

ANNUAL REPORT 2023



Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between English version and Chinese version, the Chinese version shall prevail.

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Financial Calendar

Year Ended December 31, 2023

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I. Letter to Shareholders

Dear Shareholders,

In 2023, Taiwan's aviation industry extricated itself from the malaise of the COVID-19 pandemic, and welcomed a return to former prosperity. Passenger travel strengthened demand to the point that reservations outstripped available seating, leading to rising ticket prices and increased passenger revenue. For cargo, the Company made nimble pricing adjustments in response to market changes. Annual revenue of EVA Air reached NT\$187.8 billion, for 47% growth over the previous year.

2023 Results

■ **Passenger revenue was NT\$135.8 billion, which was an increase of NT\$103.9 billion compared with 2022 and a year-on-year increase of 326.0%**

In 2023, the number of passengers carried was 11.27 million persons, accounting for an annual increase of 410.9%; the passenger load factor was 83.1%, accounting for an increase of the annual passenger yield by 5.5%. As a result of revenge travel demand, passenger flights rebounded to 83% of the pre-pandemic levels. By restoring the service network in a systematic way and scheduling flights flexibly, EVA Air optimized revenue to reach historic highs.

■ **Cargo revenue was NT\$41.4 billion, which was a decrease of NT\$48.9 billion compared with 2022 and a year-on-year decrease of 54.2%**

In 2023, EVA Air transported 700,000 tons of cargo, making a decrease of 16.7% from the previous year. The cargo load factor was 72.8% and the cargo yield decreased by 44.8%. In the first half of the year, factors such as high inventory, interest rates and inflation, and reduced consumer spending led to an oversupply of cargo space surpassing demand. As a result, both cargo volume and freight tariff declined. However, then, in the second half of the year, benefited from a rapid increased e-commerce. This drove growth in price and sales, leading to an annual revenues surpassing pre-pandemic levels.

■ **Expanding the service network to make connecting more convenient**

EVA Air is dedicated to optimizing fleet utilization. In March, 2023, we inaugurated flights to Clark International Airport in the Philippines. In May, we increased flight frequencies to Milan, Italy, and additional flights to Seattle, USA during high season. In August, our two 787-10 passenger aircraft commenced operations at Taipei Songshan Airport. All of this has enhanced the passenger capacity and service level. Additionally,

in July, we initiated cargo flights to Toronto and San Francisco, thereby bolstering our North American cargo network and improving operational efficiency.

■ **Enhancing automated service and increasing frequent flyer loyalty**

EVA Air continues to enhance airport automation by optimizing self-check-in system's ID scanning abilities and expanding the range of recognized IDs. Through loyal member marketing, we offer exclusive flights that provide passengers with a unique experience. Our innovative EVABidDeal service maximizes the utilization of Business Class and Premium Economy seats, effectively diversifying earnings.

■ **Affiliated companies**

EVA Air has invested in 17 affiliates including Evergreen Aviation Technologies Corporation, Evergreen Sky Catering Corporation, Evergreen Airline Services Corporation, Evergreen Air Cargo Services Corporation and EVA Flight Training Academy, etc. These companies construct a complete downstream aviation service network and upstream supply chain. The annual investment income was NT\$2 billion in 2023.

Results vs. Projections

EVA Air and subsidiaries estimated total consolidated operating revenue of NT\$184.02 billion for 2023 and actually achieved NT\$200.36 billion, surpassing our goal with 108.88%. Expected net profit before taxes was NT\$10.11 billion and actual net profit before taxes amounted to NT\$28.84 billion.

Analysis of Financial Results and Profitability

EVA Air and subsidiaries reported consolidated operating revenue of NT\$200.36 billion for 2023, a 45.1% increase over the previous year. Consolidated operating expense was NT\$170.79 billion, a 33.1% increase over the previous year.

Profitability analysis (consolidated):

Return on assets: 8.0%

Return on equity: 21.7%

Profit margin: 11.5%

Earnings per share: NT\$4.01

Research and Development

1. The EVA Sky Shop duty-free shopping preorder website and App have introduced responsive web pages design to provide customers with new, full shopping experiences no matter what device they're using. The Sky Shop has added a variety of payment methods and an optimized purchase process to shorten time to payment

and make shopping easier. Our expanded array of flexible promotion schemes has raised customer satisfaction and loyalty to increased sale and create additional company revenue.

2. We have officially rolled out automated operations in the Taiwan-regional EVA Air Travel Agency Service's group check-in system. This provided travel agencies with functions such as group seat selection, check-in, transmitting/printing boarding passes, system pre-seating, and more. These functions have lowered group traveler check-in times at airports, improved customer satisfaction, enhanced airport operating performance, and relieved airport labor strains.
3. We have introduced cloud customer service systems at all our global customer service centers. This is a huge step toward achieving our goal of worldwide, 24/7 telephone customer service in both Chinese and English. This has provided global travelers with superior, consistent customer service experiences; it has also increased ways for customers to contact us, and flexibility in how customer service staff are deployed.
4. We have introduced server management tools, which help with routine, everyday server maintenance operations. This has strongly enhanced server management efficiency and accuracy, thus improved operating quality.
5. We have completed optimization of our cargo operation systems. In cargo pricing management, we have optimized freight rate setting and developed a cargo collect-on-delivery pricing system; for allotment management, we have added cargo volume control and inspection mechanisms that enhanced management efficiency and operating quality.
6. To reduce the operational costs of the data warehousing system and effectively integrate database management human resources, the migration and deployment of data warehousing databases and scheduling tools have been completed, achieving the goal of optimizing system job scheduling and enhancing global operational efficiency.
7. The 160 galley layouts in our current aircraft fleet have presented through a graphical interface, and load balancing is automatically calculated. This has facilitated load planning, and has improved data timeliness and accuracy. Graphic galley layouts are instantly provided to the outstation agent, sky catering, and crew members for loading confirmation. This has improved the ease and accuracy of loading planning, as well as convenience and readability of operator confirmations.
8. In order to improve the quality of aircraft maintenance, we have built an aircraft maintenance record management platform. This uses mobile devices to log the

maintenance records both in cockpit and cabin and to report current aircraft status in real time. These help to speed up handling of maintenance problems.

9. We have designed and built a new generation of information system platform. It is built with multiple redundant virtual resource pools to manage software, hardware, and network resources. This platform has provided high-speed information systems for EVA's users and customers, furthermore, it has provided centralized management and stable services with high level security.

Corporate Sustainability Development

In response to the UN Sustainable Development Goals (SDGs), we formulate sustainable development strategies based on ESG and our corporate core value of “Safety, Service, and Sustainability”. By establishing a sustainable corporate governance model, we hope to work with suppliers to jointly create a service environment for sustainable aviation so that we can achieve our vision of “becoming a benchmarking airline with global influence”, refine corporate sustainable governance performance, and build brand value as a leader in sustainability.

■ Winning Affirmation in the Form of International Sustainability Assessments and Awards

EVA Air participated in the S&P Global Corporate Sustainability Assessment in 2023. Among the 61 evaluated airlines worldwide, the Company won third place in the global aviation industry; it further won the honor “Top 5% S&P Global ESG Score” in The Sustainability Yearbook 2024 as announced on February 7, 2024, which demonstrates that the Company's ESG performance measured through the indicators leads the global aviation industry. In addition, the Company participated in the “2023 6th Annual Global Corporate Sustainability Awards (GCSA) and the “2023 16th Taiwan Corporate Sustainability Awards (TCSA)”, both organized by Taiwan Institute for Sustainable Energy (TAISE). For the first time, we won the “Sustainability Reporting Award - Silver Class” in the GCSA. For the sixth year in a row, we won a “Platinum Award for Transportation Industry - Sustainability Report Category”. We were awarded the “Taiwan Top 100 Sustainable Enterprises Award - Corporate Sustainable Comprehensive Performance Category”, and the “Growth through Innovation Leadership Award”, the “Sustainable Supply Chain Leadership Award”, the “Climate Leadership Award”, and the “Creativity in Communication Leadership Award” in Single Performance Category. All told, we won seven GCSAs and TCSAs, the number of garnered awards is the highest in its history. In 2023, we also participated in *CommonWealth* Magazine’s Excellence in Corporate Social Responsibility awards assessment; we were honored to be listed among the top 100 corporations as one of the Top 50 Large Enterprises.

■ Making Net-Zero Carbon Emissions by 2050 a Reality

On the path towards “Net Zero Carbon Emissions by 2050”, the Company has planned out our short, medium and long-term objectives based on flight operations and ground operations. Using sustainable aviation fuel (SAF) is a key way for the aviation industry to reduce carbon. On May 7, 2023, a ferry flight for our new Star Alliance-liveried Boeing 787-10 was fueled with 30% SAF; and on August 23, passenger flight BR189 from Haneda, Japan to Songshan, Taiwan used 40% SAF. Together, these two flights accounted for 90 tons in carbon reductions. May’s delivery was EVA Air’s first-ever flight using SAF; and August’s flight was the highest ratio of SAF used on an international passenger flight. Not only do these two flights symbolize EVA Air’s resolve to move toward net-zero emissions, but they also represent our aspiration to provide more outstanding fuel efficiency and lower-carbon transport.

2024 Preview

Operating Objectives

1. Strengthening hub transfers; optimizing network efficiency

EVA Air is actively expanding its presence in both the passenger and cargo markets by increasing flights on promising routes. Furthermore, we deepen our cooperation with Star Alliance and other airlines to improve passenger and cargo network efficiency.

2. Making flexible fleet adjustments; enhancing usage efficiency

In response to robust travel demand, we make plans beginning in March 2024 to resume flights to Matsuyama Airport, Japan, and to increase flight frequencies from Kaohsiung to Fukuoka and Macau. Additionally, we also plan to adjust large-capacity aircraft on high-profit routes, fully utilizing fleet downtime to dispatch flights to popular destinations. In combination with our refined revenue management, these measures will enhance operating efficiency.

