

EVA AIRWAYS CORP.

Parent-Company-Only Financial Statements

**With Independent Auditors' Report
For the Years Ended
December 31, 2022 and 2021**

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Independent Auditors' Report

To the Board of Directors of EVA Airways Corp.:

Opinion

We have audited the parent-company-only financial statements of EVA Airways Corp. (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Contract liabilities — mileage redemption revenue

Please refer to note 4(q) “Revenue recognition”, note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and note 6(v) “Revenue from contracts with customers” of the financial statements.

Description of key audit matter:

The member who joins the “Infinity MileageLands” (“the Program”) can earn mileage by flying any of the Company’s flights or through other consumption. Contract liabilities will be converted into revenues when the member actually redeems the mileage or it is expected that the right is probable not to be redeemed.

The Company maintains information technology systems in order to calculate its mileage redemption revenue. And the Company also uses the systems to estimate the unit fair value of the mileage. Therefore, the cut off test of contract liabilities — mileage redemption revenue is the key judgmental area for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing the design and implementation of the relevant controls over the mileage redemption revenue systems related to the Program; engaging the internal specialist to assess the quantity of the mileage, fair value of the redemption of the Program and the historical redemption probability of the Program to examine the unit fair value of the mileage for verifying the accuracy of recognition of the contract liabilities – mileage redemption revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion of the Company.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Chien Tang and Yen-Ta Su.



KPMG

Taipei, Taiwan (Republic of China)
March 13, 2023

Notes to Readers

The accompanying parent-company-only 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 audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

EVA AIRWAYS CORP.
Balance Sheets
December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		2022.12.31		2021.12.31				2022.12.31		2021.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 60,826,848	21	39,563,910	13	2126	Financial liabilities for hedging—current (notes 6(c), 6(p) and 7)	\$ 13,084,120	4	11,664,825	4
1110	Financial assets at fair value through profit or loss—current (note 6(b))	731,486	-	1,390,560	1	2130	Contract liabilities—current (note 6(v))	21,102,633	7	5,036,826	2
1150	Notes receivable, net (note 6(d))	293,590	-	5,313	-	2160	Notes payable—related parties (note 7)	-	-	826	-
1160	Notes receivable—related parties (notes 6(d) and 7)	27,149	-	-	-	2170	Notes and accounts payable	7,460,600	3	4,215,941	1
1170	Accounts receivable, net (note 6(d))	7,943,292	3	8,583,578	3	2180	Accounts payable—related parties (note 7)	1,459,879	-	875,457	-
1180	Accounts receivable—related parties (notes 6(d) and 7)	157,781	-	124,231	-	2200	Other payables (notes 6(w) and 7)	7,096,691	2	6,573,854	2
1220	Current tax assets	47,438	-	163,322	-	2230	Current tax liabilities	1,718,115	1	576,279	-
130x	Inventories (note 6(f))	1,152,878	-	1,169,678	-	2280	Lease liabilities—current (notes 6(p) and 7)	92,794	-	140,705	-
1460	Non-current assets or disposal group classified as held for sale, net (note 6(g))	-	-	37,437	-	2320	Current portion of long-term liabilities (notes 6(o) and 8)	11,403,514	4	11,524,808	4
1470	Other current assets (notes 6(e), 6(n) and 7)	652,294	-	521,508	-	2399	Other current liabilities (note 6(q))	10,133,503	4	2,115,410	1
	Total current assets	<u>71,832,756</u>	<u>24</u>	<u>51,559,537</u>	<u>17</u>		Total current liabilities	<u>73,551,849</u>	<u>25</u>	<u>42,724,931</u>	<u>14</u>
Non-current assets:						Non-current liabilities:					
1510	Financial assets at fair value through profit or loss—non-current (notes 6(b) and 6(o))	4,641	-	21,612	-	2511	Financial liabilities for hedging—non-current (notes 6(c), 6(p) and 7)	57,352,309	20	63,305,090	21
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(b))	1,813,033	1	4,012,426	1	2527	Contract liabilities—non-current (note 6(v))	1,426,556	-	1,054,975	-
1550	Investments accounted for using equity method (notes 6(h), 6(i) and 7)	11,962,571	4	11,886,824	4	2530	Bonds payable (note 6(o))	718,559	-	3,871,341	1
1600	Property, plant and equipment (notes 6(j), 7, 8 and 9)	108,744,867	37	120,601,224	41	2540	Long-term borrowings (notes 6(o) and 8)	52,196,680	18	77,089,487	26
1755	Right-of-use assets (notes 6(k), 6(q) and 7)	78,268,860	27	91,484,672	31	2570	Deferred tax liabilities (note 6(s))	79,498	-	1,914,661	1
1760	Investment property, net (note 6(l))	442,000	-	671,490	-	2580	Lease liabilities—non-current (notes 6(p) and 7)	399,791	-	323,618	-
1780	Intangible assets (note 6(m))	341,620	-	414,396	-	2640	Net defined benefit liabilities—non-current (note 6(r))	1,096,968	-	2,656,872	1
1840	Deferred tax assets (note 6(s))	4,120,132	1	3,885,261	1	2670	Other non-current liabilities (note 6(q))	19,290,170	7	19,620,359	7
1900	Other non-current assets (notes 6(n), 7, 8 and 9)	16,518,455	6	13,681,169	5		Total non-current liabilities	<u>132,560,531</u>	<u>45</u>	<u>169,836,403</u>	<u>57</u>
	Total non-current assets	<u>222,216,179</u>	<u>76</u>	<u>246,659,074</u>	<u>83</u>		Total liabilities	<u>206,112,380</u>	<u>70</u>	<u>212,561,334</u>	<u>71</u>
Total assets		<u>\$ 294,048,935</u>	<u>100</u>	<u>298,218,611</u>	<u>100</u>		Equity (notes 6(b), 6(c), 6(i), 6(o), 6(r), 6(s), 6(t) and 7):				
						3110	Ordinary share	53,581,255	18	51,385,387	17
						3140	Advanced receipts for share capital	20,634	-	480,312	-
						3200	Capital surplus	12,912,298	5	10,678,743	4
						3300	Retained earnings	20,610,902	7	14,503,880	5
						3400	Other equity interest	811,466	-	8,608,955	3
							Total equity	<u>87,936,555</u>	<u>30</u>	<u>85,657,277</u>	<u>29</u>
							Total liabilities and equity	<u>\$ 294,048,935</u>	<u>100</u>	<u>298,218,611</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(v) and 7)	\$ 127,142,232	100	95,331,905	100
5000	Operating costs (notes 6(e), 6(f), 6(j), 6(k), 6(p), 6(q), 6(r), 6(w) and 7)	<u>(110,113,767)</u>	<u>(87)</u>	<u>(77,641,840)</u>	<u>(81)</u>
5900	Gross profit from operations	17,028,465	13	17,690,065	19
6000	Operating expenses (notes 6(d), 6(e), 6(j), 6(k), 6(l), 6(m), 6(p), 6(r), 6(w) and 7)	<u>(8,881,556)</u>	<u>(7)</u>	<u>(8,094,394)</u>	<u>(9)</u>
6900	Net operating income (loss)	<u>8,146,909</u>	<u>6</u>	<u>9,595,671</u>	<u>10</u>
7000	Non-operating income and expenses (notes 6(c), 6(h), 6(p), 6(q), 6(x) and 7):				
7010	Other income	1,026,888	1	261,143	-
7020	Other gains and losses	1,591,777	1	969,442	1
7050	Finance costs	<u>(3,570,657)</u>	<u>(3)</u>	<u>(3,798,154)</u>	<u>(4)</u>
7375	Share of profit of subsidiaries and associates accounted for using equity method	<u>1,100,480</u>	<u>1</u>	<u>670,817</u>	<u>1</u>
	Total non-operating income and expenses	<u>148,488</u>	<u>-</u>	<u>(1,896,752)</u>	<u>(2)</u>
7900	Profit (loss) before tax	8,295,397	6	7,698,919	8
7950	Income tax benefit (expenses) (note 6(s))	<u>(1,204,098)</u>	<u>(1)</u>	<u>(1,090,423)</u>	<u>(1)</u>
8200	Profit (loss)	<u>7,091,299</u>	<u>5</u>	<u>6,608,496</u>	<u>7</u>
8300	Other comprehensive income (notes 6(c), 6(h), 6(r), 6(s) and 6(t)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	1,094,924	1	(92,753)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(234,891)</u>	<u>-</u>	<u>1,295,690</u>	<u>1</u>
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	158,827	-	21,407	-
8349	Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(215,469)</u>	<u>-</u>	<u>18,305</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>803,391</u>	<u>1</u>	<u>1,242,649</u>	<u>1</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	90,734	-	(27,324)	-
8368	Gains (losses) on hedging instrument	<u>(8,187,525)</u>	<u>(6)</u>	<u>1,275,943</u>	<u>1</u>
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	32,757	-	(18,167)	-
8399	Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	<u>1,637,505</u>	<u>1</u>	<u>(255,189)</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(6,426,529)</u>	<u>(5)</u>	<u>975,263</u>	<u>1</u>
8300	Other comprehensive income, net of tax	<u>(5,623,138)</u>	<u>(4)</u>	<u>2,217,912</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 1,468,161</u>	<u>1</u>	<u>8,826,408</u>	<u>9</u>
	Earnings per share (note 6(u))				
9750	Basic earnings per share (in New Taiwan Dollars)	<u>\$ 1.34</u>		<u>1.31</u>	
9850	Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 1.32</u>		<u>1.29</u>	

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity interest				
	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity
Balance on January 1, 2021	\$ 48,535,695	-	7,985,673	2,574,002	5,253,136	7,827,138	(113,246)	1,113,299	5,448,829	6,448,882	70,797,388
Due to donated assets received	-	-	34,729	-	-	-	-	-	-	-	34,729
Due to recognition of equity component of convertible bonds issued	-	-	255,744	-	-	-	-	-	-	-	255,744
Profit (Loss)	-	-	-	-	6,608,496	6,608,496	-	-	-	-	6,608,496
Other comprehensive income	-	-	-	-	(103,490)	(103,490)	(45,491)	1,346,139	1,020,754	2,321,402	2,217,912
Total comprehensive income	-	-	-	-	6,505,006	6,505,006	(45,491)	1,346,139	1,020,754	2,321,402	8,826,408
Conversion of convertible bonds	2,849,692	480,312	625,328	-	-	-	-	-	-	-	3,955,332
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	1,777,956	-	-	-	-	-	-	-	1,777,956
Changes in equity of associates accounted for using equity method	-	-	(687)	-	-	-	10,407	-	-	10,407	9,720
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	171,736	171,736	-	(171,736)	-	(171,736)	-
Balance on December 31, 2021	51,385,387	480,312	10,678,743	2,574,002	11,929,878	14,503,880	(148,330)	2,287,702	6,469,583	8,608,955	85,657,277
Due to donated assets received	-	-	24,489	-	-	-	-	-	-	-	24,489
Appropriation of prior year's earnings:											
Legal reserve appropriated	-	-	-	667,674	(667,674)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,163,333)	(3,163,333)	-	-	-	-	(3,163,333)
Profit (Loss)	-	-	-	-	7,091,299	7,091,299	-	-	-	-	7,091,299
Other comprehensive income	-	-	-	-	1,084,554	1,084,554	123,491	(281,163)	(6,550,020)	(6,707,692)	(5,623,138)
Total comprehensive income	-	-	-	-	8,175,853	8,175,853	123,491	(281,163)	(6,550,020)	(6,707,692)	1,468,161
Conversion of convertible bonds	2,195,868	(459,678)	1,413,847	-	-	-	-	-	-	-	3,150,037
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	795,198	-	-	-	-	-	-	-	795,198
Changes in equity of associates accounted for using equity method	-	-	21	-	-	-	4,705	-	-	4,705	4,726
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,094,502	1,094,502	-	(1,094,502)	-	(1,094,502)	-
Balance on December 31, 2022	\$ 53,581,255	20,634	12,912,298	3,241,676	17,369,226	20,610,902	(20,134)	912,037	(80,437)	811,466	87,936,555

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ <u>8,295,397</u>	<u>7,698,919</u>
Adjustments:		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	-	(25,000)
Depreciation expense	27,603,725	26,460,014
Amortization expense	190,438	213,310
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(9,213)	(42,655)
Interest expense	3,570,657	3,798,154
Interest income	(832,907)	(121,241)
Dividend income	(193,981)	(139,902)
Share of profit of subsidiaries and associates accounted for using equity method	(1,100,480)	(670,817)
Losses (gains) on disposal of property, plant and equipment	(12,226)	24,521
Losses (gains) on disposal of non-current assets classified as held for sale	(87,596)	(11,484)
Losses (gains) on disposal of investments	(76,931)	-
Unrealized foreign exchange losses (gains)	1,321,540	(1,533,477)
Others	<u>(187,766)</u>	<u>(157,474)</u>
Total adjustments to reconcile profit (loss)	<u>30,185,260</u>	<u>27,793,949</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable, net	(288,277)	(4,840)
Notes receivable—related parties	(27,149)	840
Accounts receivable, net	640,286	(3,146,658)
Accounts receivable—related parties	(33,550)	(7,560)
Inventories	16,174	59,018
Other current assets	<u>59,486</u>	<u>67,356</u>
Total changes in operating assets	<u>366,970</u>	<u>(3,031,844)</u>
Changes in operating liabilities:		
Contract liabilities	16,437,388	(936,483)
Notes payable—related parties	(826)	826
Notes and accounts payable	3,244,659	1,725,583
Accounts payable—related parties	584,422	40,190
Other payables	643,994	2,279,017
Other current liabilities	2,453,585	(1,816,779)
Net defined benefit liabilities—non-current	(464,980)	(436,884)
Other non-current liabilities	<u>3,149</u>	<u>3,011</u>
Total changes in operating liabilities	<u>22,901,391</u>	<u>858,481</u>
Total changes in operating assets and liabilities	<u>23,268,361</u>	<u>(2,173,363)</u>
Total adjustments	<u>53,453,621</u>	<u>25,620,586</u>
Cash inflow (outflow) generated from operations	61,749,018	33,319,505
Income taxes paid	<u>(594,376)</u>	<u>(230,518)</u>
Net cash flows from (used in) operating activities	<u>61,154,642</u>	<u>33,088,987</u>

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Statements of Cash Flows (continued)
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,964,502	238,711
Acquisition of financial assets at amortised cost	(18,165)	-
Proceeds from disposal of financial assets at amortised cost	20,863	-
Proceeds from disposal of financial assets at fair value through profit or loss	663,924	300,293
Acquisition of investments accounted for using equity method	(19,062)	-
Proceeds from disposal of investments accounted for using equity method	192,984	-
Proceeds from disposal of non-current assets classified as held for sale	338,664	85,461
Acquisition of property, plant and equipment	(289,785)	(9,423,075)
Proceeds from disposal of property, plant and equipment	781,095	15,310
Acquisition of intangible assets	(117,662)	(79,870)
Decrease (increase) in other non-current assets	153,129	60,827
Decrease (increase) in prepayments for business facilities	(2,915,673)	(3,042,235)
Interest received	645,528	118,981
Dividends received	<u>783,923</u>	<u>1,134,608</u>
Net cash flows from (used in) investing activities	<u>2,184,265</u>	<u>(10,590,989)</u>
Cash flows from (used in) financing activities:		
Proceeds from issuance of bonds payable	-	4,995,010
Repayments of bonds payable	-	(4,253,300)
Proceeds from long-term borrowings	10,757,700	9,810,000
Repayments of long-term borrowings	(35,771,801)	(13,458,636)
Payments of lease liabilities	(12,572,944)	(11,332,734)
Increase (decrease) in other non-current liabilities	72,181	40,447
Cash dividends paid	(3,163,333)	-
Disposal of ownership interests in subsidiaries (without losing control)	1,431,840	3,202,602
Interest paid	(2,854,101)	(3,047,362)
Other financing activities	<u>24,489</u>	<u>34,729</u>
Net cash flows from (used in) financing activities	<u>(42,075,969)</u>	<u>(14,009,244)</u>
Net increase (decrease) in cash and cash equivalents	21,262,938	8,488,754
Cash and cash equivalents at beginning of year	<u>39,563,910</u>	<u>31,075,156</u>
Cash and cash equivalents at end of year	<u><u>\$ 60,826,848</u></u>	<u><u>39,563,910</u></u>

See accompanying notes to parent-company-only financial statements.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

EVA Airways Corp (the “Company”) was incorporated on April 7, 1989, as a corporation limited by shares under special permission of the Republic of China (R.O.C.) Ministry of Transportation and Communications. The address of the Company’s registered office is No. 376, Sec. 1, Hsin-nan Road, Luchu Dist., Taoyuan City, Taiwan.

