) Assets pledged as security

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2024	December 31, 2023	September 30, 2023
Property, plant, and equipment	Long-term borrowing	<u>\$ 3,094,449</u>	<u>3,609,869</u>	<u>3,659,222</u>
Investment property	Long-term borrowing	<u>\$ 995,224</u>	<u>1,029,594</u>	<u>1,041,050</u>
Time deposit – non-current asset	Guarantees for customs bonded warehouse establishment	\$ 1,594	1,590	1,589
"	Guarantees for Taiwan Air Cargo Terminal Logistics	100	100	100
		<u>\$ 1,694</u>	<u>1,690</u>	<u>1,689</u>

(9) Commitments and contingencies

Unused letters of credit for the Company were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Unused letters of credit	<u>\$ 211,374</u>	<u>203,562</u>	<u>143,705</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION
Notes to Financial Statements

(12) Others

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

By item	For the three months ended September 30, 2024			For the three months ended September 30, 2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits						
Salary	879,627	63,801	943,428	727,279	65,791	793,070
Labor and health insurance	69,307	4,421	73,728	60,673	4,037	64,710
Pension	39,691	2,631	42,322	35,543	2,461	38,004
Remuneration of directors	-	3,800	3,800	-	3,527	3,527
Others	76,387	3,872	80,259	62,911	3,707	66,618
Depreciation	154,637	27,423	182,060	153,736	27,201	180,937
Amortization	2,428	1,500	3,928	2,433	7,112	9,545

By item	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	2,616,612	190,499	2,807,111	2,258,920	186,449	2,445,369
Labor and health insurance	199,899	12,922	212,821	179,431	12,273	191,704
Pension	114,512	7,797	122,309	103,574	8,310	111,884
Remuneration of directors	-	11,564	11,564	-	10,838	10,838
Others	210,099	10,512	220,611	180,947	9,916	190,863
Depreciation	454,119	77,476	531,595	471,503	80,045	551,548
Amortization	7,284	4,153	11,437	4,732	20,243	24,975

- (b) Seasonality of operations

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

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EVERGREEN AVIATION TECHNOLOGIES CORPORATION

Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on the Company's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the nine months ended September 30, 2024:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of September 30, 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:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (In thousands)	Amount	Shares (In thousands)	Amount	Shares (In thousands)	Price	Cost	Gain (loss) on disposal	Shares (In thousands)	Amount
Evergreen Aviation Technologies Corp.	Taishin 1699 Money Market Fund.	Financial assets at fair value through profit or loss - current	Taishin Securities Investment Trust Co., Ltd.	NA	-	-	51,225	720,000	51,225	720,498	720,000	498	-	-
"	Taishin Ta-Chong Money Market Fund.	Financial assets at fair value through profit or loss - current	Taishin Securities Investment Trust Co., Ltd.	NA	-	-	38,164	560,000	38,164	560,278	560,000	278	-	-
"	UPAMC James Bond Money Market Fund.	Financial assets at fair value through profit or loss - current	Uni-President Asset Management Corp.	NA	-	-	20,301	350,000	20,301	350,122	350,000	122	-	-

- (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	3,403,699	29.07	60 days	-		677,238	23.43	
"	Uni Airways Corp.	Juristic person shareholder	Sales	219,463	1.87	60 days	-		63,591	2.20	
"	GE Evergreen Engine Services Corp.	Associates	Sales	610,379	5.21	30 days	-		92,860	3.21	

- (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	679,363	5.81	-	-	679,363	-

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

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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, 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 September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares (In thousands)	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 of aircraft engines and engine parts.	2,032,845	2,032,845	203,285	49.00 %	1,533,948	(516,064)	(252,865)	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 of aircraft components.	111,552	111,552	11,155	49.00 %	123,690	38,876	19,049	Note 1
"	Ever Superior Technologies Corporation	2F, No. 528, Sec. 1, Chenggong Rd., Guanyin Dist., Taoyuan City 328453, Taiwan (R.O.C.)	Chemical surface treatment of metal products.	63,000	63,000	6,300	35.00 %	14,567	(16,179)	(5,662)	Note 1

Note 1: Investee company accounted for under the 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, 2023.

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

For the three months ended September 30, 2024				
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 3,312,701	715,261	-	4,027,962
Intersegment revenue	2,128	1,508	(3,636)	-
Total revenue	\$ 3,314,829	716,769	(3,636)	4,027,962
Reportable segment profit or loss	\$ 608,659	(106,082)	-	502,577

Total reportable segment revenue for the three months ended September 30, 2024, was deducted the intersegment revenue by \$3,636 thousand.

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	\$ 3,002,022	941,597	(4,066)	3,939,553
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.

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	For the nine months ended September 30, 2024			
	Maintenance segment	Manufacturing segment	Reconciliation and elimination	Total
Revenue from external customers	\$ 9,395,281	2,314,605	-	11,709,886
Intersegment revenue	7,325	2,748	(10,073)	-
Total revenue	<u>\$ 9,402,606</u>	<u>2,317,353</u>	<u>(10,073)</u>	<u>11,709,886</u>
Reportable segment profit or loss	<u>\$ 1,865,998</u>	<u>(98,447)</u>	<u>-</u>	<u>1,767,551</u>

Total reportable segment revenue for the nine months ended September 30, 2024, was deducted the intersegment revenue by \$10,073 thousand.

	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>\$ 8,432,191</u>	<u>2,620,012</u>	<u>(10,681)</u>	<u>11,041,522</u>
Reportable segment profit or loss	<u>\$ 1,859,506</u>	<u>90,605</u>	<u>-</u>	<u>1,950,111</u>

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