3. Enhancing global customer service; advancing brand management

EVA Air is endeavoring to set up global customer service through integrating human resources. We are partnering with Michelin-starred chefs to create superb onboard feasts for committing our brand management. Moreover, we are also sponsoring international athletic competitions, supporting artistic and cultural activities, and taking an active part in public philanthropic events, all of which helps boost our international brand visibility and reputation.

Sales Estimate and Statistics

Passenger:

In 2024, EVA Air forecasts 12.9 million passengers reflecting an annual growth of 14.5%. The International Air Transport Association (IATA) estimates that worldwide passenger will reach a total of 4.7 billion in 2024, setting a new record.

Cargo:

In 2024, we estimate carrying 763,000 tons of cargo, marking an 8.8% increase compared to the previous year. IATA forecasts that air cargo volume will reach 61 million tons, reflecting a 5% annual growth rate.

Future Development Strategies and Important Marketing Policies

1. Optimizing fleet composition to improve operational efficiency:

- (1) Eleven Boeing 787 Dreamliners and one 777F freighter will be delivered from 2024. Meanwhile EVA Air is to convert three of its Boeing 777-300ER aircraft into freighters from 2026.
- (2) EVA Air has finalized a firm order with Airbus for the purchase of eighteen long-range A350-1000 (excluding to option another six aircraft) and fifteen single-aisle A321neo. EVA Air's A350-1000 will be progressively delivered between 2026-2030 and 2029-2032 for the narrow body A321neo.
- (3) The quantities of our fleet is as shown in the following table:

| | Aircraft Type | 2024.12.31 |
|---|----------------------|-------------------|
|  | 777-300ER | 33 |
|  | 787-9 | 7 |
|  | 787-10 | 12 |
|  | A330-300 | 9 |
|  | A321-200 | 17 |
|  | 777F | 9 |
| | Total | 87 |

2. Perfecting network connectivity and advancing transit hub benefits
 - (1) Stabilizing the trans-Pacific and Eurasian network to enhance network connectivity.
 - (2) Resuming and increasing flights to stimulate transit passenger traffic.
 - (3) Implementing flexible fleet adjustments to maximize route profitability.
 - (4) Expanding the freighter fleet and exploring high-potential destinations.
 - (5) Branching out unique cargo sources to expand cargo revenue ratios.
3. Deepen alliance connections and accelerating digital transformation
 - (1) Deepen airline alliance relationships, increase joint ventures, winning new air traffic rights, and expanding our global network.
 - (2) Comprehensive digital transformation, enriching marketing models, expanding our service categories, and enhancing passenger experiences.
4. Enhancing service experiences; innovating brand value
 - (1) Providing diverse ways of using mileage to increase member's loyalty.
 - (2) Making innovations in in-flight cuisine to enhance flying experiences.
 - (3) Strengthening marketing efforts on international sporting events to reshape brand image.
 - (4) Sponsoring various cultural and artistic events to embody corporate sustainability.

Impact of External Competition, Legal Issues and Overall Operating Environment

External Competition

1. Industry competitors are increasing the capacity, intensifying market competition.
2. Labor shortages in the aviation industry have hindered the restoration of our flight network.
3. Supply chain shortages with manufacturers are leading to delayed delivery of new aircraft.
4. Hub airports are experiencing slot saturation, accompanied by rising airport costs.

Legal Environment

In October 2023, the European Parliament passed the ReFuelEU Aviation regulations, which are part of the EU's Fit for 55 plan. ReFuelEU is aimed at increasing supplies and use of sustainable aviation fuels (SAF). It also helps assure a fair playing field in the EU aviation market, helps make sure that air transport meets the EU's 2030 and 2050 climate goals, and clarifies what the implementation obligations are for aviation industry fuel suppliers, aircraft operators, and airports.

The ReFuelEU regulations require aviation fuel suppliers to supply increasingly higher proportions of SAF at EU airports: 2% by 2025; 6% by 2030; 20% by 2035; and 70% by 2050. Increasing SAF usage rates will mean correspondingly lower greenhouse gas emissions.

Starting from 2025, aircraft operators must submit reports to the EU authorities and European Union Aviation Safety Agency (EASA) by March 31 each year, detailing information on their fuel usage at EU airports for the period. They must also avoid increased aircraft greenhouse gas emissions as a result of carrying excessive fuel.

EVA Air continues to monitor the long-term effects of domestic and international laws on the overall aviation industry value chain. We dynamically adjust our climate change response policies. Through management and greenhouse gas emission reductions, we do our duty in protecting the global environment.

Overall Operating Environment

1. The continuation of inflation delays interest rate cuts and inhibits economic growth.
2. Geopolitical conflicts affect energy supplies and drive up commodity prices.
3. Airspace restrictions necessitate route adjustments, prolonging flight times and increasing fuel consumption.
4. Proactive implementation of corporate sustainability initiatives leads to heightened operating costs.

As we look ahead to 2024, the aviation industry presents a complex landscape of opportunities and challenges. EVA Air remains steadfast in our core principles “Safety & Sustainability; Pragmatic Progress; Innovative Service; and Recreating Value”. We prioritize air safety and exceptional service while continuously refining management strategies to adapt to the ever-evolving global market. We fulfill our corporate social responsibility by safeguarding the rights of all stakeholders and promoting sustainable aviation practices.

Chairman

Lin, Bou-Shiu

II. Company Profile

Date of Incorporation: April, 07, 1989

Location: No. 376, Sec. 1, Hsin-Nan Rd., Luchu Dist., Taoyuan City

Tel: 03-351-5151

Taipei Branch Office: 1F, No. 117, Sec. 2, Chang An E. Rd., Zhongshan Dist., Taipei

Tel: 02-8500-2345

Major Milestones

1989~1996

- EVA Air was founded on March 8, 1989 by Group Chairman Y. F. Chang and registered on April 7, 1989. The Company immediately prepared for flight operation. The authorized capital was NT\$10 billion and the paid-up capital was NT\$2.5 billion.
- First Flight was launched on July 1, 1991.

1997~2001

- The Company's stocks were listed for sale in OTC.
- The Company moved into new terminal and provided services to customers, after the opening of terminal 2 of Taoyuan International Airport.
- EVA Air secured approval to transfer its stocks listing from OTC and moved its shares to the Taiwan Stocks Exchange (TWSE).

2002~2006

- EVA Air took delivery of its first A330-200 aircraft and introduced new generation of business class, Premium Laurel Class.
- EVA Air Europe Cargo Center was established.
- EVA Air took delivery of the first 777-300ER aircraft (B-16701) in Boeing Company in Seattle, U.S.
- EVA Air opened Southern China Cargo Center in Hong Kong.

2007~2011

- EVA Air received The Richard Teller Crane Founder's Award from the 60th annual International Air Safety Summit (IASS). Since the coveted award was established, EVA Air was the first Asian airline and only the second airline among all recipients to receive it.
- EVA Air and UNI Air provided cross-strait charter flights services since July 4, 2008.

- Joined IATA as e-freight airline with the e-AWB service became a milestone of EVA Air.
- Selected as “Top 100 Brands” by Ministry of Economic Affairs (MOEA).
- Certificated Authorized Economic Operator (AEO) by Customs Administration, Ministry of Finance.

2012~2016

- EVA Air Sky Jet Center was available to provide services which makes the service function in Taipei Songshan Airport more complete.
- EVA Air started 777-300ER aircraft renovation. The Business Class placed by fully-flat beds and named as “Royal Laurel Class”.
- EVA Air was awarded CAA’s 2012 “Golden Flyer Award” for International and Cross-Strait Route Group.
- Became a Star Alliance member since 2013.
- EVA Air acquired general aviation permission and became the first airline company that provided periodical flights and business jets services.
- EVA Air signed agreements with the Boeing Company to introduce twenty four 787 Dreamliners and two 777-300ERs.

2017~2021

- EVA Air was awarded CAA’s 2016 “Golden Flyer Award” for International and Cross-Strait Route Group.
- Business Traveller awarded EVA Air the Gold Medal of 2016 “Best Business Class Cellar”, “Best First Class Sparkling” and 2017 “Best Business Class Sparkling”.
- EVA Air ranked the world’s Top-10 safest airlines on the annual index reported by Germany’s AERO International Magazines for fifteen consecutive years.
- The first 777 freighter B-16781 was delivered in Boeing Company in Seattle, U.S.A.
- EVA Air was the only airline that had been awarded the top 5% of the corporate governance evaluation by Taiwan Stock Exchange among the TWSE/TPEX Listed Companies for three consecutive years.
- SKYTRAX announced EVA Air as the 2019 “World's Best Airline Cabin Cleanliness”, “World's Best Economy Class Catering”, and ranked 6th among “The World’s Top Ten Best Airlines”, and in 2021, SKYTRAX ranked EVA Air the 4th of “World's Best Economy Class Catering”, 5th of “Best Airline in Asia”, “World’s Best Airline Cabin Cleanliness”, “World's Best Business Class Airlines”, 6th of “World’s Best Airport Services”, 7th place among “World’s Top-10 Airlines”, “World’s Best Airline Cabin Crew” and “Best Airline Staff in Asia”.
- TripAdvisor recognized EVA Air “World’s Top-10 Best Airlines”, “World’s Best

Business Class”, “Best Airline in Asia”, “Best Business Class in Asia” and “Best Premium Economy Class in Asia”.

- AirlineRatings.com recognized EVA Air the 9th of 2021 “World’s Top-20 Airlines”, and “World’s Top-20 COVID-19 Compliant Airlines”.
- EVA Air took the lead in launching the facial recognition system at San Francisco International Airport in U.S. to speed up boarding process.
- EVA Air tested the digital health passport verification platform with Affinidi and AOKpass, and collaborated with International Air Transport Association (IATA) to introduce the IATA Travel Pass.
- EVA Air earned certification from the IATA’s Center of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma).
- EVA Air was listed 3rd of 2021 “The World’s Best International Airlines” on the Travel + Leisure Magazine.
- Condé Nast Traveler’s Readers rated EVA Air the 7th of “Top 10 Airlines Carrier” for first time.
- Participated in the S&P Global Corporate Sustainability Assessment for the first time in 2021 and won third place in the aviation industry. S&P Global released the 2022 Sustainability Yearbook, and EVA Air was awarded the “Silver Class” rating in the airline industry.
- Won the “Corporate Sustainability Best Performance for Service Category – Social Inclusion Awards”, “Corporate Comprehensive Performance – Taiwan TOP50 Corporate Sustainability Award and Excellent Performance Award” in the TCSA in 2017, 2020, and 2021.