The Company’s business activities are

- (a) civil aviation transportation and general aviation business;
- (b) Wholesale and retail sale of medical devices;
- (c) to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

(2) Approval date and procedures of the financial statements

The parent-company-only financial statements were authorized for issue by the Company’s Board of Directors as of March 13, 2023.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C.(“FSC”) 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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Company’s adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

- (i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company may need to recognize equal deferred income tax assets and deferred income tax liabilities. The amendments aforementioned are not expected to have an impact on the Company’s retained earnings.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Company’s financial statements.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and its amendments
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

The significant accounting policies have been applied consistently to all periods presented in these financial statements, except when otherwise indicated. The significant accounting policies presented in the parent-company-only financial statements are summarized as follows:

- (a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(b) Basis of preparation

(i) Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value; and
- 4) The net defined benefit liabilities are recognized as the present value of the defined benefit obligation, less, the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transactions.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income that arise from the retranslation :

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered as a part of investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting date; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting date; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(f) Financial instruments

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend income clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, other financial assets, etc).

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have any equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest and gain or loss related to the financial liabilities are recognized in profit or loss, and are included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses under non-operating income and expenses.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and fuel price exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

The Company designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

An initial designated hedging relationship, the Company documents the risk management objectives and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in “other equity—gains (losses) on hedging instruments”. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or in the periods during which the hedged item affects the profit or loss, and is presented in the same accounting item with the hedged item recognized in the statement of comprehensive income. However, for a cash flow hedge of a forecast transaction recognized as a nonfinancial asset or liability, the amount accumulated in “other equity—gains (losses) on hedging instruments” and retained in other comprehensive income is reclassified as the initial cost of the nonfinancial asset or liability.

The Company prospectively discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the selling expenses.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(h) Non-current assets or disposal group classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Once classified as held for sale, property, plant and equipment and investment property are no longer depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized profits resulting from transactions between the Company and an associate are eliminated to the extent of the Company's interests in the associate. Unrealized losses on transactions with an associate are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at initial acquisition cost less any subsequent accumulated depreciation. Depreciation methods, useful lives and residual values are in accordance with the policy of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Major inspection and overhaul cost

Major inspection and overhaul expenditures of self-owned and leased aircraft are capitalized as costs of aircraft and leased assets by components, and are depreciated using the straight-line method over the estimated useful life of the overhaul. Costs of designated inspections to be performed at the end of the lease term of leased aircraft are estimated and depreciated using the straight-line method over the lease term.

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual value, and it shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Land has unlimited useful life and therefore is not depreciated.
- 2) Building and structures:

Main Buildings	20 to 55 years
Others	5 to 15 years
- 3) Machinery and equipment:

Electro-mechanical equipment	3 to 18 years
Others	1 to 18 years
- 4) Aircraft:

Airframes	15 to 18 years
Aircraft cabins	12 years
Engines	15 to 18 years
- 5) Leased improvements are depreciated over the shorter of the lease term or the estimated useful life.

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(m) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS 15 to be accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the transfer of an asset does not satisfy the requirement of IFRS 15 to be accounted for as a sale of the asset, the Company will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income over the lease term as part of income.

(n) Impairment of non-financial assets

The Company measures whether impairment occurred in non-financial assets (except for inventories and deferred tax assets), at each reporting date, and estimates their recoverable amount. If it is not possible to determine the recoverable amount (fair value less costs to sell and value in use) for an individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company should assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of previously recognized impairment loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

(Continued)

EVA AIRWAYS CORP.
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(o) Provision

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

The estimated recovery costs are incurred through the lease of aircraft. The Company's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Company expects all of the maintenance expenses to be reimbursed when the Company returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft.

(p) Intangible assets

Intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

The amortization amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of 3~5 years of intangible assets, other than goodwill and intangible assets with indefinite useful lives, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Aviation transportation revenue

Ticket sales for passengers and cargo are recorded as unearned revenue. They are included in contract liabilities, and recognized as revenue when service is provided.

(Continued)

EVA AIRWAYS CORP.
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2) Customer loyalty program

The Company has a customer loyalty program, whereby, customers are awarded rights of accumulating mileages during their flights, and the fair value of the consideration received or receivable in respect of initial sale is allocated between the rights of accumulated mileages and the other components of the sale. The amount allocated to rights of accumulated mileages is estimated by the fair value of the redeemable part of the customer loyalty program and by reference to past experience of probability of redemption. Thus, the corresponding fair value is estimated and deferred, and service revenues will not be recognized until the rights have been redeemed and obligations are fulfilled. Also, contract liabilities will be converted into revenues when it is expected that the rights are probable not to be redeemed.

3) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the utility of the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Accounts receivable are recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(r) Government grants

The Company recognizes an unconditional government grant related COVID-19 as reduction of expenses when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss in the periods in which the expenses or losses are recognized.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company recognizes the amounts in retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(t) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

- (i) Assets and liabilities that are initially recognized but are not related to a business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The Company has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated at each reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

- (u) Earnings per share (EPS)

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit or loss attributable to the ordinary equity holders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit or loss attributable to ordinary equity holders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

- (v) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

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

The preparation of the parent-company-only financial statements 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. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next year.

There is no information about critical judgments in the parent-company-only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next year is as follows:

Contract liabilities – mileage redemption revenue

For the rights of accumulated mileages that are estimated by using the fair value of the redeemable part of the customer loyalty program and, the reference to past experience of probability of redemption; please refer to note 4(q) for further details on related matter. Changes in fair value per mileage or redemption rate may have a material impact on the contract liabilities – mileage redemption revenue. Also, contract liabilities – mileage redemption revenue will be converted into revenues when the member actually redeems the mileage or it is expected that the rights are probable not to be redeemed; please refer to note 6(v) for estimation of contract liabilities – mileage redemption revenue.

The accounting policy and disclosure of the Company include measuring the financial assets and financial liabilities at fair value. The accounting department of the Company uses information of external information to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The accounting department of the Company regularly revises the evaluation models and the input parameters, makes essential adjustments to ensure that the evaluation results is reasonable.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in notes 6(g), 6(l) and 6(y).

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash on hand	\$ 78,863	74,843
Cash in bank	<u>60,747,985</u>	<u>39,489,067</u>
	<u>\$ 60,826,848</u>	<u>39,563,910</u>

Refer to note 6(y) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets

(i) Financial assets at fair value through profit or loss

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Money market funds	\$ 731,486	1,390,560
Convertible bonds with embedded derivatives	<u>4,641</u>	<u>21,612</u>
	<u>\$ 736,127</u>	<u>1,412,172</u>

The derivative financial instruments arose from the issuance of convertible bonds of the Company were stated in note 6(o).

(ii) Financial assets at fair value through other comprehensive income

	<u>2022.12.31</u>	<u>2021.12.31</u>
Equity investments at fair value through other comprehensive income:		
Publicly traded stocks	\$ 988,353	3,384,443
Non-publicly traded stocks	<u>824,680</u>	<u>627,983</u>
	<u>\$ 1,813,033</u>	<u>4,012,426</u>

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

For the years of 2022 and 2021, the Company has sold its equity securities as at fair value through other comprehensive income. The shares sold had a fair value of \$1,964,502 and \$238,711, and the Company recognized gains of \$1,094,502 and \$171,736, which was accounted for as other equity, respectively. The gains has been transferred to retained earnings.

(iii) For credit risk and market risk, please refer to note 6(y).

(iv) The aforementioned financial assets were not pledged.

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(c) Financial instruments used for hedging

The details of financial liabilities for hedging were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial liabilities for hedging:		
Foreign currency component of non-derivative lease liabilities	\$ <u>70,436,429</u>	<u>74,969,915</u>
Current	\$ 13,084,120	11,664,825
Non-current	<u>57,352,309</u>	<u>63,305,090</u>
	<u>\$ 70,436,429</u>	<u>74,969,915</u>

(i) The foreign currency component of non-derivative lease liabilities

The Company uses the foreign currency component of lease liabilities to hedge foreign currency risk on the cash inflow from operating revenue with a highly probable forecast transaction. As of December 31, 2022 and 2021, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

<u>Hedged item</u>	<u>Hedging instrument</u>	<u>Lease liabilities of assigned hedging instrument</u>		<u>Period when cash flows are expected to occur</u>	<u>Period when profit or loss is affected</u>
		<u>2022.12.31</u>	<u>2021.12.31</u>		
Foreign currency of operating revenue	Foreign currency of lease liabilities	<u>\$ 70,436,429</u>	<u>74,969,915</u>	2021~2032	2021~2032

(ii) The details arising from cash flow hedges for the years ended December 31, 2022 and 2021, were as follows:

<u>Account Item</u>	<u>2022</u>	<u>2021</u>
Recognized in other comprehensive income during the period	\$ <u>(8,187,525)</u>	<u>1,275,943</u>
Reclassification from equity to exchange losses (gains) for the period	\$ <u>(521,671)</u>	<u>(1,290,079)</u>

There was no ineffective portion of unsettled cash flow hedge recognized in profit or loss.

(d) Notes and accounts receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable (including related parties)	\$ 320,739	5,313
Accounts receivable (including related parties)	8,106,001	8,717,948
Less: allowance for impairment	<u>(4,928)</u>	<u>(10,139)</u>
	<u>\$ 8,421,812</u>	<u>8,713,122</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 receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision was determined as follows:

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

	2022.12.31		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 8,420,577	-	-
Overdue within 30 days	-	-	-
Overdue 31~60 days	1,011	3.45%	35
Overdue over 60 days but less than one year	2,312	13.18%~100%	880
Overdue more than one year	2,840	100%	2,840
	<u>\$ 8,426,740</u>		<u>3,755</u>
	2021.12.31		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 8,707,953	-	-
Overdue within 30 days	7,705	32.91%	2,536
Overdue 31~60 days	1,339	100%	1,339
Overdue over 60 days but less than one year	291	100%	291
Overdue more than one year	5,973	100%	5,973
	<u>\$ 8,723,261</u>		<u>10,139</u>

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

	2022	2021
Balance on January 1	\$ 10,139	54,576
Impairment losses recognized (reversed)	-	(25,000)
Amounts written off	(5,211)	(19,437)
Balance on December 31	<u>\$ 4,928</u>	<u>10,139</u>

The aforementioned notes and accounts receivable were not pledged. Other credit risk information please refer to note 6(y).

(e) Other receivables

	2022.12.31	2021.12.31
Other receivables—related parties	\$ 178,799	166,943
Others	221,102	95,210
Less: allowance for impairment	-	-
	<u>\$ 399,901</u>	<u>262,153</u>

(Continued)

EVA AIRWAYS CORP.
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For the years ended December 31, 2022 and 2021, the Company was awarded government grants amounting to \$840,697 and \$1,392,300, respectively, due to COVID-19 pandemic. The grants that compensated the Company for expenses or losses incurred were recognized in profit or loss in the periods in which the expenses or losses were recognized. As of December 31, 2022 and 2021, the receivables related to the abovementioned grant amounted to \$20,003 and \$67,799, respectively.

There were no change on the movements in the allowance for impairment of other receivables for the years ended December 31, 2022 and 2021.

The aforementioned other receivables were not pledged. Other credit risk information please refer to note 6(y).

(f) Inventories

(i) The components were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Aircraft spare parts	\$ 197,901	158,363
Consumables for use and merchandise for in-flight sales	883,558	985,044
Fuel for aircraft and others	<u>71,419</u>	<u>26,271</u>
	<u>\$ 1,152,878</u>	<u>1,169,678</u>

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

	<u>2022</u>	<u>2021</u>
Losses on (gains on reversal) valuation of inventories and obsolescence	<u>\$ 22,645</u>	<u>(233,888)</u>

The aforementioned gains on reversal valuation of inventories were due to the disposal of inventories which had been recognized as loss on valuation.

As of December 31, 2022 and 2021, these inventories were not pledged.

(g) Non-current assets or disposal group classified as held for sale

A part of the office building in Los Angeles was presented as non-current assets or disposal group classified as held for sale following the expectation of the Company's management to sell part of the building. The efforts to sell the disposal group have commenced, and sales are expected to be completed within one year. As of December 31, 2022 and 2021, the non-current assets or disposal group classified as held for sale comprised assets were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Property, plant and equipment	<u>\$ -</u>	<u>37,437</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

As of December 31, 2022 and 2021, the non-recurring fair value measurements for non-current assets or disposal group classified as held for sale of \$0 and \$48,039, respectively (before costs to sell amounted to \$0 and \$2,627, respectively) have been categorized as a Level 2 fair value based on the observable inputs with settled deals.

(h) Investments accounted for using equity method

The components were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Subsidiaries	\$ 11,927,733	11,751,694
Associates	<u>34,838</u>	<u>135,130</u>
	<u>\$ 11,962,571</u>	<u>11,886,824</u>

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2022.

(ii) Associates

In 2022, the Company subscribed the new shares contributed by EverFun Travel Services Corp. for \$19,062 in cash, and the shareholding percentage decreased from 26.48% to 25.18%.

In 2022, the Company disposed all shares of Evergreen Security Corp. to other related party, with a selling price of \$192,984. Therefore, the Company recognized a gain of \$76,931, which was included under other gains and losses in the consolidated statements of comprehensive income.

Summary of financial information for the individually insignificant investments in associates accounted for using equity method was as follows. The aforementioned financial information was included in the parent-company-only financial statements of the Company.

	<u>2022</u>	<u>2021</u>
Attributable to the Company:		
Profit (loss)	\$ (3,627)	(8,746)
Other comprehensive income	<u>-</u>	<u>(2,527)</u>
Comprehensive income	<u>\$ (3,627)</u>	<u>(11,273)</u>

(iii) Pledged

As of December 31, 2022 and 2021, the investments accounted for using equity method were not pledged.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(i) Changes in a parent's ownership interest in subsidiaries

In order to prepare for the listing of the subsidiary, Evergreen Aviation Technologies Corp., (hereinafter refer to as EGAT), and comply with the "Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings", the release of the shares of EGAT held by the Company was resolved in the shareholders' meeting of the Company on July 16, 2021. The shares shall be subscribed preferentially by all shareholders of the Company on the basis of the percentage of shareholdings, and the number of shares of subscription not fully been subscribed by shareholders of the Company shall be purchased by the specific person's designated by the Chairman. The subscription price, which was referred to the reasonable opinion issued by the professional institution, was set at \$62~\$63 per share.

For the years ended December 31, 2022 and 2021, the Company has disposed of 22,796 and 51,204 thousand shares of EGAT with a total selling price of \$1,431,840 and \$3,202,602, respectively. Therefore, the Company recognized a gain of \$802,579 and \$1,794,534, respectively, which was accounted for capital surplus.