2022

- EVA Air launched e-Library with digital books and magazines available for passengers inflight reading, which is the first airline in Taiwan.
- EVA Air signed with Israel Aerospace Industries Ltd. (IAI) for the conversion of three Boeing 777-300ER from passenger to freighter configuration starting from 2025.
- EVA Air was awarded the “Best Overall Airline in Eastern Asia and Best Cabin Service” in the Global Passenger Choice Awards by APEX.
- EVA Air launched direct flight routes between Taipei to Milan and Munich.
- AirlineRatings.com recognized EVA Air the 8th of 2022 “World’s Top-20 Airlines”, and “Seven Star Certification for COVID-19 Epidemic Prevention” for two consecutive years.
- Won second place in the aviation industry in the S&P Global Corporate Sustainability Assessment.
- EVA Air signed up for the Science Based Targets initiative (SBTi).

2023

- EVA Air was awarded the “Five Star Global Airlines” by APEX for two consecutive years.
- Signed a contract with Boeing Company to purchase five 787-9 aircraft, and signed a contract with Airbus Company to purchase eighteen A350-1000 and fifteen A321neo aircraft.
- EVA Air launched direct flight routes between Taipei to Clark and to Toronto for freighter destination, becoming the only airline in Taiwan to provide the freighter services to Toronto.
- AirlineRatings.com recognized EVA Air the 8th of 2023 “World’s Top-25 Airlines”, and ranked among “World’s Top-20 Safest Airlines” for ten consecutive years, becoming the only airline in Taiwan to be included in the list.
- SKYTRAX announced EVA Air as the “5-Star Airline” for eight consecutive years, and ranked 1st among “World's Best Premium Economy Class Airlines”, “World's Best Premium Economy Class Airline Catering” and “Best Premium Economy Class Airlines in Asia”, 3rd among “Best Airline Staff in Asia” and “Best Premium Economy Class Airline Seats”, 4th among “World’s Best Airline Cabin Crew” and “Best Business Class Airline Comfort Amenities”, 5th of “Best Airlines in Asia”, 6th among “World’s Cleanest Airline”, “World’s Best Airport Services” and “Best Economy Class Airline Catering”, 7th of “Best Economy Class Airline Seats”, 8th of “World's Best Economy Class Airlines”, 9th among “World’s Top-10 Airlines”, “Best Business Class Airline Onboard Catering” and “World’s Most Family Friendly Airline”.
- EVA Air was listed 10th of 2023 “World's Best International Airlines” on the Travel+Leisure Magazine.
- Condé Nast Traveler’s Readers rated EVA Air the 8th among “The best airlines for food” and “Best International Airlines in North America”, and 9th of “The best airlines in the world”.
- World Travel Awards recognized EVA Air as “Asia’s Leading Airline – Premium Economy Class 2023” for the first time.
- Received “Sports Activist Awards” – Sponsorship Award Gold Class again, which is organized by Sports Administration, Ministry of Education. EVA Air is the only airline receiving the award domestically.
- For the first time, EVA Air won the “Sustainability Reporting Award – Silver Class” in the GCSA and “Creativity in Communication Leadership Award” in the TCSA. For the sixth year in a row, we won a “Platinum Award for Transportation Industry – Sustainability Report Category”. We were awarded the “Taiwan Top 100 Sustainable Enterprises Award – Corporate Sustainable Comprehensive

Performance Category”, and the “Growth through Innovation Leadership Award”, the “Sustainable Supply Chain Leadership Award”, and the “Climate Leadership Award” in Single Performance Category for two consecutive years, a total of seven awards.

- Won third place in the aviation industry in the S&P Global Corporate Sustainability Assessment, and awarded the “Top 5% S&P Global ESG Score” for two consecutive years.
- Conducted greenhouse gas inventories according to ISO 14064-1 and obtained third-party verification for eight consecutive years.
- EVA Air collaborated with Chung Yuan Christian University to launch the world’s first “EVA Air ESG Environmental Innovative Design Competition”, demonstrating the emphasis on sustainable values.

2024

- EVA Air will launch a direct flight route between Kaohsiung to Hong Kong, fully deploying the Hong Kong and Macau markets.

III. Corporate Governance Report

The excellent corporate governance is the basis of corporate sustainable operation. By following the idea, the Company is devoted to maintaining shareholders' interests, enhancing the functionality of Board of Directors and strengthening the correctness and instantaneity of information disclosure to make sure the efficiency and transparency of corporate operation.

The Company adopts electronic voting for Annual General Shareholders' Meeting. Shareholders could participate in voting by electronic way. The shareholders rights are protected and the activism of shareholders are implemented well. Besides, the Company also provides Chinese and English shareholder' meeting agenda and annual report for investors' reference to ensure all investors could receive equal information.

Based on the principle of integrity in management, the Company continues to promote corporate governance. In the 10th Corporate Governance Evaluation Award for TWSE-listed and TPEX-listed Companies of year 2023, EVA Air was ranked in the top 5% of all listed companies. In 2023, the Company was also awarded the "Sustainability Reporting Award - Silver Class" in the GCSA, and the "Taiwan Top 100 Sustainable Enterprises Award", the "Platinum Award for Transportation Industry - Sustainability Report Category", the "Growth through Innovation Leadership Award", the "Sustainable Supply Chain Leadership Award", the "Climate Leadership Award", and the "Creativity in Communication Leadership Award" in the TCSA, thus evidencing the Company's excellent performance in corporate governance and corporate social responsibility.

The Company's Board of Directors is composed of nine directors, including three independent directors (one of them shall be an Independent Director Undertaking Public Welfare), in order to make sure the independence and transparency of the operation of Board of Directors. The members of Board of Directors have professional knowledge and diverse background, such as business management, transportation management, finance accounting, law, technology, environmental protection and risk management. The independent directors provide professional and multi-dimensional opinions by their experiences.

The Remuneration Committee is composed of three independent directors and subordinated under Board of Directors. The Committee periodically reviews the remuneration policies of directors and managers and stipulates a reasonable remuneration for them according to their devotion on company operation. In addition, the Company set up Audit Committee. The Committee is composed of the entire independent directors. The main function is to supervise fair presentation of the financial reports, the appointment, independence, and performance of CPAs, the effective implementation of

the internal control system and the risks management of the Company. In order to fulfill corporate social responsibilities and achieve the goal of sustainable operations, the Company established the Sustainability Committee (with independent director membership of at least 50%) on December 23, 2022 to be in charge of reviewing and formulating policies, strategies, objectives, and management guidelines related to corporate sustainability (including risk management), reviewing the corporate sustainability annual work plan, supervising and tracking its progress and results, and fully implementing the corporate governance system so as to be in line with the concept of sustainable operations.

The Auditing Div. is also subordinated under Board of Directors to build, implement and maintain the appropriateness and effectiveness of internal control system, improve operational efficiency and ensure that all the operation follows the related laws by auditing.

3.1.2 Major Corporate Functions

According to the Articles of Incorporation, the Company shall have seven to nine (7~9) Directors, including three Independent Directors. The Directors shall be selected by the shareholders from the list of candidates announced by the Company, and shall have a three-year term of office. The Directors shall constitute the Board of Directors, which is responsible for executing business of the Company. The Chairman shall be elected at a meeting attended by at least two-thirds (2/3) of the Directors and by a simple majority vote of the Directors present at the meeting and may also elect a Vice Chairman in the same manner. The Chairman represents the Company to deal with all business.

To complete corporate governance and strengthen the ability of the Board of Directors, the Company has set up Remuneration Committee, Audit Committee and Sustainability Committee subordinated under the Board of Directors. The Remuneration Committee is responsible to formulate and regularly review the Directors and managers remuneration policy and the reasonable remuneration of management team according to their contribution. The Audit Committee mainly supervises if the financial statements of the Company are reasonable expressed, the election, dismissal, independence of CPA and internal control effectiveness of the Company. The Sustainability Committee is in charge of reviewing and formulating policies, strategies, objectives, and management guidelines related to the Company's corporate sustainability (including risk management) and the corporate sustainability annual work plan, as well as supervising and tracking the implementation, progress, results, and other matters related to the Corporate Sustainability Committee's work plan.

The Company has set up one President who is responsible to handle company business by following the order from the Board. The appointment and dismissal of the President shall executed at a meeting attended by at least half (1/2) of the Directors and by a simple majority vote of the Directors.

| Department | Functions |
|--|---|
| Auditing Div. | Responsible for the inspection and evaluation of internal control to promote operating performance. |
| Legal & Insurance Div. | Responsible for aviation insurance affairs, contracts reviews, legal consultation, litigation and non-contentious matters. |
| Public Relations Div. | Responsible for media relations, press releases, advertising, planning PR activities and corporate image marketing. |
| Information Security and Privacy Management Div. | Responsible for the planning and management of information security and privacy protection policies, regulatory compliance, implementation of the information security and privacy management system, prevention and response of information security incidents, awareness training programs. |

| Department | Functions |
|---|---|
| Human Resources Div. | Responsible for human resources management, recruiting, execution of general training programs, employee assistance and care as well as union affairs. |
| General Affairs Dept. | Responsible for domestic and overseas property management, procurement of company vehicles and office supplies, employee shuttles, outsourcing of labor and custodial work, construction management, maintenance of facilities and utility services, employee dormitory, catering and employee cafe, visitor reception, and general affairs. |
| Clinic Div. | Responsible for arranging employee's regular health check-ups, follow-up of abnormal health results, health promotion, general medical treatment & consultation, and in-flight medical supplies & equipment maintenance, cabin crew first aid training. |
| Finance Div. | Responsible for financial statements, tax processing, funds management, recording and auditing operation revenue, providing operating analysis data and so on. |
| Corporate Governance Dept. | Responsible for board meetings, functional committee meetings, shareholders' meeting affairs, and corporate governance related matters. |
| Corporate Safety & Security Div. | Establish a comprehensive aviation safety and security policy and management system; continuously improve the overall safety management system with proactive and predictive approach by monitoring early warning indicators and trends in aviation safety and security. Enhance the risk awareness of flight crew and ground staff with thorough and solid training, and actively cultivate a high-quality organizational safety and security culture. |
| Corporate Sustainability Development Div. | Responsible for the establishment of corporate sustainability policies, strategies and plans, net zero emissions and climate change governance, the coordination of ESG reporting, and shaping corporate sustainability culture. |
| Occupational Safety & Health Div. | Responsible for the planning and implementation of occupational safety and health management. |
| Corporate Planning Div. | Responsible for developing the company's strategies covering fleet and network planning, route performance analysis, overseas branch administration, fuel procurement, investment and affiliates coordination, alliances and international affairs etc. |
| Operation Management Dept. | Responsible for worldwide passenger and cargo stations operation management including: airport service policy establishment, auditing and training; ground handling service procurement and marketing; unit load device procurement and management; ground operations safety management; airport smart service planning and management; operational activities compliance monitoring and management on standards set out by IATA and Star Alliance. |

| Department | Functions |
|--|---|
| Digital And Information Planning Dept. | Responsible for the planning and management of passenger and cargo service systems, data science, customer experience, e-commerce, social media, and Star Alliance digital services. |
| Passenger Management Div. | Responsible for the management of global passenger revenue target achievement / pricing strategy / selling channel handling / marketing plan / flight inventory control, global corporate account development, interline affairs, passenger schedule publication and reservation / ticketing management, contact center operations and tariff filing. |
| Passenger Business Div. | Responsible for passenger sales-related management and concerning matters for Taiwan. |
| Customer Service Div. | Responsible for service quality auditing, customer feedback handling and analysis, trainings on customer service concept, passenger reservation / ticket handling and Infinity MileageLands member services. |
| Cargo Div. | Responsible for the worldwide freight revenue management, capacity management, pricing and marketing strategy development. |
| Loyalty Marketing Dept. | Responsible for planning rewards approaches for EVA Air Infinity MileageLands members and Member management, newly-negotiating cross-industry cooperation, contracting and maintaining with Star Alliance airlines, and participating in the implementation of various Star Alliance members' projects. |
| Flight Operations Div. | Flight crew recruitment and personnel management, scheduling, training and checking; flight dispatch, aircraft performance analysis and en-route fuel consumption analysis; development of flight standards and technical manuals; management and maintenance of flight training equipment. |
| Cabin Crew Div. | Responsible for Cabin Crew's recruitment, scheduling, management and execution of cabin operations and service. |
| Cabin Service Div. | Responsible for the development, procurement, marketing, warehousing of cabin service supplies, in-flight duty-free products, duty-free preorder products, home delivery shopping products and LOGO products, as well as sky catering management, shopping website management, etc. |
| Engineering & Maintenance Div. | Responsible for the aircraft engineering technologies, maintenance program planning and control, fleets airworthiness monitoring, the audit of aircraft spare part purchase and repair, and so on. |
| Airport Div. | Responsible for the passenger immigration related affairs and airlines dispatch. |
| Sky Jet Center | Responsible for business jet management, maintenance and ground handling (CIQ fast track service). |
| Computer Div. | Responsible for the design and maintenance of computer programs, the procurement of computer equipment and maintenance and the consulting of operation computer system. |
| Foreign Branches | Responsible for the branch's development and promotion of passenger and freight related businesses overseas. |

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

March 31, 2024

| Title (Note 1) | Nationality | Name | Gender Age (Note 2) | Date of Election (Inauguration) | Tenure | Date of Initial Election, Appointment (Note 3) | Shareholding When Elected (Note 12) | | Present Shareholdings (Note 12) | | Shares Held by Spouses & Dependents | | Shares Held by Third Parties | | Education & Experience (Note 4) | Positions held concurrently in the company and/or in any other company | Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other | | | Remark (Notes) |
|-------------------|-------------|--------------------------------------|----------------------------|---------------------------------------|---------|--|---|-------|---------------------------------------|------|---|------|---------------------------------|------|---------------------------------------|---|--|------|----------|-------------------|
| | | | | | | | Number | (%) | Number | (%) | Number | (%) | Number | (%) | | | Title | Name | Relation | |
| Chairman | R.O.C. | Evergreen Marine Corp. (Taiwan) Ltd. | N/A | 2023.05.24 | 3 Years | 1989.03.31 (Note 6) | 776,541,111 | 14.48 | 401,139,111 | 7.43 | N/A | 0 | 0.00 | N/A | N/A | - | | | | - |
| | R.O.C. | Representative: Lin, Bou-Shiu | Male 71~80 years old | 2023.05.24 | 3 Years | 1993.04.30 (Note 7) | N/A | | 350,029 | 0.01 | 21,911 | 0.00 | 0 | 0.00 | Please refer to page 26 | Chairman: Hsiang-Li Investment Corp. Director: Evergreen Aviation Technologies Corp., Evergreen Sky Catering Corp., Evergreen Air Cargo Services Corp., Evergreen Airline Services Corp., Trade-Van Information Services Co. | - | - | - | - |
| Director | R.O.C. | Evergreen Marine Corp. (Taiwan) Ltd. | N/A | 2023.05.24 | 3 Years | 1989.03.31 (Note 6) | 776,541,111 | 14.48 | 401,139,111 | 7.43 | N/A | 0 | 0.00 | N/A | N/A | - | | | | - |
| | R.O.C. | Representative: Tai, Jiu-Chyuan | Male 61~70 years old | 2023.05.24 | 3 Years | 2011.06.10 (Note 8) | N/A | | 16,731 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to page 26 | Director: Evergreen Marine Corp. (Taiwan) Ltd., Evergreen International Storage & Transport Corp., Evergreen Steel Corp., Evergreen Sky Catering Corp. | - | - | - | - |
| Director | R.O.C. | Evergreen International Corp. | N/A | 2023.05.24 | 3 Years | 1993.04.30 (Note 9) | 712,296,304 | 13.28 | 532,296,304 | 9.86 | N/A | 0 | 0.00 | N/A | N/A | - | | | | - |
| | R.O.C. | Representative: Chang, Ming-Yuh | Male 61~70 years old | 2023.05.24 | 3 Years | 2009.06.16 (Note 10) | N/A | | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to page 27 | Chairman and President: Evergreen International Corp. Director: Central Reinsurance Corp., UNI Airways Corp., Evergreen Sky Catering Corp., Evergreen Security Corp., Evergreen Airline Services Corp. | - | - | - | - |

| Title (Note 1) | Nationality | Name | Gender Age (Note 2) | Date of Election (Inauguration) | Tenure | Date of Initial Election, Appointment (Note 3) | Shareholding When Elected (Note 12) | | Present Shareholdings (Note 12) | | Shares Held by Spouses & Dependents | | Shares Held by Third Parties | | Education & Experience (Note 4) | Positions held concurrently in the company and/or in any other company | Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree kinship of Each Other | | | Remark (Note5) |
|---|-------------|--------------------------------|------------------------------|---------------------------------------|---------|--|---|------|---------------------------------------|------|---|------|---------------------------------|------|---------------------------------------|--|--|------|----------|-------------------|
| | | | | | | | Number | (%) | Number | (%) | Number | (%) | Number | (%) | | | Title | Name | Relation | |
| Director | R.O.C. | Shine Glow Investments Ltd. | N/A | 2023.05.24 | 3 Years | 2023.05.24 | 10,000 | 0.00 | 10,000 | 0.00 | N/A | 0 | 0.00 | N/A | N/A | - | - | - | - | |
| | R.O.C. | Representative: Wu, Jiang-Ming | Male 71~80 years old | 2023.05.24 | 3 Years | 1994.03.19 (Note 11) | N/A | 0.00 | 18,055 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to pages 27 | Chairman: Chang Yung-Fa Charity Foundation | - | - | - | - |
| | R.O.C. | Representative: Chu, Wen-Hui | Female 51~60 years old | 2023.05.24 | 3 Years | 2023.05.24 | N/A | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to page 27 | Vice President: Secretary Div. of Evergreen International Corp. | - | - | - | - |
| Director | R.O.C. | Sun, Chia-Ming | Male 61~70 years old | 2023.05.24 | 3 Years | 2018.01.01 | 102,763 | 0.00 | 102,763 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to page 28 | President: EVA Airways Corp. Director: Evergreen Aviation Technologies Corp., UNI Airways Corp., Evergreen Air Cargo Services Corp., Hsiang-Li Investment Corp. | - | - | - | - |
| Independent Director Undertaking Public Welfare | R.O.C. | Chien, You-Hsin | Male 71~80 years old | 2023.05.24 | 3 Years | 2014.06.17 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to page 28 | Independent Director: Far Eastern Department Stores, Ltd. (FEDS) Director: ECOVE Environment Corp. | - | - | - | - |
| Independent Director | R.O.C. | Hsu, Shun-Hsiung | Male 61~70 years old | 2023.05.24 | 3 Years | 2014.06.17 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to pages 28~29 | CPA and Managing Partner of YMH Company, CPAs Director: Wellan System Co., Ltd., YMH International Co., Ltd., YMH Risk Management Consultant Ltd., | - | - | - | - |
| Independent Director | R.O.C. | Wu, Chung-Pao | Male 61~70 years old | 2023.05.24 | 3 Years | 2017.06.26 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | Please refer to page 29 | Chairman: Protech Systems Co., Ltd. Independent Director: Marktech International Corp. Director: Chenbro Micom Co., Ltd., CPC Corporation, Taiwan | - | - | - | - |