(j) Property, plant and equipment

The movements of the Company's property, plant and equipment were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Leased improvements</u>	<u>Aircraft</u>	<u>Total</u>
Cost:						
Beginning balance as of January 1, 2022	\$ 2,875,721	8,029,090	20,990,306	1,603,748	159,312,933	192,811,798
Additions	-	-	287,820	915	-	288,735
Disposals	-	-	(869,349)	(158,131)	(1,218,896)	(2,246,376)
Reclassification (Note)	-	-	(75,649)	7,123	-	(68,526)
Balance as of December 31, 2022	<u>\$ 2,875,721</u>	<u>8,029,090</u>	<u>20,333,128</u>	<u>1,453,655</u>	<u>158,094,037</u>	<u>190,785,631</u>
Beginning balance as of January 1, 2021	\$ 2,872,685	7,997,985	20,179,622	1,649,570	145,549,912	178,249,774
Additions	-	-	810,736	225	8,609,786	9,420,747
Disposals	-	-	(836,705)	(46,047)	-	(882,752)
Reclassification (Note)	3,036	31,105	836,653	-	5,153,235	6,024,029
Balance as of December 31, 2021	<u>\$ 2,875,721</u>	<u>8,029,090</u>	<u>20,990,306</u>	<u>1,603,748</u>	<u>159,312,933</u>	<u>192,811,798</u>
Accumulated depreciation:						
Beginning balance as of January 1, 2022	\$ -	3,762,229	10,582,737	1,155,413	56,710,195	72,210,574
Depreciation expense	-	262,078	1,394,406	119,864	9,546,545	11,322,893
Disposals	-	-	(841,480)	(158,097)	(477,930)	(1,477,507)
Reclassification (Note)	-	-	(15,196)	-	-	(15,196)
Balance as of December 31, 2022	<u>\$ -</u>	<u>4,024,307</u>	<u>11,120,467</u>	<u>1,117,180</u>	<u>65,778,810</u>	<u>82,040,764</u>
Beginning balance as of January 1, 2021	\$ -	3,498,984	10,377,451	1,064,960	47,815,225	62,756,620
Depreciation expense	-	263,245	1,394,829	136,274	8,894,970	10,689,318
Disposals	-	-	(797,100)	(45,821)	-	(842,921)
Reclassification (Note)	-	-	(392,443)	-	-	(392,443)
Balance as of December 31, 2021	<u>\$ -</u>	<u>3,762,229</u>	<u>10,582,737</u>	<u>1,155,413</u>	<u>56,710,195</u>	<u>72,210,574</u>
Carrying amounts:						
Balance as of December 31, 2022	<u>\$ 2,875,721</u>	<u>4,004,783</u>	<u>9,212,661</u>	<u>336,475</u>	<u>92,315,227</u>	<u>108,744,867</u>
Balance as of December 31, 2021	<u>\$ 2,875,721</u>	<u>4,266,861</u>	<u>10,407,569</u>	<u>448,335</u>	<u>102,602,738</u>	<u>120,601,224</u>
Balance as of January 1, 2021	<u>\$ 2,872,685</u>	<u>4,499,001</u>	<u>9,802,171</u>	<u>584,610</u>	<u>97,734,687</u>	<u>115,493,154</u>

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Note: Reclassifications are mainly the transfers of property, plant and equipment to operating costs, operating expenses and prepayments for business facilities being reclassified to property, plant and equipment.

(i) Leased aircraft

The estimated recovery costs incurred by leasing aircraft are recognized as right-of-use assets, please refer to note 6(k). The related restoration obligations are recognized as other current liabilities and other non-current liabilities and are amortized using interest method. Refer to note 6(q) for the movements of restoration obligations.

(ii) Impairment test

According to IAS 36 “Impairment of assets”, the Company periodically assesses for any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. When evaluating the recoverable amount of the CGU, the pre-tax discount rate is used to estimate the future cash flow. After performing the impairment test, the recoverable amount for the CGU turned out to be higher than its carry amounts. Therefore, there is no impairment loss to be recognized at December 31, 2021. There was no indication of impairment as of December, 2022.

The recoverable amounts of CGU were evaluated, and the critical assumptions used for this evaluation were as follows:

- 1) The cash flow period of twelve years, which was estimated on the basis of previous experience, actual operating result and management-approved financial budget.
- 2) The estimated operating revenue, operating costs, and operating expenses based on the future operation plan, taking into consideration the changes and business competitions within the industry.
- 3) For the year ended December 31, 2021, the estimate discount rate is 3.17%.

(iii) Pledge

As of December 31, 2022 and 2021, the Company’s property, plant and equipment were used as pledge for long-term borrowings and lines of credit, and they are disclosed in note 8.

- (iv) For the years ended December 31, 2022 and 2021, the Company capitalized the interest expenses amounted to \$166,572 and \$122,584, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.13%~0.14% and 0.07%, respectively.

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(k) Right-of-use assets

The movements in the Company's leases on land, building and structures, as well as aircraft, were as follow:

	<u>Land</u>	<u>Building and structures</u>	<u>Aircraft</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost:					
Beginning balance as of January 1, 2022	\$ 382,335	1,671,056	141,135,084	93,147	143,281,622
Additions	10,311	428,341	2,572,445	41,034	3,052,131
Decrease	-	(19,441)	(695,869)	(20,679)	(735,989)
Balance as of December 31, 2022	<u>\$ 392,646</u>	<u>2,079,956</u>	<u>143,011,660</u>	<u>113,502</u>	<u>145,597,764</u>
Beginning balance as of January 1, 2021	\$ 382,335	1,435,486	140,729,381	88,848	142,636,050
Additions	-	244,499	405,703	25,747	675,949
Decrease	-	(8,929)	-	(21,448)	(30,377)
Balance as of December 31, 2021	<u>\$ 382,335</u>	<u>1,671,056</u>	<u>141,135,084</u>	<u>93,147</u>	<u>143,281,622</u>
Accumulated depreciation:					
Beginning balance as of January 1, 2022	\$ 77,773	1,139,657	50,526,872	52,648	51,796,950
Depreciation expense	26,950	388,144	15,824,274	25,604	16,264,972
Decrease	-	(18,462)	(695,869)	(18,687)	(733,018)
Balance as of December 31, 2022	<u>\$ 104,723</u>	<u>1,509,339</u>	<u>65,655,277</u>	<u>59,565</u>	<u>67,328,904</u>
Beginning balance as of January 1, 2021	\$ 50,835	752,298	35,238,630	46,579	36,088,342
Depreciation expense	26,938	395,617	15,288,242	24,769	15,735,566
Decrease	-	(8,258)	-	(18,700)	(26,958)
Balance as of December 31, 2021	<u>\$ 77,773</u>	<u>1,139,657</u>	<u>50,526,872</u>	<u>52,648</u>	<u>51,796,950</u>
Carrying amount:					
Balance as of December 31, 2022	<u>\$ 287,923</u>	<u>570,617</u>	<u>77,356,383</u>	<u>53,937</u>	<u>78,268,860</u>
Balance as of December 31, 2021	<u>\$ 304,562</u>	<u>531,399</u>	<u>90,608,212</u>	<u>40,499</u>	<u>91,484,672</u>
Balance as of January 1, 2021	<u>\$ 331,500</u>	<u>683,188</u>	<u>105,490,751</u>	<u>42,269</u>	<u>106,547,708</u>

(l) Investment property

The movements of the Company's investment property were as follows:

	<u>Land</u>	<u>Building and structures</u>	<u>Total</u>
Cost:			
Beginning balance as of January 1, 2022	\$ 81,652	623,468	705,120
Transfer to non-current assets classified as held for sale	(26,080)	(199,233)	(225,313)
Balance as of December 31, 2022	<u>\$ 55,572</u>	<u>424,235</u>	<u>479,807</u>
Beginning balance as of January 1, 2021	\$ -	-	-
Transfer from non-current assets classified as held for sale	86,159	657,898	744,057
Transferred to non-current assets classified as held for sale	(4,507)	(34,430)	(38,937)
Balance as of December 31, 2021	<u>\$ 81,652</u>	<u>623,468</u>	<u>705,120</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

	<u>Land</u>	<u>Building and structures</u>	<u>Total</u>
Accumulated depreciation:			
Beginning balance as of January 1, 2022	\$ -	33,630	33,630
Depreciation expense	-	15,860	15,860
Transfer to non-current assets classified as held for sale	<u>-</u>	<u>(11,683)</u>	<u>(11,683)</u>
Balance as of December 31, 2022	<u>\$ -</u>	<u>37,807</u>	<u>37,807</u>
Beginning balance as of January 1, 2021	\$ -	-	-
Depreciation expense	-	35,130	35,130
Transferred to non-current assets classified a held for sale	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
Balance as of December 31, 2021	<u>\$ -</u>	<u>33,630</u>	<u>33,630</u>
Carrying amounts:			
Balance as of December 31, 2022	<u>\$ 55,572</u>	<u>386,428</u>	<u>442,000</u>
Balance as of December 31, 2021	<u>\$ 81,652</u>	<u>589,838</u>	<u>671,490</u>
Balance as of January 1, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fair value:			
Balance as of December 31, 2022			<u>\$ 676,465</u>
Balance as of December 31, 2021			<u>\$ 847,998</u>
Balance as of January 1, 2021			<u>\$ -</u>

The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience within the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value had been classified to Level 3.

As of December 31, 2022 and 2021, the Company's investment property was not pledged.

(m) Intangible assets

The movements of the Company's intangible assets were as follows:

	<u>Computer software</u>
Cost:	
Beginning balance as of January 1, 2022	\$ 821,866
Additions	117,662
Disposals	<u>(161,012)</u>
Balance as of December 31, 2022	<u>\$ 778,516</u>
Beginning balance as of January 1, 2021	\$ 1,067,204
Additions	79,870
Disposals	<u>(325,208)</u>
Balance as of December 31, 2021	<u>\$ 821,866</u>

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

	Computer software
Accumulated amortization:	
Beginning balance as of January 1, 2022	\$ 407,470
Amortization expense	190,438
Disposals	(161,012)
Balance as of December 31, 2022	<u>\$ 436,896</u>
Beginning balance as of January 1, 2021	\$ 519,368
Amortization expense	213,310
Disposals	(325,208)
Balance as of December 31, 2021	<u>\$ 407,470</u>
Carrying amounts:	
Balance as of December 31, 2022	<u>\$ 341,620</u>
Balance as of December 31, 2021	<u>\$ 414,396</u>
Balance as of January 1, 2021	<u>\$ 547,836</u>

(i) Amortization

For the years ended December 31, 2022 and 2021, the amortization of intangible assets is included under operating expenses in the statements of comprehensive income.

(ii) Pledge

The aforementioned intangible assets were not pledged.

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

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

	2022.12.31	2021.12.31
Prepaid expense	\$ 160,721	196,229
Other receivables (including related parties)	399,901	262,153
Others	91,672	63,126
Total	<u>\$ 652,294</u>	<u>521,508</u>

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

	2022.12.31	2021.12.31
Prepayments for business facilities	\$ 15,286,363	12,295,948
Refundable deposits	1,088,117	1,068,224
Pledged time deposits	143,975	316,997
Total	<u>\$ 16,518,455</u>	<u>13,681,169</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(o) Long-term borrowings and bonds payable

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

2022.12.31				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Unsecured convertible bonds	TWD	-	2026/09/01	\$ 718,559
Less: Current portion (included in current portion of long-term liabilities)				-
Total				<u>\$ 718,559</u>
Unsecured loans	TWD	0.94%~1.91%	2023/03/23~2027/02/24	\$ 10,169,161
Secured loans	TWD	0.97%~2.06%	2024/07/28~2034/03/21	53,431,033
Subtotal				63,600,194
Less: Current portion				(11,403,514)
Total				<u>\$ 52,196,680</u>

2021.12.31				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Unsecured convertible bonds	TWD	-	2026/09/01	\$ 3,871,341
Less: Current portion (included in current portion of long-term liabilities)				-
Total				<u>\$ 3,871,341</u>
Unsecured loans	TWD	0.93%~1.20%	2022/03/21~2026/12/14	\$ 34,106,250
Secured loans	TWD	0.97%~1.18%	2024/07/28~2032/11/24	54,508,045
Subtotal				88,614,295
Less: Current portion				(11,524,808)
Total				<u>\$ 77,089,487</u>

The details of convertible bonds were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Total convertible bonds issued	\$ 5,000,000	15,000,000
Less: Unamortized discounted bonds payable	(29,941)	(206,459)
Cumulative converted amount	(4,251,500)	(4,602,900)
Cumulative put/call amount	-	(6,319,300)
Convertible bonds issued balance	<u>\$ 718,559</u>	<u>3,871,341</u>
Embedded derivatives – put/call options (included in financial assets/(liabilities) at fair value through profit or loss)	<u>\$ 4,641</u>	<u>21,612</u>
Equity components – conversion options (included in capital surplus – share options)	<u>\$ 401,999</u>	<u>572,289</u>

(Continued)

EVA AIRWAYS CORP.
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Please refer to note 6(x) for the valuation loss/profit of embedded derivatives— put/call options, which were recognized in net gains/losses on financial assets and liabilities at fair value through profit or loss, and the related interest expenses for the convertible bonds.

On October 27, 2017, the Company issued the third unsecured domestic convertible bonds amounting to \$7,000,000 and was measured at an initial effective rate of 1.23%. The major terms are as follows:

- (i) Total issue amount: TWD7,000,000
- (ii) Issue price: At par value 100.2%.
- (iii) Maturity date: Five years, with the maturity date on October 27, 2022.
- (iv) Coupon rate: 0%.
- (v) Conversion target: Ordinary shares of the Company.
- (vi) Conversion price: The price determination day was October 19, 2017; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104.24% (rounded off to the 1st decimal place). If the ex-dividend or the ex-rights date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula.
- (vii) Conversion period: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:
 - 1) The closing period in accordance with the applicable laws;
 - 2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
 - 3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.
- (viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100% of the par value within 5 business days following such date.
- (ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount.

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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

- (x) Others: As of December 31, 2021, the third unsecured domestic convertible bonds, with a face value of \$682,200 and a conversion price before exercising the redemption price of \$13.4 per share, had been converted into 48,075 thousand ordinary shares. In addition, the Company put/called its third unsecured domestic convertible bonds amounting to \$6,317,800. It has also exercised its redemption rights by terminating the OTC trading of its third domestic unsecured convertible bonds in August 2021.

On October 21, 2020, the Company issued the fourth unsecured domestic convertible bonds amounting to \$3,000,000 and was measured at an initial effective rate of 1.04%. The major terms are as follows:

- (i) Total issue amount: TWD3,000,000
- (ii) Issue price: At par value
- (iii) Maturity date: Five years, with the maturity date on October 21, 2025.
- (iv) Coupon rate: 0%.
- (v) Conversion target: Ordinary shares of the Company.
- (vi) Conversion price: The price determination day was October 13, 2020; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104% (rounded off to the 1st decimal place). If the ex-dividend or the ex-rights date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula.
- (vii) Conversion period: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:
 - 1) The closing period in accordance with the applicable laws;
 - 2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
 - 3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease;
 - 4) The period from the date of the suspension of the conversion in respect of the change of par value of the Issuer's shares to one day prior to the first trading date of shares reissued after the change of par value.

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EVA AIRWAYS CORP.
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- (viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100.75% of the par value within 5 business days following such date.
- (ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount.

If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

- (x) Others: As of December 31, 2021, the fourth unsecured domestic convertible bonds, with a face value of \$2,998,500 and a conversion price before exercising the redemption price of \$11.2 per share, had been converted into 267,723 thousand ordinary shares. In addition, the Company called its fourth unsecured domestic convertible bonds amounting to \$1,500. It has also exercised its redemption rights by terminating the OTC trading of its fourth domestic unsecured convertible bonds in August 2021.

On September 1, 2021, the Company issued the fifth unsecured domestic convertible bonds amounting to \$5,000,000 and was measured at an initial effective rate of 1.12%. The major terms are as follows:

- (i) Total issue amount: TWD5,000,000
- (ii) Issue price: At par value
- (iii) Maturity date: Five years, with the maturity date on September 1, 2026.
- (iv) Coupon rate: 0%.
- (v) Conversion target: Ordinary shares of the Company.
- (vi) Conversion price: The record date of conversion price was on August 24, 2021; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104% (rounded off to the 1st decimal place). If the ex-dividend or the ex-right date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula. As of December 31, 2022 and 2021, the conversion price was \$18.9 and \$19.2, respectively. In addition, the fifth unsecured domestic convertible bonds, with the face value of \$4,251,500 and \$922,200, had been converted into 221,650 and 48,031 thousand ordinary shares, respectively.

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EVA AIRWAYS CORP.
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- (vii) Conversion period: The bondholders can convert their bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:
- 1) The closing period in accordance with the applicable laws;
 - 2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
 - 3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease;
 - 4) The period from the date of the suspension of the conversion in respect of the change of par value of the Issuer's shares to one day prior to the first trading date of shares reissued after the change of par value.
- (viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100.75% of the par value within 5 business days following such date.
- (ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount.

If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.

As of December 31, 2022, the details of the future repayment periods and amounts of the Company's long-term borrowings and bonds payable were as follows:

<u>Year due</u>	<u>Amount</u>
2023.1.1~2023.12.31	\$ 11,403,514
2024.1.1~2027.12.31	37,678,081
2028.1.1 and thereafter	<u>15,237,158</u>
	<u>\$ 64,318,753</u>

Information on the Company's exposure to interest rate risk and liquidity risk is disclosed in note 6(y).

- (i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

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EVA AIRWAYS CORP.
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(ii) Unused lines of credit

As of December 31, 2022 and 2021 the unused credit lines for short-term and long-term borrowings amounted to \$5,707,298 and \$11,115,970, respectively.

(iii) Guarantee from the government for loans

As of December 31, 2022 and 2021, the Company applied to different financial institutions for its project loans amounting to \$241,800 and \$29,660,000, respectively, which were guaranteed by the government in accordance with the “Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens” endorsed by the Ministry of Transportation and Communications and by the Ministry of Economic Affairs, wherein the outstanding loans amounting to \$241,800 and \$23,310,000, respectively. The guarantee loans shall be repaid within two to five years from their initial withdrawal.

(p) Lease liabilities

The components of lease liabilities were as follow:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial liabilities for hedging— current	\$ <u>13,084,120</u>	<u>11,664,825</u>
Financial liabilities for hedging— non-current	\$ <u>57,352,309</u>	<u>63,305,090</u>
Lease liabilities— current	\$ <u>92,794</u>	<u>140,705</u>
Lease liabilities— non-current	\$ <u>399,791</u>	<u>323,618</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>1,873,993</u>	<u>2,213,057</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>10,175</u>	<u>9,249</u>
Expenses relating to short-term leases	\$ <u>80,716</u>	<u>79,345</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,448</u>	<u>1,164</u>
COVID-19-related rent concessions	\$ <u>145,183</u>	<u>170,964</u>

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

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>14,519,445</u>	<u>13,613,116</u>

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EVA AIRWAYS CORP.
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The Company leases land, building and structures as well as aircraft for its office space and operating needs. The leases of building and structures typically run for a period of 1 to 10 years, and of aircraft for 12 years. The Company's lease contracts include an option to renew the lease for an additional period of the same duration after the end of the contract term or extension options. These leases are negotiated and monitored by the local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors, in which the leases are not reasonably certain to be used as an optional extended lease term. Payments associated with the optional period are not included within lease liabilities.

The Company also leases its offices and vehicles equipment with lease terms ranging from 1 to 5 years. These leases are short-term leases or leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(q) Restoration obligations

The movements of the restoration obligations were as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance as of January 1	\$ 21,326,586	21,900,283
Additions	3,343,621	1,231,449
Decreases	(2,661,469)	(1,561,746)
Effect of exchange rate changes	<u>1,845,909</u>	<u>(243,400)</u>
Balance as of December 31	<u><u>\$ 23,854,647</u></u>	<u><u>21,326,586</u></u>

The estimated recovery costs are incurred through the lease of aircraft. The Company's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Company expects all of the maintenance expenses to be reimbursed when the Company returns back all its rented aircraft. The amounts are estimated by gauging the maintenance experiences of similar types of aircraft, the actual maintenance expenses in the past, and the historical information on the usage of the aircraft. The Company's restoration obligations are included in other current liabilities and other non-current liabilities.

(r) Employee benefits

(i) Defined benefit plans

The movements in the present value of the defined benefit obligations and the fair value of plan assets were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Total present value of defined benefit obligations	\$ 7,821,488	8,660,467
Fair value of plan assets	<u>(6,724,520)</u>	<u>(6,003,595)</u>
Recognized liabilities of net defined benefit obligations	<u><u>\$ 1,096,968</u></u>	<u><u>2,656,872</u></u>

(Continued)

EVA AIRWAYS CORP.
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The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Act) entitle a retired employee to receive retirement payment calculated by the units based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance in Bank of Taiwan amounted to \$6,640,833 as of December 31, 2022. The utilization of the labor pension fund assets, including the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations as of January 1	\$ 8,660,467	8,742,471
Benefits paid by the plan	(432,351)	(468,818)
Current service costs and interest	231,916	232,146
Net remeasurements of defined benefit liabilities		
— Experience adjustments	(66,319)	(182,795)
— Actuarial losses (gains) arising from changes in demographic assumptions	56,150	147,388
— Actuarial losses (gains) arising from changes in financial assumptions	(628,375)	190,075
Defined benefit obligations as of December 31	<u>\$ 7,821,488</u>	<u>8,660,467</u>

3) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets as of January 1	\$ 6,003,595	5,741,468
Contributions from plan participants	595,134	600,395
Benefits paid by the plan	(368,720)	(436,755)
Expected return on plan assets	38,131	36,572
Net remeasurements of defined benefit liabilities		
— Return on plan assets (excluding the amounts included in net interest expense)	456,380	61,915
Fair value of plan assets as of December 31	<u>\$ 6,724,520</u>	<u>6,003,595</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Current services costs	\$ 179,026	178,814
Net interest on the net defined benefit liabilities	14,759	16,760
	<u>\$ 193,785</u>	<u>195,574</u>
Operating costs	\$ 161,829	161,692
Operating expenses	31,956	33,882
	<u>\$ 193,785</u>	<u>195,574</u>

5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income (before tax)

The Company's remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

	<u>2022</u>	<u>2021</u>
Accumulated losses as of January 1	\$ (4,251,187)	(4,158,434)
Gains (losses) recognized during the period	1,094,924	(92,753)
Accumulated losses as of December 31	<u>\$ (3,156,263)</u>	<u>(4,251,187)</u>

6) Actuarial assumptions

The rate applied in calculating the present value of defined benefit obligations at the reporting date was as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.75%	0.625%
Future salary increases	1.71%~4.03%	1.14%~5.14%

The Company expects to make contributions of \$639,317 to the defined benefit plans in the next year starting from December 31, 2022.

The weighted average of the defined benefit plans is 11.68 years.

(Continued)

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7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligations:

	Effects to the defined benefit obligations			
	Favorable		Unfavorable	
	2022.12.31	2021.12.31	2022.12.31	2021.12.31
Discount rate (0.25%)	151,302	184,518	156,363	190,957
Future salary increases (0.25%)	142,724	173,217	146,634	178,257

There is no change in other assumptions when performing the abovementioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net defined benefit liabilities.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans

The Company set aside 6% of each employee's monthly wages to contribute to the labor pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to contribute to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside \$495,993 and \$492,464 as pension costs under the defined contribution plans in 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(s) Income tax

(i) The components of estimated income tax benefit (expenses) were as follows:

	2022	2021
Current tax benefit (expenses)	\$ (1,852,096)	(31,361)
Deferred tax benefit (expenses)	647,998	(1,059,062)
Income tax benefit (expenses)	\$ (1,204,098)	(1,090,423)

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

- (ii) The amounts of income tax benefit (expenses) recognized in other comprehensive income were as follows:

	<u>2022</u>	<u>2021</u>
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	\$ (218,985)	18,550
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	<u>3,516</u>	<u>(245)</u>
	<u>\$ (215,469)</u>	<u>18,305</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Gains or losses on hedging instruments	<u>\$ 1,637,505</u>	<u>(255,189)</u>

Reconciliations of income tax benefit (expenses) and profit (loss) before tax were as follows:

	<u>2022</u>	<u>2021</u>
Profit (loss) before tax	<u>\$ 8,295,397</u>	<u>7,698,919</u>
Income tax using the Company's domestic tax rate	\$ (1,659,079)	(1,539,784)
Exempt income	447,935	438,534
Income basic tax	-	(184,794)
Additional tax on undistributed earnings	(142,287)	-
Others	<u>149,333</u>	<u>195,621</u>
Total	<u>\$ (1,204,098)</u>	<u>(1,090,423)</u>

- (iii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

The Company's unrecognized deferred tax assets were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Unrecognized deferred tax assets:		
Investment loss of foreign operations accounted for using equity method	\$ 59,547	50,046
Restoration obligations	<u>33,484</u>	<u>101,781</u>
Total	<u>\$ 93,031</u>	<u>151,827</u>

The Company has no unrecognized deferred tax liabilities as of December 31, 2022 and 2021.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

2) Recognized deferred tax assets and liabilities

The movements in the balances of deferred tax assets and liabilities were as follows:

	Loss carryforwards	Loss on valuation of inventories	Defined benefit plans	Restoration obligations	Mileage revenue	Expense payable	Unrealized foreign exchange losses	Others	Total
Deferred tax assets:									
Beginning balance as of January 1, 2022	\$ 48,259	76,452	550,365	2,320,981	688,330	26,976	-	173,898	3,885,261
Recognized in profit or loss	(48,259)	(18,755)	(91,358)	170,231	179,756	25,690	215,617	825	433,747
Recognized in other comprehensive income	-	-	(218,985)	-	-	-	20,109	-	(198,876)
Balance as of December 31, 2022	<u>\$ -</u>	<u>57,697</u>	<u>240,022</u>	<u>2,491,212</u>	<u>868,086</u>	<u>52,666</u>	<u>235,726</u>	<u>174,723</u>	<u>4,120,132</u>
Beginning balance as of January 1, 2021	\$ 1,100,632	129,744	617,479	2,101,600	734,218	24,138	-	183,080	4,890,891
Recognized in profit or loss	(1,052,373)	(53,292)	(85,664)	219,381	(45,888)	2,838	-	(9,182)	(1,024,180)
Recognized in other comprehensive income	-	-	18,550	-	-	-	-	-	18,550
Balance as of December 31, 2021	<u>\$ 48,259</u>	<u>76,452</u>	<u>550,365</u>	<u>2,320,981</u>	<u>688,330</u>	<u>26,976</u>	<u>-</u>	<u>173,898</u>	<u>3,885,261</u>
				Unrealized foreign exchange gains	Investment gains of foreign operations accounted for using equity method		Others	Total	
Deferred tax liabilities:									
Beginning balance as of January 1, 2022				\$ 1,839,565		71,266	3,830		1,914,661
Recognized in profit or loss				(222,169)		7,918	-		(214,251)
Recognized in other comprehensive income				(1,617,396)		-	(3,516)		(1,620,912)
Balance as of December 31, 2022				<u>\$ -</u>		<u>79,184</u>	<u>314</u>		<u>79,498</u>
Beginning balance as of January 1, 2021				\$ 1,558,003		62,757	3,585		1,624,345
Recognized in profit or loss				26,373		8,509	-		34,882
Recognized in other comprehensive income				255,189		-	245		255,434
Balance as of December 31, 2021				<u>\$ 1,839,565</u>		<u>71,266</u>	<u>3,830</u>		<u>1,914,661</u>

(iv) The Company's income tax returns for all years through 2020 were assessed by the local tax authorities.

(t) Capital and other equity

As of December 31, 2022 and 2021, the numbers of authorized ordinary shares of both 7,000,000 thousand shares had a par value of \$10 per share. The total value of the authorized ordinary shares amounted to both \$70,000,000, of which \$53,581,255 and \$51,385,387, respectively, were issued.

(i) Ordinary shares

For the years ended December 31, 2022 and 2021, the convertible bonds issued by the Company amounting to \$1,736,190 and \$3,330,004, respectively, were converted into 173,619 and 333,000 thousand ordinary shares, respectively. A portion of the issued bonds amounting to \$20,634 and \$480,312, respectively, were recorded as advance receipts for share capital because the registration process has yet to be completed.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(ii) Capital surplus

The details of capital surplus were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash subscription in excess of par value of shares	\$ 5,118,825	5,118,825
Stock options granted to employees	697,600	697,600
Additional paid-in capital from bond conversion	3,967,426	2,383,289
Additional paid-in capital from conversion option	401,999	572,289
Changes in equity of associates accounted for using equity method	3,091	3,070
Difference between actual acquiring or disposing subsidiary's equity and carrying amount	2,664,139	1,868,941
Due to donated assets received	59,218	34,729
	<u>\$ 12,912,298</u>	<u>10,678,743</u>

In accordance with R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital surplus included share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset accumulated losses (if any), then set aside 10% of the balance as the statutory surplus reserve, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. And the Company shall also set aside or reverse special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the shareholders' meeting for approval, and then distribute it. 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.

Where the special surplus reserve set aside in the preceding paragraph belongs to a part not fully set aside accrued from prior years, the same amount thereof shall be set aside for the special surplus reserve from the retained earnings accrued from prior years. If the special surplus reserve is still insufficient, the amount from the net income after taxes for the current period plus the items other than the net income after taxes for the current period shall be included in the amount of the retained earnings for the current period to be set aside for such a purpose.

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EVA AIRWAYS CORP.
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The dividends may be distributed either in full in cash, or in the combination of cash and stocks, however the cash dividends shall not be less than 10% of the total amount of dividends.

1) Legal reserve

If a company has no accumulated deficit, it may, as per Article 240 and 241 of the Company Act, distribute its legal reserve, in whole or in part, for the portion in excess of 25% of the paid-in capital, by issuing new shares or cash to its original shareholders in proportion to the number of shares being held by each of them. The distribution can be paid in cash 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 for approval.

2) Special reserve

In accordance with Decree No. 1090150022 issued by the FSC on March 31, 2021, during the earnings distribution, with respect to the book net amount of other deductions from equity for the current period, an equivalent amount of special reserve shall be allocated from the amount of the current-period after-tax net profit, plus items other than current-period after-tax net profit, that are included in the undistributed earnings of the current period. If there remains any insufficiency, it shall be allocated from the undistributed earnings of the previous period. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. If there remains any insufficiency, allocate it from the amount of the current-period after-tax net profit, plus items other than current-period after-tax net profit, that are included in the undistributed earnings of the period. Amounts of subsequent reversals pertaining to the net reduction of other equity shall qualify for additional distributions.

3) Earnings distribution

The appropriation of 2022 earnings was approved at the Board meeting on March 13, 2023. The cash dividends were amounting to \$4,290,310, and the dividend per share is \$0.8.

The appropriation of 2021 earnings was approved at the Board meeting on March 14, 2022. The cash dividends were amounting to \$3,163,333, and the dividend per share is \$0.5916945.

Based on the corporate sustainability principle, a resolution was passed during the shareholders' meeting on July 16, 2021, in which the Company retained all its distributable earnings in 2020 for future operation needs. Therefore, the Company did not appropriate retained earnings.