- Note 1: For statutory director, both the names of the legal entity and its representative are required to be disclosed; for representative of statutory director, the name of the legal entity should also be disclosed, and the aforementioned information should be noted and filled in Chart 1 below.
- Note 2: Please list the actual age in a range of numbers, such as 41–50 years old or 51–60 years old.
- Note 3: To fill in “the Date of Initial Election, Appointment” of the directors and supervisors, the discontinuation of tenure should be footnoted.
- Note 4: To fill in the “Experience” of director and supervisor, detailed job titles and work responsibilities should also be described if he/she previously worked for the auditing accounting firm or the Company’s affiliates.
- Note 5: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.
- Note 6: Evergreen Marine Corp. (Taiwan) Ltd. has appointed representatives to serve as directors or supervisors of the Company from 1989.03.31 to 1993.04.30 and 1996.03.21 till present.
- Note 7: Mr. Lin, Bou-Shiu has served as a director of the Company from 1993.04.30 to 1996.03.21, 2004.06.15 to 2012.03.18 and 2016.03.11 till present.
- Note 8: Mr. Tai, Jiin-Chyuan has served as a director of the Company from 2011.06.10 to 2022.04.18 and 2023.05.24 till present. In addition, Mr. Tai acted as a director on the behalf of Evergreen International Storage & Transport Corp. from 2022.05.31 to 2023.05.23.
- Note 9: Evergreen International Corp. has appointed representatives to serve as directors or supervisors of the Company from 1993.04.30 to 2004.06.15 and 2007.06.13 till present.
- Note 10: Mr. Chang, Ming-Yuh has served as a director of the Company from 2009.06.16 to 2011.06.10 and 2022.10.07 till present.
- Note 11: Mr. Wu, Jiang-Ming has served as a director of the Company from 1994.03.19 to 1996.03.21, 2001.04.19 to 2002.06.18 and 2022.04.19 till present.
- Note 12: Total shares issued at the time of directors election(2023.05.24) was 5,363,273,600 shares; total shares issued at the time of the book closure date for the 2024 shareholders’ meeting(2024.03.31) was 5,400,444,335 shares.
- Note 13: Diversification of Board of Directors: Please refer to page 30.

Chart 1: Major Shareholders of the Institutional Shareholders

March 31, 2024

| Name of Institutional Shareholder (Note 1) | Major Shareholders of Institutional Shareholder (Note 2) |
|---|---|
| Evergreen Marine Corp. (Taiwan) Ltd. | Chang, Kuo-Hua (6.3%) Capital Tip Customized Taiwan Select High Dividend ETF (6.19%) Chang, Sheng-En (4.14%) Chang, Yung-Fa (3.22%) (deceased) Cathay United Bank Trust Account – Chang, Kuo-Hua (2.97%) New Labor Pension Fund (1.48%) Fubon Life Insurance Co., Ltd. (1.45%) J.P. Morgan Securities Plc (1.44%) Yang, Mei-Chen (1.25%) Cathay United Bank Trust Account – Yang, Mei-Chen (0.88%) |
| Evergreen International Corp. | Chang Yung-Fa Foundation (28.86%) Shine Glow Investments Ltd. (18%) Chang, Kuo-Ming (17.99%) Trust Account by Lee, Yu-Mei (Hua Nan Bank) (6.99%) Chang, Kuo-Hua (6.46%) Cathay United Bank Trust Account – Chang, Kuo-Hua (6.44%) Chang Yung-Fa Charity Foundation (5%) Chang, Yung-Fa (5%) (deceased) Yang, Mei-Chen (2.55%) Cathay United Bank Trust Account – Yang, Mei-Chen (2.05%) |
| Shine Glow Investments Ltd. | Chang, Kuo-Cheng (92.44%) Tseng, Chiung-Hui (7.56%) |

Note 1: If the directors and supervisors are institutional shareholders, fill in the name of that institutional shareholder.

Note 2: Fill in the names of the institutional shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and its shareholdings ratio. If any of the major shareholders is institutional shareholders, please fill in chart 2 below.

Note 3: If an institutional shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased".

Note 4: Information is provided by institutional shareholders, Department of Commerce, MOEA or Market Observation Post System (MOPS).

Chart 2: Major Shareholders of the Company’s Major Institutional Shareholders

March 31, 2024

| Legal Entity (Note 1) | Name of Institutional Shareholders (Note 2) | Major Shareholders of Institutional Shareholders (Note 3) |
|--------------------------------------|--|--|
| Evergreen Marine Corp. (Taiwan) Ltd. | Capital Tip Customized Taiwan Select High Dividend ETF | N/A |
| | Cathay United Bank Trust Account – Chang, Kuo-Hua | N/A |
| | New Labor Pension Fund | N/A |
| | Fubon Life Insurance Co., Ltd. | Fubon Financial Holding Co., Ltd. (100%) |
| | J.P. Morgan Securities Plc | N/A |
| | Cathay United Bank. Trust Account – Yang, Mei-Chen | N/A |
| Evergreen International Corp. | Chang Yung-Fa Foundation (Note 6) | Chang, Yung-Fa (deceased) Chang, Shu-Hua (deceased) Chang, Kuo-Hua Chang, Kuo-Ming Chang, Kuo-Cheng Evergreen International Corp. Evergreen Marine Corp. (Taiwan) Ltd. Everglory Transport Corp. Evergreen Investment Corp. Eversaftey Container Terminal Corp. Evermaster Industrial Corp. Evergenius Computer Information Corp. Everlaural Trading Corp. Ltd. Uniglory Marine Corp. |
| | Shine Glow Investments Ltd. | Chang, Kuo-Cheng (92.44%) Tseng, Chiung-Hui (7.56%) |

| Legal Entity (Note 1) | Name of Institutional Shareholders (Note 2) | Major Shareholders of Institutional Shareholders (Note 3) |
|----------------------------------|--|--|
| Evergreen International Corp. | Trust Account by Lee, Yu-Mei (Hua Nan Bank) | N/A |
| | Cathay United Bank Trust Account – Chang, Kuo-Hua | N/A |
| | Chang Yung-Fa Charity Foundation (Note 7) | Chang, Yung-Fa (33.33%) (deceased) Chang, Kuo-Hua (33.33%) Cheng, Shen-Chih (33.33%) |
| | Cathay United Bank Trust Account – Yang, Mei-Chen | N/A |

Note 1: Names of the institutional shareholders of chart 1.

Note 2: Names of the major shareholders of institutional shareholders of chart 1.

Note 3: Names of the institutional shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratio.

Note 4: If an institutional shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased".

Note 5: Information is provided by institutional shareholders, Department of Commerce MOEA or Market Observation Post System (MOPS).

Note 6: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Foundation.

Note 7: The endowers are the endowers listed in the Charter of Endowment of Chang Yung-Fa Charity Foundation and their endowment as a percentage of endowment property endowed by endowers when Chang Yung-Fa Charity Foundation was established.

Information on Directors (2)

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

March 31, 2024

| Name and Title | Qualification Professional qualifications and experience | Independence status | Number of other public companies where the individual concurrently serves as an independent director or a member of the Remuneration Committee |
|---|--|---------------------|--|
| Chairman Lin, Bou-Shiu (Convener of the Sustainability Committee) | <ul style="list-style-type: none"> ■ Education: Bachelor of Computer Science and Information Engineering, Tamkang University ■ Professional qualifications and experiences: Serves currently as the Chairman of the Company and the Chairman of Hsiang-Li Investment Corp., and was previously the Chairman of Evergreen Steel Corp. ■ No violations of Article 30 of the Company Act. | N/A | 0 |
| Director Tai, Jiin- Chyuan | <ul style="list-style-type: none"> ■ Education: Master of Maritime Law, National Taiwan Ocean University ■ Professional qualifications and experiences: Serves as Director of Evergreen Marine Corp. (Taiwan) Ltd., Evergreen International Storage & Transport Corp., Evergreen Steel Corp., Evergreen Sky Catering Corp., and was previously the Executive Vice President, Legal & Insurance Div. of the Company, the Director and President of Evergreen International Corp. ■ No violations of Article 30 of the Company Act. | N/A | 0 |

| | | | |
|-------------------------------------|--|------------|----------|
| <p>Director Chang, Ming-Yuh</p> | <p>■ Education: Master of Institute of Traffic and Transportation, National Yang Ming Chiao Tung University</p> <p>■ Professional qualifications and experiences: Serves currently the Chairman and President of Evergreen International Corp., and Director of Central Reinsurance Corp., UNI Airways Corp., Evergreen Sky Catering Corp., Evergreen Security Corp., Evergreen Airline Services Corp., and was previously the Chairman of Evergreen Airline Services Corp.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>N/A</p> | <p>0</p> |
| <p>Director Wu, Jiang-Ming</p> | <p>■ Education: Fu Jen University Major: English Language and Literature Minor: Mass Communication</p> <p>■ Professional qualifications and experiences: Serves as the Chairman of Chang Yung-Fa Charity Foundation, and was previously the Chairman of Evergreen Airline Services Corp., EverFun Travel Services Corp., Evergreen Logistics Corp. and the President of the Company, UNI Airways Corp.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>N/A</p> | <p>0</p> |
| <p>Director Chu, Wen-Hui</p> | <p>■ Education: Bachelor of Business Administration, National Cheng Kung University</p> <p>■ Professional qualifications and experiences: Serves currently as the Vice President of Secretary Div. of Evergreen International Corp., and was previously the Vice President of Administration Department of Chang Yung-Fa Charity Foundation.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>N/A</p> | <p>0</p> |