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(iv) Other equity interest (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2022	\$ (148,330)	2,287,702	6,469,583	8,608,955
Exchange differences on translation of foreign financial statements	90,734	-	-	90,734
Exchange differences on associates accounted for using equity method	32,757	-	-	32,757
Disposal of shares in subsidiary	4,705	-	-	4,705
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(231,375)	-	(231,375)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,094,502)	-	(1,094,502)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(49,788)	-	(49,788)
Changes in fair value of hedging instrument	-	-	(6,132,683)	(6,132,683)
Changes in fair value of hedging instrument reclassified to profit or loss	-	-	(417,337)	(417,337)
Balance as of December 31, 2022	<u>\$ (20,134)</u>	<u>912,037</u>	<u>(80,437)</u>	<u>811,466</u>
Balance as of January 1, 2021	\$ (113,246)	1,113,299	5,448,829	6,448,882
Exchange differences on translation of foreign financial statements	(27,324)	-	-	(27,324)
Exchange differences on associates accounted for using equity method	(18,167)	-	-	(18,167)
Disposal of shares in subsidiary	10,407	-	-	10,407
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	1,295,445	-	1,295,445
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(171,736)	-	(171,736)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	50,694	-	50,694
Changes in fair value of hedging instrument	-	-	2,052,818	2,052,818
Changes in fair value of hedging instrument reclassified to profit or loss	-	-	(1,032,064)	(1,032,064)
Balance as of December 31, 2021	<u>\$ (148,330)</u>	<u>2,287,702</u>	<u>6,469,583</u>	<u>8,608,955</u>

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(u) Earnings per share (“EPS”)

The calculation of earnings per share is based on the profit (loss) attributable to the ordinary equity holders of the Company. The Company’s earnings per share were calculated as follows:

	2022		
	<u>Amount net of tax</u>	<u>Weighted-average number of shares outstanding during the period (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share:			
Profit attributable to ordinary equity holders	\$ <u>7,091,299</u>	<u>5,308,111</u>	\$ <u>1.34</u>
Diluted earnings per share:			
Profit attributable to ordinary equity holders	\$ <u>7,091,299</u>	<u>5,308,111</u>	
Effect of the potentially dilutive ordinary shares			
Effect of employee compensation	\$ -	12,820	
Effect of conversion of convertible bonds	<u>11,382</u>	<u>39,603</u>	
Profit attributable to ordinary equity holders after adjusting the potential dilutive ordinary shares	\$ <u>7,102,681</u>	<u>5,360,534</u>	\$ <u>1.32</u>
	2021		
	<u>Amount net of tax</u>	<u>Weighted-average number of shares outstanding during the period (thousand shares)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share:			
Profit attributable to ordinary equity holders	\$ <u>6,608,496</u>	<u>5,047,217</u>	\$ <u>1.31</u>
Diluted earnings per share:			
Profit attributable to ordinary equity holders	\$ <u>6,608,496</u>	<u>5,047,217</u>	
Effect of the potentially dilutive ordinary shares			
Effect of employee compensation	\$ -	16,214	
Effect of conversion of convertible bonds	<u>(10,742)</u>	<u>70,989</u>	
Profit attributable to ordinary equity holders after adjusting the potential dilutive ordinary shares	\$ <u>6,597,754</u>	<u>5,134,420</u>	\$ <u>1.29</u>

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Notes to the Parent-Company-Only Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 35,941,175	27,207,726
Asia	59,390,320	56,140,959
Europe	5,714,776	1,601,576
North America	25,559,906	10,124,248
Others	<u>536,055</u>	<u>257,396</u>
	<u>\$ 127,142,232</u>	<u>95,331,905</u>
Major products / services lines:		
Aviation transportation revenue	\$ 122,173,148	92,935,069
Others	<u>4,969,084</u>	<u>2,396,836</u>
	<u>\$ 127,142,232</u>	<u>95,331,905</u>

(ii) Contract balances

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Contract liabilities-tickets services, customer loyalty programs, etc.	<u>\$ 22,529,189</u>	<u>6,091,801</u>	<u>7,028,284</u>

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liabilities balances at the beginning of the period were \$1,967,513 and \$1,607,940, respectively.

The contract liabilities primarily relate to deferred recognition of revenue relating to ticket services and customer loyalty programs, for which revenue is recognized when the ticket sales for passengers and award points are redeemed or when they expire.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Other significant changes during the period are as follows:

	<u>2022</u>	<u>2021</u>
	<u>Contract liabilities</u>	<u>Contract liabilities</u>
Changes in an estimate of the transaction price	<u>\$ 434,394</u>	<u>(384,856)</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2022 and 2021, the amounts allocated to the customer loyalty program were \$4,340,431 and \$3,441,652, respectively. These will be recognized as revenue as the customer loyalty program points are redeemed or when they expire, which are expected to occur over the next three years.

All consideration from contracts with customers is included in the transaction price presented above.

(w) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company incurs profit in a fiscal year, 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 definition of annual earnings, as described in the above-mentioned paragraph, is the Company's profit before tax, excluding the amount of the employees' remuneration, and the directors' remuneration.

For the years ended December 31, 2022 and 2021, the Company accrued and recognized its employees' remuneration of \$280,000 and \$453,180, respectively, and the directors' remuneration of \$8,884 and \$9,118, respectively. These remunerations were included in the operating costs and operating expenses.

The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the Company's parent-company-only financial statements of the years ended December 31, 2022 and 2021. The related information can be found on Market Observation Post System website.

(x) Non-operating income and expenses

(i) Other income

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 193,981	139,902
Interest income		
Interest income from bank deposits	831,012	121,068
Other interest	<u>1,895</u>	<u>173</u>
Total interest income	<u>832,907</u>	<u>121,241</u>
	<u><u>\$ 1,026,888</u></u>	<u><u>261,143</u></u>

(Continued)

EVA AIRWAYS CORP.
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(ii) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains (losses) on disposal of property, plant and equipment	\$ 12,226	(24,521)
Gains (losses) on disposal of investments	76,931	-
Foreign exchange gains (losses)	1,334,204	878,405
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	9,213	42,655
Losses on financial liabilities measured at amortized cost	-	(89)
Gains on disposal of non-current assets classified as held for sale	87,596	11,484
Others gains and losses	<u>71,607</u>	<u>61,508</u>
	<u>\$ 1,591,777</u>	<u>969,442</u>

(iii) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense		
Bank borrowings	\$ 1,004,670	741,398
Bonds Payable	18,590	73,277
Lease liabilities	1,873,993	2,213,057
Others	839,976	893,006
Less: capitalized interest	<u>(166,572)</u>	<u>(122,584)</u>
	<u>\$ 3,570,657</u>	<u>3,798,154</u>

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk is mainly from the carrying amount of financial assets.

2) Circumstances of concentration of credit risk

Accounts receivable were due from many customers and regional distributions were decentralized. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluates each customer's financial situation and requires customers to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost includes 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 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(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 December 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	\$ 63,600,194	67,617,069	12,469,697	39,313,395	15,833,977
Bonds payable	718,559	748,500	-	748,500	-
Lease liabilities and financial liabilities for hedging	70,929,014	75,989,715	14,771,529	46,141,700	15,076,486
Notes and accounts payable (including related parties)	8,920,479	8,920,479	8,920,479	-	-
Other payables (including related parties)	<u>7,096,691</u>	<u>7,096,691</u>	<u>7,096,691</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 151,264,937</u>	<u>160,372,454</u>	<u>43,258,396</u>	<u>86,203,595</u>	<u>30,910,463</u>
As of December 31, 2021					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	\$ 88,614,295	91,734,651	12,432,978	61,837,608	17,464,065
Bonds payable	3,871,341	4,077,800	-	4,077,800	-
Lease liabilities and financial liabilities for hedging	75,434,238	81,665,285	13,570,551	45,145,591	22,949,143
Notes and accounts payable (including related parties)	5,092,224	5,092,224	5,092,224	-	-
Other payables (including related parties)	<u>6,573,854</u>	<u>6,573,854</u>	<u>6,573,854</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 179,585,952</u>	<u>189,143,814</u>	<u>37,669,607</u>	<u>111,060,999</u>	<u>40,413,208</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 currency risk

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

	2022.12.31			2021.12.31		
	Foreign Currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,286,878	30.71	39,520,012	\$ 888,000	27.68	24,579,850
EUR	10,922	32.72	357,359	1,210	31.32	37,896
JPY	1,338,718	0.2324	311,118	867,157	0.2405	208,551
HKD	174,976	3.9380	689,057	295,216	3.5490	1,047,720
CNY	245,643	4.4080	<u>1,082,797</u>	322,254	4.3440	<u>1,399,871</u>
			<u>\$ 41,960,343</u>			<u>\$ 27,273,888</u>
<u>Non-monetary items</u>						
USD	\$ 38,724	30.71	1,189,203	\$ 39,793	27.68	1,101,457
IDR	10,998,409	0.0020	<u>21,997</u>	9,226,508	0.0020	<u>18,453</u>
			<u>\$ 1,211,200</u>			<u>\$ 1,119,910</u>
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 2,891,235	30.71	88,789,839	\$ 3,349,385	27.68	92,710,983
EUR	18,641	32.72	609,920	6,068	31.32	190,052
JPY	1,428,358	0.2324	331,950	1,438,243	0.2405	345,897
HKD	32,798	3.9380	129,158	27,596	3.5490	97,938
CNY	167,124	4.4080	<u>736,681</u>	144,313	4.3440	<u>626,896</u>
			<u>\$ 90,597,548</u>			<u>\$ 93,971,766</u>

2) Sensitivity analysis

The Company's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable (including related parties), refundable deposits (included in other non-current assets), notes and accounts payable (including related parties), other payables (including related parties), lease liabilities and restoration obligations (included in other current liabilities and other non-current liabilities) that are denominated in foreign currency. A strengthening (weakening) of 1% of the TWD against the USD, EUR, JPY, HKD and CNY as of December 31, 2022 and 2021, would have changed the profit (loss) before tax by \$216,963 and \$81,786, and the equity by \$703,335 and \$748,765 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022 and 2021.

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Due to the variety of the Company's functional currency, the Company discloses its exchange gains and losses of monetary items collectively. For the years ended December 31, 2022 and 2021, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$1,334,204 and \$878,405, respectively.

(iv) Interest rate risk

The interest rate exposure of the Company's financial liabilities are illustrated in note 6(z) liquidity risk.

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 by 1% to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

If the interest rate increases (decreases) by 1% with all other variable factors that remain constant, the profit (loss) before tax of the Company would have changed \$636,002 and \$886,143 for the years ended December 31, 2022 and 2021, respectively due to the Company's floating-interest borrowings.

(v) Other market price risk

If the price of the equity securities changes, and it is on the same basis for both years and assumes that all other variables remain the same, the impact on comprehensive income will be as follows:

Price of the equity securities at the reporting date	2022		2021	
	Other Comprehensive Income, net of tax	Profit (losses)	Other Comprehensive Income, net of tax	Profit (losses)
increase 5%	\$ 90,547	-	200,341	-
decrease 5%	\$ (90,547)	-	(200,341)	-

(vi) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

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	2022.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Money market funds	\$ 731,486	731,486	-	-	731,486
Convertible bonds with embedded derivatives	4,641	-	4,641	-	4,641
Subtotal	<u>736,127</u>	<u>731,486</u>	<u>4,641</u>	<u>-</u>	<u>736,127</u>
Financial assets at fair value through other comprehensive income					
Publicly traded stock	988,353	988,353	-	-	988,353
Non-publicly traded stock	824,680	-	-	824,680	824,680
Subtotal	<u>1,813,033</u>	<u>988,353</u>	<u>-</u>	<u>824,680</u>	<u>1,813,033</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	60,826,848	-	-	-	-
Notes and accounts receivable, and other receivables (including related parties)	8,821,713	-	-	-	-
Other non-current assets	1,232,092	-	-	-	-
Subtotal	<u>70,880,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>73,429,813</u>	<u>1,719,839</u>	<u>4,641</u>	<u>824,680</u>	<u>2,549,160</u>
Financial liabilities for hedging – non-derivatives					
	\$ 70,436,429	-	-	-	-
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	63,600,194	-	-	-	-
Bonds payable	718,559	-	698,500	-	698,500
Lease liabilities	492,585	-	-	-	-
Notes and accounts payable (including related parties)	8,920,479	-	-	-	-
Other payables (including related parties)	7,096,691	-	-	-	-
Subtotal	<u>80,828,508</u>	<u>-</u>	<u>698,500</u>	<u>-</u>	<u>698,500</u>
Total	\$ <u>151,264,937</u>	<u>-</u>	<u>698,500</u>	<u>-</u>	<u>698,500</u>
2021.12.31					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Money market funds	\$ 1,390,560	1,390,560	-	-	1,390,560
Convertible bonds with embedded derivatives	21,612	-	21,612	-	21,612
Subtotal	<u>1,412,172</u>	<u>1,390,560</u>	<u>21,612</u>	<u>-</u>	<u>1,412,172</u>
Financial assets at fair value through other comprehensive income					
Publicly traded stock	3,384,443	3,384,443	-	-	3,384,443
Non-publicly traded stock	627,983	-	-	627,983	627,983
Subtotal	<u>4,012,426</u>	<u>3,384,443</u>	<u>-</u>	<u>627,983</u>	<u>4,012,426</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	39,563,910	-	-	-	-
Notes and accounts receivable, and other receivables (including related parties)	8,975,275	-	-	-	-
Other non-current assets	1,385,221	-	-	-	-
Subtotal	<u>49,924,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>55,349,004</u>	<u>4,775,003</u>	<u>21,612</u>	<u>627,983</u>	<u>5,424,598</u>

(Continued)

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	2021.12.31				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities for hedging— non-derivative	\$ 74,969,915	-	-	-	-
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	88,614,295	-	-	-	-
Bonds payable	3,871,341	-	3,842,511	-	3,842,511
Lease liabilities	464,323	-	-	-	-
Notes and accounts payable (including related parties)	5,092,224	-	-	-	-
Other payables (including related parties)	6,573,854	-	-	-	-
Subtotal	104,616,037	-	3,842,511	-	3,842,511
Total	<u>\$ 179,585,952</u>	<u>-</u>	<u>3,842,511</u>	<u>-</u>	<u>3,842,511</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. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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

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

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

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

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

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 3

The Company hold an investment in equity shares of Evergreen Steel Corporation, which was classified as fair value through other comprehensive income. In April 2021, Evergreen Steel Corporation list its shares on the exchange, and currently, the shares were actively traded in the market. Since the equity shares currently have a published price quotation in an active market, the fair value measurement was transfer from Level 3 to Level 1 of the fair value hierarchy. For year ended December 31, 2022, the fair value hierarchy levels of financial instruments were not transferred.

4) Movements in fair value measurements of financial assets in Level 3

The following table shows the reconciliation from the beginning balance to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	<u>Fair value through other comprehensive income</u>
	<u>Unquoted equity instruments</u>
Balance as of January 1, 2022	\$ 627,983
Total gains or losses:	
Recognized in other comprehensive income	196,697
Balance as of December 31, 2022	<u>\$ 824,680</u>
Balance as of January 1, 2021	\$ 1,726,966
Total gains or losses:	
Recognized in other comprehensive income	270,545
Transfer out	(1,369,528)
Balance as of December 31, 2021	<u>\$ 627,983</u>

(Continued)

EVA AIRWAYS CORP.
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The amounts of total gains or losses for the periods were recognized in unrealized gains (losses) from financial assets measured at fair value through other comprehensive income. As of December 31, 2022 and 2021, the assets which were still held by the Company were as follows:

	<u>2022</u>	<u>2021</u>
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	\$ 196,697	95,582

- 5) Quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3

The Company classified a partial of its financial assets at fair value through other comprehensive income investment in equity securities that do not have a quoted market price in an active market as Level 3 of the fair value hierarchy.

Most of the fair value measurements categorized within Level 3 use the significant unobservable inputs. The significant unobservable inputs are independent to each other.

The significant unobservable inputs were as follows:

<u>Items</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income	Market approach—relevant information generated by publicly companies	<ul style="list-style-type: none"> • Price-book ratio (as of December 31, 2022 and 2021 were 0.90~3.66 and 0.87~3.39, respectively) • Market liquidity discount rate (as of December 31, 2022 and 2021 were 80% of market price) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

- 6) Sensitivity analysis for fair value measurements categorized within Level 3 of the fair value hierarchy

The fair value measurements of the Company's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of December 31, 2022 and 2021, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

<u>Inputs</u>	<u>Increase (decrease)</u>	<u>Effects of changes in fair value on other comprehensive income</u>			
		<u>Favorable</u>		<u>Unfavorable</u>	
		<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Price-book ratio	5%	36,804	27,868	(44,415)	(34,001)
Market liquidity discount rate	5%	36,804	27,868	(44,415)	(34,001)

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EVA AIRWAYS CORP.
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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(z) Management of financial risk

(i) The Company is exposed to the nature and extent of the risks arising from financial instruments as below:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Company's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the financial statements.

(ii) Risk management framework

The Company's Board of Directors has responsibility for the oversight of the risk management framework. The Company's inter-department management and committee, which consists of managers from all departments, is responsible for monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The inter-department management and committee are reviewed regularly to reflect change in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company's Audit Committee is assisted in its oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in securities.

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EVA AIRWAYS CORP.
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1) Notes and accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. In accordance with the Company's credit policy, each customer is analyzed individually for creditworthiness, and is required to be a member of IATA clearing house. Otherwise, the customer will have to provide bank guarantees or collaterals before its credit terms and credit limit are offered. Credit limit is offered to each customer as the limit of transactions and is reviewed regularly.

The transaction amount of the majority of the Company's customers is not significant, leading to an insignificant influence of loss from credit risk arising from single customer on the Company. The Company set up the forward-looking "expected credit loss" model to reflect the estimated impairment loss of notes and accounts receivable.

2) Investments

The credit risk exposure in the bank deposits, fixed income investments and other equity instruments are measured and monitored by the Company's finance department. Since the Company's transactions are with external parties with good credit standing, highly rated financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no non-compliance issues and therefore no significant credit risk.

3) Guarantees

As of December 31, 2022, the Company did not provide endorsements and guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity risk is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's finance department monitors the needs for cash flows, and plans optional return from investments of idle capital. The Company aims to maintain the level of its cash and cash equivalents at an amount to cope with expected cash outflows on operation, including meeting its financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the TWD. The currencies used in these transactions are principally denominated in TWD, CNY, EUR, USD, and JPY.

The Company hedges its cash and cash equivalents, trade receivables from sales, trade payables to purchase and leases payments for aircraft denominated in a foreign currency. When necessary, the Company uses forward exchange contracts to hedge its currency risk. The financial department proactively collects information of currency to monitor the trend of currency rate and keeps connection with the foreign currency department of banks to collect the market information for securing the currency risk.

The Company determines the existence of an economic relationship between the hedging instruments and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. For hedging foreign currency risk on the cash flow of aviation transportation with a highly probable forecast transaction, the foreign currency risk component of a non-derivative financial asset or a non-derivative financial liability may be designated as a hedging instrument provided.

In these hedge relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Company's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

2) Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of variability in cash flows attributable to movements in interest rates.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, reprising dates and maturities and the notional or par amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

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In these hedge relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Company's own credit risk on the fair value of the swaps which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in reprising dates between the swaps and the borrowings.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The management of the Company monitors the combination of equity securities and open-market funds in its investment portfolio based on cash flow requirements. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business. The Board of Directors monitors the level of dividends to ordinary equity holders as well as future operation of the business.

The capital structure of the Company consists of net debt and equity. The net debt from the balance sheet is derived from the total borrowings less cash and cash equivalents. The total capital includes equity (ordinary share, capital surplus, retained earnings and other equity) and net debt.

As of December 31, 2022, there were no changes in the Company's approach to capital management.

(ab) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021, were as follows:

	2022.1.1	Cash flows	Non-cash changes			2022.12.31
			Interest expense	Foreign exchange movement	Other	
Bonds payable	\$ 3,871,341	-	18,590	-	(3,171,372)	718,559
Long-term borrowings	88,614,295	(25,014,101)	-	-	-	63,600,194
Lease liabilities and financial liabilities for hedging	75,434,238	(14,427,106)	1,873,993	(521,671)	8,569,560	70,929,014
Total liabilities from financing activities	\$ 167,919,874	(39,441,207)	1,892,583	(521,671)	5,398,188	135,247,767
			Non-cash changes			
			Interest expense	Foreign exchange movement	Other	
Bonds payable	\$ 7,332,941	741,710	28,168	-	(4,231,478)	3,871,341
Long-term borrowings	92,262,765	(3,648,636)	166	-	-	88,614,295
Lease liabilities and financial liabilities for hedging	89,215,199	(13,523,358)	2,213,057	(1,290,079)	(1,180,581)	75,434,238
Total liabilities from financing activities	\$ 188,810,905	(16,430,284)	2,241,391	(1,290,079)	(5,412,059)	167,919,874

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(7) Related-party transactions

(a) Names and relationship with the Company

The followings are the Company's subsidiaries and entities that have transactions with the Company during the periods covered in the financial statements.

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Evergreen Aviation Technologies Corp.	The Company's subsidiary
Evergreen Airline Services Corp.	The Company's subsidiary
Evergreen Sky Catering Corp.	The Company's subsidiary
Evergreen Air Cargo Services Corp.	The Company's subsidiary
Hsiang Li Investment Corp.	The Company's subsidiary
Sky Castle Investment Ltd.	The Company's subsidiary
Evergreen Airways Service (Macau) Ltd.	The Company's subsidiary
PT Perdana Andalan Air Service	The Company's subsidiary
EVA Flight Training Academy	The Company's subsidiary
Everfamily International Foods Corp.	Indirectly owned subsidiary
GE Evergreen Engine Services Corp.	Associates
Spirit Evergreen Aftermarket Solutions Co., Ltd.	Associates
EverFun Travel Services Corp.	Associates
Arport Air Cargo Terminal (Xiamen) Co., Ltd.	Associates
Arport Air Cargo Service (Xiamen) Co., Ltd.	Associates
Menzies Macau Airport Services Ltd.	Associates
Evergreen Security Corp. (Note)	Other related parties
Evergreen International S.A.	Other related parties
Evergreen International Corp.	Other related parties
Evergreen Marine Corp. (Taiwan) Ltd.	Other related parties
Evergreen International Storage & Transport Corp.	Other related parties
Evergreen Logistics Corp.	Other related parties
UNI Airways Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
Evergreen Steel Corp.	Other related parties
Evergreen Shipping Agency (Europe) GMBH SP. Z O.O.	Other related parties
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Other related parties
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Other related parties
Evergreen Shipping Agency (Japan) Corporation	Other related parties
Evergreen Insurance Company Limited	Other related parties

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chang Yung-Fa Foundation	Other related parties
Chang Yung-Fa Charity Foundation	Other related parties
Shun An Enterprise Corporation	Other related parties
Central Reinsurance Corporation	Other related parties
Taiwan Terminal Services Corporation Ltd.	Other related parties
Trade-Van Information Services Co.	Other related parties
Chung Hwa Express Corp.	Other related parties
Hsin Yung Enterprise Corporation	Other related parties
Super Max Engineering Enterprise Co., Ltd.	Other related parties
Ever Ecove Corporation	Other related parties
Evergreen Laurel Hotel (Shanghai)	Other related parties
The management who's title is above Executive Vice President	The Company' s key management personnel

(Note) In 2022, the Company disposed all shares of Evergreen Security Corp. Since the date of disposal, the Company lost significant influence on Evergreen Security Corp., and hence it becomes other related parties of the Company. For the related information, please refer to note 6(h).

(b) Significant transactions with related parties

(i) Operating revenue

Significant sales to related parties of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 75,920	54,381
Associates	1,234	5,033
Other related parties	<u>1,874,612</u>	<u>1,402,341</u>
	<u>\$ 1,951,766</u>	<u>1,461,755</u>

Related parties leased aircraft from the Company. The rental is charged by actual flight hours and recorded under operating revenue.

The Company provided aviation transportation services. The transportation services and ticket prices provided to related party, which is travel agency, were the same as those provided to general travel agencies. The Company received collateralized notes for receivables from aforementioned related party. No expected credit loss was required after the assessment by the management.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

The prices for sales to related parties are not materially different from those of the third-parties sales. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions. Besides aforementioned collateralized notes, receivables from related parties were uncollateralized, and no expected credit loss was required after the assessment by the management.

(ii) Operating costs

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

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 6,263,659	4,691,349
Associates	49,288	25,118
Other related parties	<u>298,324</u>	<u>213,661</u>
	<u>\$ 6,611,271</u>	<u>4,930,128</u>

The prices for related parties transactions are not materially different from those of the third-party vendors. The payment terms are usually within 1~3 months, which do not materially differ from those of third-party transactions.

(iii) Operating expenses

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

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 171,045	175,664
Associates	28,270	65,310
Other related parties	<u>179,149</u>	<u>152,503</u>
	<u>\$ 378,464</u>	<u>393,477</u>

The prices for related parties transactions are not materially different from those of the third-party vendors. The payment terms are within 1~3 months, which do not materially differ from those of third-party transactions.

(iv) Property transaction

1) Purchases of property, plant and equipment

The prices of property, plant and equipment purchased from related parties were summarized as follows:

	<u>2022</u>	<u>2021</u>
Associates	\$ -	4
Other related parties	<u>6,329</u>	<u>1,405</u>
	<u>\$ 6,329</u>	<u>1,409</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

2) Disposals of property, plant and equipment

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

	<u>2022</u>		<u>2021</u>	
	<u>Disposal price</u>	<u>Gain from disposal</u>	<u>Disposal price</u>	<u>Gain from disposal</u>
Subsidiaries	\$ 2,751	2,651	435	435
UNI Airways Corp.	740,966	-	-	-
	<u>\$ 743,717</u>	<u>2,651</u>	<u>435</u>	<u>435</u>

3) Disposals of other assets

<u>Relationship with the Company</u>	<u>Object</u>	<u>Disposal year</u>	<u>Number of shares</u>	<u>Disposal price</u>	<u>Gain (Loss) from Disposal</u>
Other related parties	Shares	111	6,336,000	\$ 192,984	\$ 76,931
Other related parties	Shares	110	50,000	3,100	(Note)
The Company's key management personnel	Shares	110	247,231	15,328	(Note)

Note: In order to prepare for the listing of the subsidiary, EGAT, the Company disposed the shares of EGAT to other related parties and the key management personnel in 2021. Gains from disposal of the above transaction were recognized under capital surplus. For the related information, please refer to note 6(i).

(v) Leases

The Company rented its offices from subsidiaries, associates and other related enterprise. For the years ended December 31, 2022 and 2021, the Company recognized the amount of \$1,874 and \$1,671, respectively, as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$100,763 and \$88,891, respectively.

(vi) Dividends received

For the year 2022, the Company received dividends from subsidiaries and other related parties of \$589,942 and \$193,981, respectively. There was no such transaction with associates in 2022.

For the year 2021, the Company received dividends from subsidiaries, associates and other related parties of \$985,203, \$9,504 and \$139,901, respectively.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(vii) Receivables from related parties

Receivables from related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivables	EverFun Travel Services Corp.	\$ 27,149	-
Accounts receivable	Subsidiaries	26,464	5,961
Accounts receivable	Associates	449	2
Accounts receivable	Other related parties	<u>130,868</u>	<u>118,268</u>
Subtotal		<u>184,930</u>	<u>124,231</u>
Other receivables	Subsidiaries	9,180	9,039
	Other related parties		
Other receivables	UNI Airways Corp.	135,779	130,292
Other receivables	Evergreen Insurance Company Limited	33,830	27,602
Other receivables	Other related parties	<u>10</u>	<u>10</u>
Subtotal		<u>178,799</u>	<u>166,943</u>
Total		<u>\$ 363,729</u>	<u>291,174</u>

(viii) Payables to related parties

Payables to related parties of the Company were as follows:

<u>Account</u>	<u>Class of related parties</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes payable	Trade-Van Information Services Co.	\$ -	826
	Subsidiaries		
Accounts payable	Evergreen Aviation Technologies Corp.	609,685	465,506
Accounts payable	Other Subsidiaries	821,587	388,215
Accounts payable	Associates	2,693	6,466
Accounts payable	Other related parties	<u>25,914</u>	<u>15,270</u>
Subtotal		<u>1,459,879</u>	<u>876,283</u>
Other payables	Subsidiaries	141,117	44,914
Other payables	Associates	8,462	10,181
Other payables	Other related parties	<u>28,368</u>	<u>37,810</u>
Subtotal		<u>177,947</u>	<u>92,905</u>
Total		<u>\$ 1,637,826</u>	<u>969,188</u>

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 78,843	71,871
Post-employment benefits	<u>1,677</u>	<u>2,090</u>
	<u>\$ 80,520</u>	<u>73,961</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Property, plant, and equipment	Long-term borrowings	\$ 78,002,597	79,394,889
Time deposit – included in other non-current assets	Letters of credit and contract performance guarantees	<u>143,975</u>	<u>316,997</u>
		<u>\$ 78,146,572</u>	<u>79,711,886</u>

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant contingent liabilities: None.

(b) Significant commitments:

(i) In November 2015, the Company entered into aircraft purchase contracts with Boeing Company for eighteen Boeing 787-10 aircraft. In August 2020, the Company made amendments to the contracts and changed seven Boeing 787-10 aircraft (not yet delivered) into four Boeing 787-9 aircraft and three Boeing 777 freighters. In May 2022, the Company entered into an additional aircraft purchase contract with Boeing Company for one Boeing 777 freighter. The total contract price is US\$6,861,000. As of December 31, 2022, twelve Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of \$12,532,601, which was included in other non-current assets.

(ii) In March 2022, the Company entered into a contract with Israel Aerospace Industries Ltd. for the conversion of three 777-300ER passenger aircraft into freighters at a total contract price of US\$120,000. As of December 31, 2022, three converted freighters had not yet been delivered by Israel Aerospace Industries Ltd. The Company has partially prepaid the price of \$286,381, which was included in other non-current assets.

(iii) Unused letters of credit for the Company were as follows:

Unused letters of credit	<u>2022.12.31</u>	<u>2021.12.31</u>
	<u>\$ 2,317,631</u>	<u>2,078,001</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(12) Other

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

By item	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	8,326,747	4,929,838	13,256,585	7,529,044	4,441,094	11,970,138
Labor and health insurance	482,110	322,593	804,703	454,010	316,384	770,394
Pension	444,754	245,024	689,778	442,851	245,187	688,038
Remuneration of directors	-	19,636	19,636	-	18,502	18,502
Others	1,841,020	379,049	2,220,069	1,227,059	421,748	1,648,807
Depreciation (Note)	26,701,907	740,306	27,442,213	25,449,544	823,177	26,272,721
Amortization	-	190,438	190,438	-	213,310	213,310

Note: For the years ended December 31, 2022 and 2021, the depreciation expenses recognized were \$27,603,725 and \$26,460,014, respectively, less deferred gains of \$16,329 and \$16,329, respectively, and subsidy and rent concession of \$145,183 and \$170,964, respectively.

- (b) COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Company's operating environment at each destination around the globe and has impacted the Company's operations, including cancellation or restriction of flights. Facing the impact of the pandemic, the Company continuously reviews its flight status, implements flight suspensions and raises the daily utilization rates of its freighters, in order to maximize its operating revenue. Meanwhile, the Company simplified its service and selling process, reduced personnel cost, postponed unnecessary capital expenditures, as well as performed other cost-controlling activities. The Company has applied for operating and interest subsidies from the government. Notably, the Company has received a government bailout loan amounting to \$29.66 billion. In addition, the Company has also acquired additional loans from banks, and will raise fund timely from capital market, in order to meet the future demand of working capital. For the information of the guarantee from the government for loans and the outstanding credit lines, please refer to note 6(o).
- (c) As of December 31, 2022 and 2021, the additional information for employee numbers and employee benefits were as follows:

	<u>2022</u>	<u>2021</u>
Employee numbers	<u>10,377</u>	<u>10,586</u>
Directors numbers without serving concurrently as employee	<u>8</u>	<u>7</u>
Average employee benefits	<u>\$ 1,637</u>	<u>1,425</u>
Average employee salaries	<u>\$ 1,278</u>	<u>1,131</u>
Average adjustment rate of employee salaries	<u>13 %</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(d) The information of the Company's salary and remuneration policy (including directors, managers and employees) are as follow:

(i) The principle of remuneration policy

The Company's remuneration policy is determined by the natures of each position, the Company's operating performance, industry average, economic variables, government regulations as well as future operating risks, and is formulated based on the principles of fairness, reasonableness, balance, and incentives. There is no issue on age, gender, race, religion, political stance, marital status, union affiliation etc.

(ii) Remuneration policy

The Company determines the job title based on the organizational structure, business categories and job natures. It considers internal and external factors according to each position, except for the positions of chairman and vice chairman, to set upper and lower limits as the salary assessment standard for each position.