| | | | |
|---|--|--|---|
| <p>Director Sun, Chia-Ming (Member of the Sustainability Committee)</p> | <p>■ Education: Bachelor of International Trade, Chinese Cultural University</p> <p>■ Professional qualifications and experiences: Serves currently as the President of the Company, and Director of Evergreen Aviation Technologies Corp., UNI Airways Corp., and was previously the Executive Vice President of Passenger Management Div. of the Company.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>N/A</p> | <p>0</p> |
| <p>Independent Director Undertaking Public Welfare Chien, You-Hsin (Convener of the Remuneration Committee, Member of the Audit Committee and the Sustainability Committee)</p> | <p>■ Education: Ph. D. Aeronautics and Astronautics, New York University, U. S. A.; B.S. Mechanical Engineering, National Taiwan University</p> <p>■ Professional qualifications and experiences: Serves currently as an ambassador-at-large of the R.O.C., the Chairman of the Taiwan Institute for Sustainable Energy, the Independent Director of Far Eastern Department Stores, Ltd., and the Director of ECOVE Environment Corp., and was previously the Minister of Ministry of Transportation and Communications, the Minister of Ministry of Foreign Affairs, the Minister of the Environmental Protection Administration, the Representative of Taipei Representative Office in the U.K., the Legislator of Legislative Yuan (Parliament), and the Professor and Dean of College of Engineering of Tamkang University.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>Chien, You-Hsin, the independent director undertaking public welfare, meets the requirement of independence as stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.” (Note)</p> | <p>1</p> <p>An independent director and a member of the Remuneration Committee of Far Eastern Department Stores, Ltd.</p> |
| <p>Independent Director Hsu, Shun-Hsiung (Convener of the</p> | <p>■ Education: Master of Accounting, National Taiwan University; Bachelor of Transportation & Communication Management Science, National Cheng Kung University</p> | <p>Hsu, Shun-Hsiung, the independent director, meets the requirement of independence as stipulated in the “Regulations Governing</p> | <p>0</p> |

| | | | |
|--|---|---|--|
| <p>Audit Committee, Member of the Remuneration Committee and the Sustainability Committee)</p> | <p>■ Professional qualifications and experiences: A Certified Public Accountant (CPA) in Taiwan and China, and Certified Fraud Examiner (CFE), who currently serves as the CPA and Managing Partner of YMH Company, CPAs, Director of YMH Risk Management Consultant Ltd., and Wellan System Co., Ltd. and was the 1st and 2nd Chairman of Taiwan Chapter of the Association of Certified Fraud Examiners Taiwan and the supervisor of Sagittarius Life Science Corporation.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>Appointment of Independent Directors and Compliance Matters for Public Companies.” (Note)</p> | |
| <p>Independent Director Wu, Chung-Pao (Member of the Remuneration Committee, the Audit Committee and the Sustainability Committee)</p> | <p>■ Education: Master of International Business, National Taiwan University</p> <p>■ Professional qualifications and experiences: Serves currently as the Chairman Protech Systems Co., Ltd., the Independent Director of Marketech International Corp., and the Director of Chenbro Micom Co., Ltd, and CPC Corporation, Taiwan, and was previously the Independent Director of Trade-Van Information Services Corp.</p> <p>■ No violations of Article 30 of the Company Act.</p> | <p>Wu, Chung-Pao, the independent director, meets the requirement of independence as stipulated in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.” (Note)</p> | <p>1 An independent director and the convener of the Remuneration Committee of Marketech International Corp.</p> |

Note: The qualifications of the Independent Directors of the Company have been reviewed annually.

The Company’s independent directors themselves, their spouses, relatives within the second degree of kinship, and lineal relative within the third degree of kinship, they are all:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

In addition, the independent directors have not served as directors, supervisors or employees of companies listed in Subparagraphs 5 to 8 of Paragraph 1 of Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. Besides, they have not provided auditing services for the Company except as independent directors and members of functional committees. Therefore, our three independent directors meet the independence requirements.

2. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

- A. According to Article 20, Paragraph 3 of the Company’s “Corporate Governance Best-Practice Principles”, the composition of the Board of Directors shall take diversity into consideration; Paragraph 4 of the same Article stipulates that the members of the Board of Directors shall generally have the knowledge, skill and ability required to perform their duties. The directors of the Company have expertise in various fields such as business management, transport management, finance accounting, and law, which will enhance the professionalism of the Board of Directors in decision making and benefit the operation and long-term development of the Company.
- B. The Company’s Board of Directors consists of nine directors, three of whom are independent directors (accounting for 33.33%) and one of whom is an employee of the Company (accounting for 11.11%), all of whom possess R.O.C. nationality.
- C. The Company places emphasis on gender equality in the composition of its Board of Directors, with a target of at least 10% female directors set. Currently, there is one female director, accounting for 11.11% of the Board.

D. The Company’s implementation of the diversity policy on board members is as follows:

| Name And Title | Component | | | | | | Independence (Note) | Served for less three consecutive terms of Independent Director | Ability | | | | | | | | GICS Level 1 |
|---|-------------|--------|-------------------------|-------|-------|-------|---------------------|---|---------------------|---------------------------|--------------------|-----|------------|--------------------------|-----------------|--------------------------|--------------------------------------|
| | Nationality | Gender | Employee of the Company | Age | | | | | Business Management | Transportation Management | Finance Accounting | Law | Technology | Environmental Protection | Risk Management | Government & Supervision | |
| | | | | 51-60 | 61-70 | 71-80 | | | | | | | | | | | |
| Chairman Lin, Bou-Shiu | R.O.C. | Male | | | | ✓ | ✓ | | ✓ | ✓ | | | ✓ | | | | Industrials / Information Technology |
| Director Tai, Jiin-Chyuan | R.O.C. | Male | | | ✓ | | ✓ | | ✓ | ✓ | | ✓ | | ✓ | | | Industrials / Financials / Utilities |
| Director Sun, Chia-Ming | R.O.C. | Male | ✓ | | ✓ | | | | ✓ | ✓ | | | | | | | Industrials |
| Director Chang, Ming-Yuh | R.O.C. | Male | | | ✓ | | ✓ | | ✓ | ✓ | | | | | ✓ | | Industrials / Financials |
| Director Wu, Jiang-Ming | R.O.C. | Male | | | | ✓ | ✓ | | ✓ | ✓ | | | | | ✓ | | Industrials / Financials |
| Director Chu, Wen-Hui | R.O.C. | Female | | ✓ | | | ✓ | | ✓ | ✓ | ✓ | | | | | | Industrials |
| Independent Director Undertaking Public Welfare Chien, You-Hsin | R.O.C. | Male | | | | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ | | | ✓ | Consumer Discretionary / Utilities |
| Independent Director Hsu, Shun-Hsiung | R.O.C. | Male | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | | | | ✓ | | Financials / Information Technology |
| Independent Director Wu, Chung-Pao | R.O.C. | Male | | | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | Energy / Information Technology |

Note: Refer to Independence Indicators of the S&P Global Corporate Sustainability Assessment.

(2) Independence of the Board of Directors:

- A. The Company's Board has nine directors, of which three are independent directors, accounting for 33.33% of the Board. In order to improve the independence and operational efficiency of the Board of Directors, the Company has established the "Rules Governing the Duties of Independent Directors", of which the independent directors comply with to perform their duties. In addition, during their tenure, none of the independent directors have established relationships that would be detrimental to the Company's interests or would impair their judgment with management or related parties of the Company. All three independent directors are able to independently and effectively supervise the operations of the Board of Directors.
- B. None of the directors have spousal relationships or are second-degree relatives. To ensure that the Board of Directors can perform its duties in an independent and objective manner, if a director or a juristic person represented by the director is an interested party with respect to any proposals listed in a board meeting, the director shall state the important content of such interest at that board meeting. If it may harm the interests of the Company, the director cannot participate in the discussion and voting, and shall excuse him/herself from the discussion and voting. He/she also cannot act as another director's proxy to exercise voting rights on that matter.

Note 1: Professional qualifications and experiences: Specify the professional qualifications and experiences of individual directors and supervisors. For example, the accounting or financial background and work experience shall be specified for those who are members of the Audit Committee with accounting or financial expertise, and state whether they have met the circumstances in the subparagraphs of Article 30 of the Company Act.

Note 2: Independent directors shall specify the circumstances in which their requirements of independence are met, including but not limited to whether the person, the person's spouse, or the person's relative within the second degree of kinship serves as the director, supervisor, or employee of the Company or its affiliated company; the number and weight of shares held by the person, the person's spouse, the person's relative within the second degree of kinship (or in the name of another person); whether the person is a director, supervisor, or employee of companies with specific relationships with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of compensation the person received in the past 2 years for providing commercial, legal, financial, or accounting services to the Company or any of its affiliated company.

3.2.2 Management Team

MAR 31, 2024

| Title (Note 1) | Nationality | Name | Gender | Date Effective (Note 2) | Present Shareholdings | | Shares Held by Spouse & Dependents | | Shares Held by Third Parties | | Experience (Education) (Note 3) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Re- marks (Note 4) |
|---|-------------|-----------------|--------|----------------------------|-----------------------|-------|------------------------------------|---|------------------------------|---|---|---|---|------|----------|--------------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| President | R.O.C. | Sun, Chia-Ming | Male | 2018.01.01 | 102,763 | 0.002 | 0 | 0 | 0 | 0 | Bachelor of International Trade, Chinese Cultural University | Director: Evergreen Aviation Technologies Corp., UNI Airways Corp., Evergreen Air Cargo Services Corp., Hsiang-Li Investment Corp. | - | - | - | - |
| Chief Executive Vice President | R.O.C. | Ho, Ching-Sheng | Male | 2016.03.11 | 371,452 | 0.007 | 0 | 0 | 0 | 0 | Master of Aviation Safety, University of Central Missouri Master of Business Administration, University of Central Missouri | - | - | - | - | - |
| Executive Vice President, Legal & Insurance Div. | R.O.C. | Hsu, Hui-Sen | Male | 2019.01.01 | 14,417 | 0.000 | 0 | 0 | 0 | 0 | Master of Law of the Sea, National Taiwan Ocean University Legal Affairs (Senior Vice President), Group Management Head Office | - | - | - | - | - |
| Executive Vice President, Public Relations Div. | R.O.C. | Chen, Yao-Min | Male | 2019.06.19 | 25,453 | 0.000 | 0 | 0 | 0 | 0 | Department of Tourism, World College of Journalism | - | - | - | - | - |
| Executive Vice President, Human Resources Div. | R.O.C. | Pu, Wei-Ping | Male | 2022.04.01 | 12 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Law, Chinese Cultural University Human Resources (Executive Vice President), Group Management Head Office | - | - | - | - | - |
| Executive Vice President, Finance Div. (Financial Officer) | R.O.C. | Tsai, Ta-Wei | Male | 2011.01.01 | 62,005 | 0.001 | 918 | 0 | 0 | 0 | Bachelor of Accounting, Chinese Cultural University | Director: Hsiang-Li Investment Corp., Kaohsiung Airport Catering Services Ltd. Supervisor: UNI Airways Corp., Evergreen Sky Catering Corp., Ever Fun Travel Services Corp., GE Evergreen Engine Services Corp. | - | - | - | - |
| Executive Vice President, Corporate Planning Div. | R.O.C. | Liao, Chi-Wei | Male | 2016.03.22 | 8,560 | 0.000 | 6,725 | 0 | 0 | 0 | Master of Marine Biology, National Sun Yat-Sen University President (Junior Vice President), EZFLY.COM Corp. | - | - | - | - | - |
| Executive Vice President, Passenger Management Div. | R.O.C. | Pan, Hsin-Hsiu | Male | 2023.01.01 | 0 | 0.000 | 368 | 0 | 0 | 0 | Bachelor of Western Language and Literature, National Chengchi University | - | - | - | - | - |

| Title (Note 1) | Nationality | Name | Gender | Date Effective (Note 2) | Present Shareholdings | | Shares Held by Spouse & Dependents | | Shares Held by Third Parties | | Experience (Education) (Note 3) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Re- marks (Note 4) |
|--|-------------|---------------------|--------|----------------------------|-----------------------|-------|------------------------------------|---|------------------------------|---|--|----------------|---|------|----------|--------------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Executive Vice President, Passenger Business Div. | R.O.C. | Wang, Chen-Hsing | Male | 2023.01.01 | 4,996 | 0.000 | 0 | 0 | 0 | 0 | Department of Marine Engineering, Kaohsiung Institute of Marine Technology | - | - | - | - | - |
| Executive Vice President, Customer Service Div. | R.O.C. | Lu, Yu-Chuan | Female | 2018.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Business Administration, Fu Jen University Junior Vice President, Evergreen Aviation Technologies Corp. | - | - | - | - | - |
| Executive Vice President, Cargo Div. | R.O.C. | Chuang, Shih-Hsiung | Male | 2019.01.01 | 15,421 | 0.000 | 4,119 | 0 | 0 | 0 | Bachelor of Animal Science and Biotechnology, Tunghai University | - | - | - | - | - |
| Executive Vice President, Flight Operations Div. | R.O.C. | Lee, Cheng-Chieh | Male | 2022.04.01 | 49,000 | 0.001 | 0 | 0 | 0 | 0 | Bachelor of Mechanical Engineering, Tamkang University | - | - | - | - | - |
| Executive Vice President, Cabin Crew Div. | R.O.C. | Hsiao, Chin-Lung | Male | 2019.01.01 | 10,271 | 0.000 | 0 | 0 | 0 | 0 | Department of International Trade, Tamsui Institute of Business Administration | - | - | - | - | - |
| Executive Vice President, Cabin Service Div. | R.O.C. | Chen, Chi-Hung | Male | 2016.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Department of Mechanical Engineering, Hsin-Pu Junior College of Industry | - | - | - | - | - |
| Executive Vice President, Engineering & Maintenance Div. | R.O.C. | Huang, Sheh-Ming | Male | 2013.04.01 | 30,941 | 0.001 | 3,195 | 0 | 0 | 0 | Bachelor of Naval Architecture and Marine Engineering, National Cheng Kung University Executive Vice President, Evergreen Aviation Technologies Corp. | - | - | - | - | - |
| Executive Vice President, Airport Div. | R.O.C. | Yeh, Shih-Chung | Male | 2017.02.01 | 10,712 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Industrial Management, National Taiwan Institute of Technology | - | - | - | - | - |
| Executive Vice President, Computer Div. | R.O.C. | Hou, Hsien-Yu | Male | 2022.02.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Master of Information Management, National Taiwan University Senior Engineer, Evergreen E-Services Corp. | - | - | - | - | - |
| Executive Vice President, America Head Office | R.O.C. | Su, Wei-Jen | Male | 2023.03.01 | 27,991 | 0.001 | 12,733 | 0 | 0 | 0 | Bachelor of International Trade, Fu Jen University | - | - | - | - | - |
| Secretary (Vice President) | R.O.C. | Chou, Yu-Chuan | Female | 2019.01.01 | 3,588 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of German Language and Literature, Fu Jen University Secretary (Junior Vice President), Group Management Head Office | - | - | - | - | - |
| Vice President, Auditing Div. | R.O.C. | Lee, Yi-Chung | Male | 2018.01.01 | 14,422 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Accounting, Tunghai University Deputy Senior Vice President, Evergreen Aviation Technologies Corp. | - | - | - | - | - |

| Title (Note 1) | Nationality | Name | Gender | Date Effective (Note 2) | Present Shareholdings | | Shares Held by Spouse & Dependents | | Shares Held by Third Parties | | Experience (Education) (Note 3) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Re- marks (Note 4) |
|---|-------------|-------------------|--------|----------------------------|-----------------------|-------|------------------------------------|---|------------------------------|---|--|----------------|---|------|----------|--------------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Vice President, Human Resources Div. | R.O.C. | Chen, Tzu-Ling | Female | 2023.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Accounting, Tamkang University | - | - | - | - | - |
| Vice President, Human Resources Div. | R.O.C. | Peng, Bo-Chou | Male | 2023.01.01 | 0 | 0.000 | 825 | 0 | 0 | 0 | Bachelor of Political Science (Public Administration), National Taiwan University | - | - | - | - | - |
| Vice President, General Affairs Dept. | R.O.C. | Wang, Yuan-Shyang | Male | 2014.01.01 | 127 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Business Administration, National Taiwan University | - | - | - | - | - |
| Vice President, Finance Div. Finance Dept. (Accounting Officer) | R.O.C. | Chiang, Chin-Lan | Female | 2015.01.01 | 22,088 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Economics, National Taiwan University | - | - | - | - | - |
| Vice President, Finance Div. Finance Dept. | R.O.C. | Lu, Ming-Juan | Female | 2024.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Master of Business Administration in International Finance, National Taipei University | - | - | - | - | - |
| Vice President, Finance Div. Revenue Audit Dept. | R.O.C. | Ho, Li-Cheng | Female | 2015.01.01 | 62,780 | 0.001 | 0 | 0 | 0 | 0 | Bachelor of Banking and Finance, Tamkang University | - | - | - | - | - |
| Vice President, Corporate Planning Div. | R.O.C. | Chiang, Wei-Du | Male | 2017.01.01 | 42,198 | 0.001 | 10,860 | 0 | 0 | 0 | Bachelor of Foreign Languages and Literature, National Tsing Hua University Deputy Junior Vice President, Evergreen Aviation Technologies Corp. | - | - | - | - | - |
| Vice President, Corporate Planning Div. | R.O.C. | Lin, Shu-Fen | Female | 2018.01.01 | 54,179 | 0.001 | 1,000 | 0 | 0 | 0 | Bachelor of English Language and Literature, Soochow University | - | - | - | - | - |
| Vice President, Corporate Planning Div. | R.O.C. | Chen, Shih-Ming | Male | 2018.01.01 | 14,417 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Forestry, National Chung Hsing University | - | - | - | - | - |
| Vice President, Corporate Planning Div. | R.O.C. | Chung, Kai-Cheng | Male | 2018.01.01 | 29,218 | 0.001 | 0 | 0 | 0 | 0 | Master of Transportation and Communication Management Science, National Cheng Kung University | - | - | - | - | - |
| Vice President, Corporate Safety & Security Div. | R.O.C. | Yeh, Wu-Han | Male | 2019.01.01 | 46,282 | 0.001 | 0 | 0 | 0 | 0 | Bachelor of Information Engineering and Computer Science, Feng Chia University | - | - | - | - | - |
| Vice President, Corporate Safety & Security Div. | R.O.C. | Hsu, Ping | Male | 2020.01.01 | 50,739 | 0.001 | 0 | 0 | 0 | 0 | Bachelor of Psychology, National Taiwan University | - | - | - | - | - |
| Vice President, Corporate Sustainability Development Div. | R.O.C. | Liu, Chia-Wen | Male | 2024.01.01 | 42,459 | 0.001 | 2,000 | 0 | 0 | 0 | Bachelor of Computer Science, Soochow University | - | - | - | - | - |