(iii) Remuneration portfolios of directors and managers

The directors' remuneration is stipulated according to the Company's articles of incorporation, authorizing the Board of Directors to determine the remuneration by its participation and contribution, as well as that of other company's data. The remuneration of managers is handled in accordance with the "Payment Regulation of Managers" of the Company. The remuneration of directors and managers are stipulated by Remuneration Committee of the Company and should be approved by Board of Directors. The bonus would be considered and distributed based on the operation results of the Company and each individual performance.

(iv) Remuneration composition of employees

Fixed remuneration :

The employees' fixed remuneration, including salary and allowances, is based on the Company's salary structure standard for each position; also, the employees salary raise will be based on their working performance assessment and the Company's overall annual salary policy.

Variable remuneration :

- 1) Year-end bonus : In order to motivate employees, year-end bonus is distributed based on each year's operating performance and employee contribution.
- 2) Employee remuneration : According to the Company's articles of incorporation, if the Company incurs profit in a fiscal year, the earnings shall first be used to offset against any deficit, then, a portion of the remainder, if any, will be distributed as employee remuneration.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2022:

- (i) Financings provided: None.
- (ii) Guarantee and Endorsement provided: None.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 1 attached.
- (iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital: Please see Table 2 attached.
- (v) Acquisition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: Please see Table 3 attached.
- (vii) Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital: Please see Table 4 attached.
- (viii) Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital: Please see Table 5 attached.
- (ix) Derivative transactions: None.

(b) Information on investees:

The followings are the information on investees for the year ended December 31, 2022 (excluding investees in Mainland China): Please see Table 6 attached.

(c) Information on investment in Mainland China: Please see Table 7 attached.

(d) Major shareholders:

(in shares)

Shareholder's Name	Shareholding	Shares	Percentage
Evergreen Marine Corp. (Taiwan) Ltd.		776,541,111	14.49 %
Evergreen International Corp.		712,296,304	13.29 %
Falcon Investment Services Ltd.		480,386,482	8.96 %

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2022.

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 1 Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)
(December 31, 2022)

(in shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022				Notes
				Shares/Units	Book value	Percentage of ownership	Fair value	
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss – current	45,187,711	681,015	-	681,015	
"	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss – current	3,666,549	50,471	-	50,471	
					<u>731,486</u>		<u>731,486</u>	
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	2,849	3,240	2.11	3,240	
"	Shares of Trade-Van Information Services Co.	Other related party	Financial assets at fair value through other comprehensive income – non-current	8,502,418	501,643	5.67	501,643	
"	Shares of Central Reinsurance Corporation	Other related party	Financial assets at fair value through other comprehensive income – non-current	28,630,008	486,710	3.58	486,710	
"	Shares of UNI Airways Corp.	Other related party	Financial assets at fair value through other comprehensive income – non-current	37,606,277	757,390	9.98	757,390	
"	Shares of Chung Hwa Express Corp.	Other related party	Financial assets at fair value through other comprehensive income – non-current	1,000,000	56,870	10.00	56,870	
"	Star Alliance Services GmbH	None	Financial assets at fair value through other comprehensive income – non-current	1	7,180	4.55	7,180	
Evergreen Airline Services Corp.	Shares of Evergreen Marine Corp.(Taiwan) Ltd.	Other related party	Financial assets at fair value through other comprehensive income – non-current	222,939	36,339	0.01	36,339	
"	Shares of Evergreen International Storage & Transport Corp.	Other related party	Financial assets at fair value through other comprehensive income – non-current	158,800	4,414	0.01	4,414	
Hsiang Li Investment Corp.	Shares of Central Reinsurance Corporation	Other related party	Financial assets at fair value through other comprehensive income – non-current	2,740,542	46,589	0.34	46,589	
Evergreen Airways Service (Macau) Ltd.	Shares of Air Macau Co., Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	500	152	0.0024	152	
					<u>1,900,527</u>		<u>1,900,527</u>	

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 2 Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital (December 31, 2022)

(in shares)

Company Name	Marketable Securities Type and Name		Financial Statement Account	Counter-party	Relationship with the Company	Beginning Balance		Acquisition		Disposal				Ending Balance		
						Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Amount	Book value	Gain/ Loss on Disposal	Other adjustments	Shares/ Units	Amount
The Company	Equity	Evergreen Aviation Technologies Corp.	Investments accounted for using equity method	Specific person	-	228,985,241	6,166,878	-	-	22,796,000	1,431,840	632,050	802,579 (Note 1)	(706,588) (Note 2)	206,189,241	6,241,416
The Company	Equity	Evergreen Steel Corp.	Financial assets at fair value through other comprehensive income-non-current	-	None	38,201,625	2,101,089	-	-	38,201,625	1,964,502	870,000	1,094,502 (Note 3)	-	-	-
The Company	Fund	FSITC Money Market Fund	Financial assets at fair value through profit or loss — current	First Securities Investment Trust Co., Ltd.	None	2,564,182	462,109	-	-	2,564,182	462,479	460,023	2,456	-	-	-

Note 1: Gain/loss on disposal is recognized as capital surplus.

Note 2: Exchange differences on subsidiaries and associates accounted for using equity method, share of profit or loss of subsidiaries accounted for using equity method and remeasurements of the defined benefit plans, etc.

Note 3: Gain/loss on disposal is recognized as retained earnings.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 3 Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital
(December 31, 2022)

Company Name	Types of Property	Transaction Date	Acquisition Date	Book Value	Transaction Amount	Proceed Term	Gain (losses) on Disposal of PPE	Counter-party	Nature of Relationships	Purpose of Disposal	Price Reference	Other Terms
The Company	Office building of Los Angeles	2022.2.11~2022.4.7	2019.12.18	325,044	424,125 (note)	100%	99,081	(1)Wei Zheng (2)Craig Hertz (3)Kaye Capital Management (4)El Segundo Investments 2, LLC (5>Welcome El Segundo 3, LLC (6)Scott P. Schomer	Non-related party	The flexible application of Assets	Appraisal report	None

Note: The transaction amount is based on its contract price deduct relevant transaction costs and fees.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 4 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2022)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Notes
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Accounts/Notes Receivable (Payable)	
The Company	UNI Airways Corp.	Other related party	Sales	1,422,794	1.12	60 days	-		114,820	1.36	
"	Evergreen Logistics Corp.	Other related party	Sales	433,219	0.34	60 days	-		12,340	0.15	
"	Evergreen Airline Services Corp.	The company's subsidiary	Purchases	1,798,797	1.63	60 days	-		(337,062)	3.78	
"	Evergreen Sky Catering Corp.	The company's subsidiary	Purchases	1,038,148	0.94	60 days	-		(421,773)	4.73	
"	Evergreen Aviation Technologies Corp.	The company's subsidiary	Purchases	3,114,560	2.83	60 days	-		(609,685)	6.83	
"	Evergreen Air Cargo Services Corp.	The company's subsidiary	Purchases	412,111	0.37	60 days	-		(62,277)	0.70	
"	Evergreen Insurance Company Ltd.	Other related party	Purchases	120,802	0.11	60 days	-		(1,381)	0.02	
Evergreen Airline Services Corp.	The Company	Parent company	Sales	1,798,797	82.88	60 days	-		347,839	88.34	
"	UNI Airways Corp.	Other related party	Sales	191,156	8.81	60 days	-		21,344	5.42	
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	3,121,432	26.35	60 days	-		704,378	27.85	
"	GE Evergreen Engine Services Corp.	Associate	Sales	434,980	3.67	30 days	-		69,201	2.74	
"	UNI Airways Corp.	Other related party	Sales	318,484	2.69	60 days	-		84,509	3.34	
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	1,038,148	67.69	60 days	-		433,596	87.04	
Evergreen Air Cargo Services Corp.	The Company	Parent company	Sales	412,111	20.49	60 days	-		65,674	40.80	

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 5 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2022)

Company Name	Related Party	Relationship	Balance of Receivables from Related Party	Turnover Rate	Past - due Receivables from Related Party		Amounts Received in Subsequent Period	Allowances for Impairment Loss
					Amount	Action taken		
The Company	UNI Airways Corp.	Other related party	250,599	(Note)	-		250,599	-
Evergreen Airline Services Corp.	The Company	Parent company	361,048	5.42	-		361,048	-
Evergreen Sky Catering Corp.	The Company	Parent company	434,058	4.37	-		434,058	-
Evergreen Aviation Technologies Corp.	The Company	Parent company	705,628	5.32	-		705,628	-

Note: Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 6 Information on investees (excluding investees in Mainland China)
(For the year ended December 31, 2022)

(in shares)

Name of investor	Name of investee	Location	Main Businesses and Products	Initial Investment Amount		Ending Balance			Net Income (Losses) of Investee	Share of Profit (Losses) of Investee	Notes
				December 31, 2022	December 31, 2021	Shares	Ratio of Shares	Book Value			
The Company	Sky Castle Investment Ltd.	Maystar Chambers, P.O. Box 3269, Apia, Samoa	Investment business	179,173	179,173	5,500,000	100.00 %	434,605	25,284	25,284	(Note 1)
The Company	Evergreen Airways Service (Macau) Ltd.	398 Alameda Dr. Carlos D' Assumpcao.Edif CNAC 3 Andar K-M Macau	Investment business	327	327	None	99.00 %	135,085	11,955	11,835	(Note 1)
The Company	PT Perdana Andalan Air Service	10/F, Gedung Mega Plaza Jl. H.R. Rasuna Said Kav. C-3, Jakarta 12920 Indonesia	Traveling agency	5,086	5,086	40,800	51.00 %	21,997	4,841	2,469	(Note 1)
The Company	EVA Flight Training Academy	3745 Whitehead Street Mather, CA, 95655, USA	Flight training school	932,050	932,050	10,000,000	100.00 %	619,513	(47,507)	(47,507)	(Note 1)
The Company	Evergreen Aviation Technologies Corp.	No.6 Hangzhan S.Rd., Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, processing and sales of aircraft, parts and engine	-	-	206,189,241	58.44 %	6,241,416	1,581,224	927,813	(Note 1)
The Company	Evergreen Airline Services Corp.	No.608 Hangzhan N.Rd., Dayuan Dist., Taoyuan City, Taiwan	Aviation ground service	111,181	111,181	36,183,106	56.33 %	937,552	28,263	15,920	(Note 1)
The Company	Evergreen Sky Catering Corp.	No.3, Hangqin N. Rd., Dayuan Dist., Taoyuan City, Taiwan	The provision of in-flight meals in sky catering and the sales of food	498,000	498,000	76,557,790	49.80 %	1,744,548	(230,799)	(114,938)	(Note 1)
The Company	Evergreen Air Cargo Services Corp.	No.8-1, Hangqin N. Rd., Dayuan Dist., Taoyuan City, Taiwan	Air cargo entrepot	740,348	740,348	72,750,000	60.625 %	1,734,380	459,448	278,540	(Note 1)
The Company	Hsiang Li Investment Corp.	1F, No. 117, Sec. 2, Chang An E. Rd., Taipei 104 Taiwan	Investment business	448,280	448,280	2,680,000	100.00 %	58,637	4,691	4,691	(Note 1)
The Company	Evergreen Security Corp.	4-5F., No. 111, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	Security services	-	25,000	-	-	-	(Note 4)	2,969	(Note 2)
The Company	EverFun Travel Services Corp.	3F., No. 100, Sec. 2, Chang An E. Rd., Zhongshan Dist., Taipei City 104, Taiwan(R.O.C)	Traveling agency	74,123	55,061	4,110,374	25.18 %	34,838	(24,898)	(6,596)	(Note 2)
Evergreen Aviation Technologies Corp.	GE Evergreen Engine Services Corp.	No.8 Hangzhan S.Rd., Dayuan Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, and sales of aircraft, engine and engine components	2,032,845	2,032,845	203,284,545	49.00 %	1,815,534	409,144	200,481	(Note 3)
Evergreen Aviation Technologies Corp.	Spirit Evergreen Aftermarket Solutions Co., Ltd.	3F., No. 528, Chenggong Rd. Sec. 1, Guanyin Dist., Taoyuan City, Taiwan	Maintenance, manufacturing, and sales of aircraft, engine and parts	111,552	13,695	11,155,180	49.00 %	99,938	(20,883)	(10,233)	(Note 3)
Evergreen Aviation Technologies Corp.	Ever Superior Technologies Corporation	2F., No. 528, Chenggong Rd. Sec. 1, Guanyin Dist., Taoyuan City, Taiwan	Metal surface chemical treatment business	63,000	63,000	6,300,000	35.00 %	39,487	(54,091)	(18,932)	(Note 3)
Evergreen Airways Service (Macau) Ltd.	Menzies Macau Airport Services Ltd.	Airport Logistic Business Center Room 52 Macau International Airport Avenida do Aeroporto, Taipa, Macau	Ground handling	8,032	8,032	None	20.00 %	98,378	74,243	12,169	(Note 3)
Evergreen Sky Catering Corp.	Everfamily International Foods Corp.	No.63 Changxing Rd. Sec. 4, Luzhu Dist., Taoyuan City, Taiwan	Food manufacturing	165,000	-	16,500,000	55.00 %	163,810	(2,163)	(1,190)	(Note 1)

Note 1: List of subsidiaries of the Company.

Note 2: Investments were accounted for using equity method.

Note 3: Investments of subsidiaries of the Company were accounted for using equity method.

Note 4: In 2022, the company disposed all shares of Evergreen Security Corp. For the related information, please refer to note 6(h).

(Continued)

EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

Table 7 Information on investment in Mainland China
(December 31, 2022)

1. Information on Investment in Mainland China:

Investee Company	Main Business and Products	Total Amount of Paid-in Capital (CNY in Thousands)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of Investee	Direct/Indirect Shareholding (%) by the Company	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Arport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	CNY 254,480	2	138,784	-	-	138,784	80,924	14.00 %	11,329	248,642	106,670
Arport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo, truck freight transportation, other transportation auxiliary industry	CNY 14,000	2	61,418	-	-	61,418	103,250	14.00 %	14,455	134,136	58,498

(Note 1) Ways to Invest in Mainland China:

1. Investment in Mainland China companies by remittance through a third region.
2. Investment in Mainland China companies through a company invested and established in a third region.
3. Investment in Mainland China companies through an existing company established in a third region.
4. Direct investment in Mainland China.
5. Other methods of investing in Mainland China. EX : Entrusted investment.

(Note 2) The financial statements of the investee company were audited by the global accounting firm in a cooperation with R.O.C. accounting firm. The Company recognized share of profit of associates accounted for using equity method by shareholding percentage.

2. Limitation on investment in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (USD in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (Note) (USD in Thousands)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
NTD 200,202 (USD 6,083)	NTD 207,330 (USD 6,295)	57,744,023

Note : Investment amounts in Mainland China were translated to TWD at the exchange rates of the dates of the remittance;

investment amounts authorized by Investment Commission, MOEA were translated to TWD at the exchange rates of the dates of the authorization.

3. Significant transactions : None.

EVA AIRWAYS CORP.
Statement of cash and cash equivalents
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 6
Petty cash (Note1)		78,857
Check deposit		117,521
Demand deposit		1,327,338
Demand deposit-foreign (Note1)		1,816,145
Time deposit (Note2)		
TWD		20,297,375
USD	Foreign Currencies : 1,205,935	37,034,251
Others (Note1)		<u>155,355</u>
Subtotal		<u>57,486,981</u>
Total		<u><u>\$ 60,826,848</u></u>

The rates of foreign deposits are as follows:

USD : TWD = 1 : 30.71

Note1 : The amount of each item did not exceed 5% of the account balance.

Note2 : The period of time deposit was 1~3 months: the range of interest rate was 0.83%~5.37%.

EVA AIRWAYS CORP.

Statement of financial assets at fair value through profit or loss – current and non-current

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/Units)

(1) Money Market Fund

Name of financial instrument	Description	Book Value				Fair value		
		Units	Unit price (dollar)	Acquisition cost	Gains on valuation	Total amount	Unit price (dollar)	Total amount
Jih Sun Money Market Fund	Monetary Market Fund/ Issued by Jih Sun Securities Investment Trust Co.,Ltd.	45,188	14.84	\$ 670,416	10,599	681,015	15.07	681,015
Taishin 1699 Money Market Fund	Monetary Market Fund/ Issued by Taishin Securities Investment Trust Co., Ltd.	3,667	13.64	50,000	471	50,471	13.77	50,471
				<u>\$ 720,416</u>	<u>11,070</u>	<u>731,486</u>		<u>731,486</u>

(2) Others

Name of financial instruments	Amount
Convertible bonds with embedded derivatives	\$ <u>4,641</u>

EVA AIRWAYS CORP.

Statement of notes receivable

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
A Company	\$ 101,776
B Company	101,350
C Company	20,405
Others (Note)	70,059
Total	\$ 293,590

Note : The amount of individual client included in others did not exceed 5% of the account balance.

Statement of accounts receivable

Item	Amount
D Company	\$ 734,674
Others (Note)	7,213,546
Less: allowance for impairment	(4,928)
Total	\$ 7,943,292

Note : The amount of individual client included in others did not exceed 5% of the account balance.

EVA AIRWAYS CORP.

Statement of inventories

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Cost</u>	<u>Net realizable value</u>
Aircraft spare parts	\$ 953,745	394,965
Consumables for use and merchandise for in-flight sales	966,987	883,558
Fuel for aircraft and others	<u>71,419</u>	<u>71,419</u>
Subtotal	1,992,151	<u>1,349,942</u>
Less: Loss on valuation of inventories	<u>(839,273)</u>	
Total	<u>\$ 1,152,878</u>	

EVA AIRWAYS CORP.

Statement of changes in financial assets at fair value through
other comprehensive income — non-current

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/ Shares)

Name of financial instrument	Description	Beginning balance		Addition		Decrease		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Ending balance		Collateral
		Share	Fair value	Share	Amount	Share	Amount		Share	Fair value	
Share	Everest Investment Holdings Ltd.	Note 1	\$ 21,459	-	-	Note 2	-	(18,219)	Note 2	3,240	None
Share	Trade-Van Information Services Co.	8,502	434,474	-	-	-	-	67,169	8,502	501,643	None
Share	Central Reinsurance Corporation	28,630	848,880	-	-	-	-	(362,170)	28,630	486,710	None
Share	UNI Airways Corp.	37,606	559,205	-	-	-	-	198,185	37,606	757,390	None
Share	Evergreen Steel Corp.	38,202	2,101,089	-	-	(38,202)	(1,964,502)	(136,587)	-	-	-
Share	Chung Hwa Express Corp.	1,000	40,780	-	-	-	-	16,090	1,000	56,870	None
Share	Star Alliance Services Gmbh	-	6,539	-	-	-	-	641	-	7,180	None
			<u>\$ 4,012,426</u>		<u>-</u>		<u>(1,964,502)</u>	<u>(234,891)</u>		<u>1,813,033</u>	

Note 1: Including 211 thousand shares of common stock and 21 thousand shares of preferred stock.

Note 2: Including 3 thousand shares of common stock and preferred stock. On June, 2022, a resolution was approved during the shareholder's meeting of Everest Investment Holdings Ltd. for the capital reduction for cover accumulated deficits. The company reduced 229 thousand shares of Everest Investment Holdings Ltd..

EVA AIRWAYS CORP.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/ Shares)

Name	Beginning balance		Addition		Decrease		Exchange differences on translation of investee's financial statement	Unrealized gains (losses) on financial instrument	Capital surplus	Remeasurements of the net defined benefit plans	Ending balance			Market price or net assets value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Amount	Share holdings (%)	Shares	Unit price	Amount	
Sky Castle Investment. Ltd.	5,500	\$ 397,397	-	25,284	-	-	11,924	-	-	-	434,605	100	5,500	-	434,605	None
Evergreen Airways Service (Macau) Ltd.	No issue	101,544	-	11,835	-	-	14,307	7,399	-	-	135,085	99	No issue	-	135,085	None
PT Perdana Andalan Air Service	41	18,453	-	2,470	-	-	-	-	-	1,074	21,997	51	41	-	21,997	None
EVA Flight Training Academy	10,000	602,516	-	-	-	(47,507)	64,504	-	-	-	619,513	100	10,000	-	619,513	None
Evergreen Aviation Technologies Corp. (Note 1)	228,985	6,166,878	-	939,609	(22,796)	(1,844,218)	37,461	-	794,893	146,793	6,241,416	58.44	206,189	-	6,377,081	None
Evergreen Airline Services Corp.	36,183	911,086	-	15,920	-	-	-	(22,519)	-	33,065	937,552	56.33	36,183	-	937,552	None
Evergreen Sky Catering Corp.	76,558	1,844,479	-	-	-	(114,938)	-	-	-	15,007	1,744,548	49.80	76,558	-	1,744,548	None
Evergreen Air Cargo Services Corp.	72,750	1,617,763	-	278,541	-	(174,600)	-	-	-	12,676	1,734,380	60.625	72,750	-	1,734,380	None
Hsiang Li Investment Corp.	2,680	91,578	-	4,691	-	(2,964)	-	(34,668)	-	-	58,637	100	2,680	-	58,637	None
Evergreen Security Corp. (Note 2)	6,336	113,084	-	2,969	(6,336)	(116,053)	-	-	-	-	-	-	-	-	-	None
EverFun Travel Service Corp. (Note 3)	4,164	22,046	-	19,062	(54)	(6,596)	-	-	326	-	34,838	25.18	4,110	-	34,838	None
Total		<u>\$ 11,886,824</u>		<u>1,300,381</u>		<u>(2,306,876)</u>	<u>128,196</u>	<u>(49,788)</u>	<u>795,219</u>	<u>208,615</u>	<u>11,962,571</u>					

Note 1: The release of the shares of EGAT held by the Company was resolved in the shareholders' meeting of the Company on July 16, 2021. Please refers to Financial Statement Note 6 (i).

Note 2: The disposal of the shares of Evergreen Security Corp. held by the Company was resolved in the Board of Directors of the Company's meeting on March 14, 2022. Please refers to Financial Statement Note 6 (h).

Note 3: On March, 2022, a resolution was approved during the shareholder's meeting of EverFun Travel Service Corp. for the capital reduction for cover accumulated deficits and the capital increase was resolved in the Board of Directors. The Company reduced 54 thousand shares of EverFun Travel Service Corp.

EVA AIRWAYS CORP.
Statement of accounts payable
December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
E Company	\$ 1,156,789
F Company	782,898
G Company	522,513
Others (Note)	<u>4,998,400</u>
Total	<u><u>\$ 7,460,600</u></u>

Note : The amount of individual vendor included in others did not exceed 5% of the account balance.

Statement of other payables

<u>Item</u>	<u>Amount</u>
Airport fee payable	\$ 767,708
Salary and wage payable	1,187,211
Other maintenance payable	2,256,464
Ground service fee payable	379,404
In-flight meals payable	357,396
Others (Note)	<u>2,148,508</u>
Total	<u><u>\$ 7,096,691</u></u>

Note : The amount of each item in others did not exceed 5% of the account balance.

EVA AIRWAYS CORP.

Statement of contract liabilities—current and
other current liabilities

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Contract liabilities – current:	
Deferred ticket services, customer loyalty program and others	\$ <u>21,102,633</u>
Other current liabilities:	
Payables for receipts on behalf of others	\$ 5,029,647
Restoration obligations	4,972,324
Others	<u>131,532</u>
Total	<u>\$ 10,133,503</u>

Statement of bonds payable

	<u>Issue Date</u>	<u>Repayment method</u>	<u>Total issue</u>	<u>2022.12.31</u>
The fifth convertible bond	2021/09	Loan principal repay on the 5th year at expiry date.	5,000,000	\$ 718,559
Less: Current portion				<u>-</u>
Total				<u>\$ 718,559</u>

EVA AIRWAYS CORP.

Statement of long-term borrowings (1)

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Bank</u>	<u>Interest</u>	<u>Period</u>	<u>Amount</u>
Mortgage loan:				
Land construction mortgage loan	Bank of Taiwan	1.10%~1.98%	2020/09/26~2027/09/26	\$ 5,250,000
Land construction mortgage loan	KGI Bank	1.08%~1.96%	2020/12/31~2027/12/31	<u>1,422,000</u>
Subtotal				<u>6,672,000</u>
Aircraft mortgage loan	Hua Nan Commercial Bank	1.13%~1.85%	2014/05/21~2026/05/21	1,209,250
Aircraft mortgage loan	Bank of Taiwan	1.13%~2.00%	2014/06/25~2026/06/25	1,162,583
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.18%~2.06%	2015/09/30~2027/09/30	1,630,833
Aircraft mortgage loan	Hua Nan Commercial Bank	1.13%~1.80%	2015/10/27~2027/10/27	1,649,583
Aircraft mortgage loan	Bank of Taiwan	1.13%~1.86%	2016/08/30~2028/08/30	2,455,500
Aircraft mortgage loan	Cathay United Bank	1.02%~1.90%	2017/09/22~2029/09/22	1,856,575
Aircraft mortgage loan	Mega International Commercial Bank	1.03%~1.91%	2017/12/28~2029/12/28	1,852,083
Aircraft mortgage loan	E.SUN Bank	0.97%~1.70%	2018/02/23~2030/02/23	2,500,000
Aircraft mortgage loan	Bank of Taiwan	1.10%~1.98%	2018/06/29~2030/06/29	2,336,875
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.08%~1.83%	2018/12/11~2030/12/11	2,742,000
Aircraft mortgage loan	Taiwan Business Bank	1.03%~1.70%	2019/01/30~2031/01/30	2,833,333
Aircraft mortgage loan	Bank of Taiwan	1.00%~1.88%	2019/06/25~2031/06/25	2,813,288
Aircraft mortgage loan	Bank of Taiwan	1.00%~1.71%	2019/08/15~2031/08/15	2,442,750
Aircraft mortgage loan	Yuanta Commercial Bank	1.00%~1.88%	2019/09/25~2031/09/25	2,658,750
Aircraft mortgage loan	Hua Nan Commercial Bank	1.00%~1.88%	2019/12/27~2031/12/27	2,622,000
Aircraft mortgage loan	Sunny Bank	1.10%~1.60%	2020/07/29~2024/07/28	875,000
Aircraft mortgage loan	Chang Hwa Commercial Bank	1.08%~1.81%	2020/11/24~2032/11/24	2,769,167
Aircraft mortgage loan	Bank of Taiwan	1.15%~2.03%	2020/12/17~2025/12/17	840,000
Aircraft mortgage loan	Mega International Commercial Bank	1.15%~1.76%	2021/02/26~2026/02/26	1,166,667
Aircraft mortgage loan	Land Bank of Taiwan	1.10%~1.84%	2021/03/08~2026/03/08	1,625,000
Aircraft mortgage loan	Bank of Taiwan	1.00%~1.73%	2022/02/24~2034/02/24	3,217,796
Aircraft mortgage loan	The Export-Import Bank of Republic of China	0.98%~1.65%	2022/03/21~2034/03/21	<u>3,500,000</u>
Subtotal				<u>46,759,033</u>

EVA AIRWAYS CORP.

Statement of long-term borrowings (2)

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Bank</u>	<u>Interest</u>	<u>Period</u>	<u>Amount</u>
Medium and long-term credit loan	Bank of Taiwan	1.03%~1.75%	2018/08/14~2023/08/14	\$ 200,000
	Bank SinoPac	0.98%~1.86%	2018/09/28~2023/09/28	93,750
	Bank of Kaohsiung	1.08%~1.79%	2018/11/09~2023/11/09	110,000
	Agricultural Bank of Taiwan	0.96%~1.61%	2019/07/23~2024/07/23	250,000
	Chang Hwa Commercial Bank	1.03%~1.71%	2020/01/30~2025/01/30	833,333
	O-Bank	0.96%~1.75%	2020/03/13~2025/03/13	300,000
	First Commercial Bank	0.94%~1.57%	2020/03/23~2023/03/23	150,000
	Hua Nan Commercial Bank	1.13%~1.88%	2020/09/18~2025/09/18	750,000
	The Export-Import Bank of Republic of China	1.14%~1.81%	2020/09/21~2023/09/21	200,000
	Bank of Taiwan	1.15%~1.91%	2020/12/21~2025/12/21	600,000
	Mega International Commercial Bank	1.20%~1.81%	2021/03/04~2026/03/04	777,778
	Land Bank of Taiwan	1.15%~1.90%	2021/03/12~2026/03/12	812,500
	CTBC Bank Co., Ltd	1.10%~1.79%	2021/05/03~2026/05/03	241,800
	First Commercial Bank	1.10%~1.72%	2021/12/14~2026/12/14	1,000,000
	Bank of Taiwan	1.20%~1.69%	2022/01/24~2027/01/24	450,000
	Taishin Bank	0.95%~1.68%	2022/02/24~2025/02/24	1,000,000
	First Commercial Bank	1.10%~1.72%	2022/02/24~2027/02/24	2,000,000
	Bank SinoPac	1.65%~1.65%	2022/10/28~2025/10/28	100,000
	Bank of Taiwan	1.91%~1.91%	2022/12/21~2025/12/21	300,000
Subtotal				<u>10,169,161</u>
Total				63,600,194
Less: Current portion				<u>(11,403,514)</u>
Total				<u>\$ 52,196,680</u>

EVA AIRWAYS CORP.

Statement of contract liabilities — non-current and
other non-current liabilities

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Contract liabilities — non-current:	
Customer loyalty program	\$ <u><u>1,426,556</u></u>
Other non-current liabilities:	
Restoration obligations	\$ 18,882,323
Others	<u>407,847</u>
Total	\$ <u><u>19,290,170</u></u>

Statement of lease liabilities

<u>Item</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Land	1 to 16 years	1.13% ~ 1.21%	\$ 321,288
Building and structures	1 to 8 years	1.13% ~ 4.78 %	591,474
Aircraft	1 to 10 years	1.25% ~ 3.32%	69,960,564
Machinery and equipment	1 to 5 years	1.17% ~ 4.78%	<u>55,688</u>
Total			\$ <u><u>70,929,014</u></u>

Note: The statement of lease liabilities were disclosed in note 6(p).

EVA AIRWAYS CORP.
Statement of operating revenue
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Operating revenue:	
Revenue from passenger services	\$ 31,875,006
Revenue from cargo services	90,298,142
Others	<u>4,969,084</u>
Total	<u><u>\$ 127,142,232</u></u>

Statement of operating costs

<u>Item</u>	<u>Amount</u>
Cost of air freight services	\$ 78,945,574
Airport and transportation operating costs	10,113,476
Traveler service costs	8,257,452
Maintenance costs	10,722,644
Others	<u>2,074,621</u>
Total	<u><u>\$ 110,113,767</u></u>

EVA AIRWAYS CORP.
Statement of operating expenses
For the year ended December 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Salary expense	\$ 4,929,838
Depreciation expense	740,306
Others (Note)	<u>3,211,412</u>
Total	<u><u>\$ 8,881,556</u></u>

Note : The amount of each item in others does not exceed 5% of the account balance.

Financial liabilities for hedging were disclosed in note 6(c).

Statement of notes receivable – related parties, accounts receivable – related parties, other receivables – related parties, notes payable – related parties, accounts payable – related parties and other payables – related parties were disclosed in notes 6(d), 6(e), 7 and 13.

Statement of changes in property, plant and equipment was disclosed in note 6(j).

Statement of changes in right-of-use assets was disclosed in note 6(k).

Statement of changes in investment property was disclosed in note 6(l).

Statement of changes in intangible assets was disclosed in note 6(m).

Statement of other current and other non-current assets were disclosed in note 6(n).

Statement of changes in restoration obligations was disclosed in note 6(q).

Statement of net defined benefit liabilities- non-current was disclosed in note 6(r).

Statement of deferred tax assets and liabilities was disclosed in note 6(s).

Statement of other income was disclosed in note 6(x).

Statement of other gains and losses was disclosed in note 6(x).

Statement of finance costs was disclosed in note 6(x).