| Title (Note 1) | Nationality | Name | Gender | Date Effective (Note 2) | Present Shareholdings | | Shares Held by Spouse & Dependents | | Shares Held by Third Parties | | Experience (Education) (Note 3) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Re- marks (Note 4) |
|---|-------------|------------------|--------|----------------------------|-----------------------|-------|------------------------------------|---|------------------------------|---|---|----------------|---|------|----------|--------------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Vice President, Operation Management Dept. | R.O.C. | Chang, Yu-Heng | Male | 2017.01.01 | 727 | 0.000 | 0 | 0 | 0 | 0 | Master of Arts Management, Department of Cultural and Creative Industries Management, National Taipei University of Education | - | - | - | - | - |
| Vice President, Operation Management Dept. | R.O.C. | Peng, Tsui-Li | Female | 2022.07.01 | 2,066 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of International Trade, Chung Yuan Christian University | - | - | - | - | - |
| Vice President, Digital And Information Planning Dept. | R.O.C. | Chiu, Chung-Yu | Male | 2020.01.01 | 843 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Mechanical Engineering, Feng Chia University | - | - | - | - | - |
| Vice President, Passenger Management Div. Revenue Management Dept. | R.O.C. | Ting, Lu-Lan | Female | 2023.07.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Social Work, Soochow University | - | - | - | - | - |
| Vice President, Passenger Management Div. Revenue Management Dept. | R.O.C. | Tseng, Yi-Tang | Male | 2023.07.01 | 2,000 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Social Work, Tunghai University | - | - | - | - | - |
| Vice President, Passenger Management Div. Reservation & Tariff Management Dept. | R.O.C. | Liu, Hsin-Cheng | Male | 2017.01.01 | 70,626 | 0.001 | 968 | 0 | 0 | 0 | Bachelor of Accounting, Chinese Cultural University | - | - | - | - | - |
| Vice President, Passenger Business Div. Business Dept. | R.O.C. | Lin, Hsuan-Hsiu | Male | 2023.01.01 | 0 | 0.000 | 1,000 | 0 | 0 | 0 | Bachelor of Economics, Tunghai University | - | - | - | - | - |
| Vice President, Customer Service Div. Customer Relations Dept. | R.O.C. | Liu, Ying | Female | 2011.01.01 | 59,965 | 0.001 | 0 | 0 | 0 | 0 | Master of Graduate Institute of Human Resource Management, National Central University | - | - | - | - | - |
| Vice President, Customer Service Div. Reservation & Ticketing Dept. | R.O.C. | Wu, Su-Shin | Female | 2020.01.01 | 64,532 | 0.001 | 0 | 0 | 0 | 0 | Bachelor of Sociology, Fu Jen University | - | - | - | - | - |
| Vice President, Cargo Div. Cargo Management Dept. | R.O.C. | Chen, Yu-Hou | Male | 2016.01.01 | 14,417 | 0.000 | 0 | 0 | 0 | 0 | Master of Transportation Engineering and Management, Institute of Civil Engineering, National Yang Ming Chiao Tung University | - | - | - | - | - |
| Vice President, Cargo Div. Business Dept. | R.O.C. | Wu, Shang-Jung | Male | 2024.01.01 | 584 | 0.000 | 735 | 0 | 0 | 0 | Bachelor of Land Management, Feng Chia University | - | - | - | - | - |
| Vice President, Cargo Div. Cargo Operation Dept. | R.O.C. | Chang, Ming-Hung | Male | 2014.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of International Trade, Tunghai University | - | - | - | - | - |

| Title (Note 1) | Nationality | Name | Gender | Date Effective (Note 2) | Present Shareholdings | | Shares Held by Spouse & Dependents | | Shares Held by Third Parties | | Experience (Education) (Note 3) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Re- marks (Note 4) |
|---|-------------|------------------|--------|----------------------------|-----------------------|-------|------------------------------------|---|------------------------------|---|---|----------------|---|------|----------|--------------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Vice President, Loyalty Marketing Dept. | R.O.C. | Liu, Ying-Chun | Female | 2017.01.01 | 15,311 | 0.000 | 6,230 | 0 | 0 | 0 | Bachelor of Spanish, Tamkang University | - | - | - | - | - |
| Vice President, Flight Operations Div. Flight Management Dept. | R.O.C. | Chang, Heng | Male | 2024.01.01 | 3,000 | 0.000 | 1,000 | 0 | 0 | 0 | Master of Applied Mathematics, Tunghai University | - | - | - | - | - |
| Vice President, Flight Operations Div. Training Equipment Dept. | R.O.C. | Kuo, Ming-Cheng | Male | 2013.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Economics, Fu Jen University | - | - | - | - | - |
| Vice President, Cabin Crew Div. Cabin Crew Administration Dept. | R.O.C. | Yang, Hsiu-Huey | Female | 2013.01.01 | 352 | 0.000 | 0 | 0 | 0 | 0 | Department of Radio & Television, World College of Journalism | - | - | - | - | - |
| Vice President, Cabin Crew Div. Cabin Crew Standard & Training Dept. | R.O.C. | Lee, Kang | Male | 2019.01.01 | 5,149 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Traffic Engineering and Management, Feng Chia University | - | - | - | - | - |
| Vice President, Cabin Service Div. Catering & Cabin Supply Dept. | R.O.C. | Lee, Chia-Fang | Female | 2018.01.01 | 2,620 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of International Business, Tamkang University Secretary (Deputy Manager), Evergreen Sky Catering Corp. | - | - | - | - | - |
| Vice President, Cabin Service Div. Product Marketing Dept. | R.O.C. | Wang, Pei-Chi | Male | 2017.01.01 | 417 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Foreign Languages, Christ's College Taipei | - | - | - | - | - |
| Vice President, Engineering & Maintenance Div. Quality Assurance Dept. | R.O.C. | Lin, Chi-Hsien | Male | 2023.07.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Marine Engineering, National Taiwan Ocean University Junior Vice President, Evergreen Aviation Technologies Corp. | - | - | - | - | - |
| Vice President, Engineering & Maintenance Div. Maintenance Administration Dept. | R.O.C. | Cheng, Hong-Tzue | Male | 2024.01.01 | 4,000 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Mechanical Engineering, National Taipei Institute of Technology Junior Vice President, Evergreen Aviation Technologies Corp. | - | - | - | - | - |
| Vice President, Engineering & Maintenance Div. Engineering Dept. | R.O.C. | Liu, Wen-Jang | Male | 2018.07.01 | 52,128 | 0.001 | 0 | 0 | 0 | 0 | Bachelor of Electrical Engineering, National Taiwan Institute of Technology Manager, Evergreen Aviation Technologies Corp. | - | - | - | - | - |
| Vice President, Airport Div. Taoyuan Airport Office | R.O.C. | Yu, Chia-Chieh | Male | 2017.01.01 | 2,000 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of International Business, Soochow University | - | - | - | - | - |
| Vice President, Airport Div. Taoyuan Airport Office | R.O.C. | Wu, Shu-Ping | Female | 2013.01.01 | 41,793 | 0.001 | 5,219 | 0 | 0 | 0 | Department of Tourism, Hsing Wu College of Commerce | - | - | - | - | - |

| Title (Note 1) | Nationality | Name | Gender | Date Effective (Note 2) | Present Shareholdings | | Shares Held by Spouse & Dependents | | Shares Held by Third Parties | | Experience (Education) (Note 3) | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | Re- marks (Note 4) |
|---|-------------|--------------------|--------|----------------------------|-----------------------|-------|------------------------------------|---|------------------------------|---|---|----------------|---|------|----------|--------------------------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Vice President, Airport Div. Taoyuan Airport Office | R.O.C. | Huang, Chun-Hsiung | Male | 2018.01.01 | 281 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Electrical Engineering, Tamkang University | - | - | - | - | - |
| Vice President, Airport Div. Songshan Airport Office | R.O.C. | Hsu, Shu-Ching | Female | 2018.01.01 | 16,056 | 0.000 | 0 | 0 | 0 | 0 | Department of Banking and Insurance, Taipei College of Business Public Relations (Junior Vice President), Group Management Head Office | - | - | - | - | - |
| Vice President, Airport Div. Kaohsiung Airport Office | R.O.C. | Tseng, Chao-Hui | Male | 2024.01.01 | 20,272 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Cooperative Economics, National Chung Hsing University | - | - | - | - | - |
| Office Chief (Vice President), Sky Jet Center | R.O.C. | Wang, Hwa-Tsai | Male | 2018.01.01 | 23,487 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Banking, Feng Chia University | - | - | - | - | - |
| Vice President, Information Security and Privacy Management Div. (Chief Information Security Officer) | R.O.C. | Chen, Chia-Chuan | Male | 2018.01.01 | 2,236 | 0.000 | 93 | 0 | 0 | 0 | Bachelor of Business Administration, National Chung Hsing University | - | - | - | - | - |
| Vice President, Computer Div. System Management Dept. | R.O.C. | Chang, Chung-Chieh | Male | 2024.01.01 | 1,000 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Information Management, National Central University | - | - | - | - | - |
| Vice President, America Head Office | U.S.A | Yeh, Vanessa | Female | 2019.01.01 | 263 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Fine Art, University of Texas at Austin | - | - | - | - | - |
| General Manager (Vice President), Hong Kong Branch | R.O.C. | Chen, Shui-Feng | Male | 2017.08.01 | 26,545 | 0.000 | 0 | 0 | 0 | 0 | Department of Electrical Engineering, Ming-Hsin Institute of Technology & Commerce | - | - | - | - | - |
| General Manager (Vice President), Mainland China | R.O.C | Lee, Ping-Yu | Male | 2023.12.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Master of Air Transportation, Kainan University | - | - | - | - | - |
| General Manager (Vice President), Japan Branch | R.O.C | Chen, Chi-Wei | Male | 2023.07.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Master of Business Administration, University of Portland | - | - | - | - | - |
| General Manager (Vice President), Thailand Branch | R.O.C | Kang, Tsai-Yi | Male | 2024.01.01 | 0 | 0.000 | 0 | 0 | 0 | 0 | Department of Educational Media and Library Sciences, Tamkang University | - | - | - | - | - |
| Junior Vice President, Corporate Governance Dept. (Corporate Governance Officer) | R.O.C. | Yang, Hsiu-Hui | Female | 2023.11.08 | 5 | 0.000 | 0 | 0 | 0 | 0 | Bachelor of Economics, National Taiwan University Junior Vice President, Evergreen International Corp. | - | - | - | - | - |

- Note 1: It should include the information disclosure of the president, vice president, senior vice presidents, department heads, and branch officers as well as the positions equivalent to president, vice president, or senior vice president.
- Note 2: The date of appointment is the effective date of the position.
- Note 3: Experience relevant to the current position. In the case of employment by an independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.
- Note 4: If the president and the chairman of the board of directors or person of an equivalent position (the highest-level managerial officer) of the Company are the same person, spouses, or relatives within the first degree of kinship, the reason, rationale, necessity and related arrangement shall be disclosed (such as increase the number of independent directors and over half of the directors do not currently work for the Company as employees or managerial officers).

3.3 Remuneration of Directors, President, and Executive Vice Presidents

3.3.1 Remuneration of Directors

As of December 31, 2023
Unit: NT\$ thousands

| Title | Name | Remuneration | | | | | | Total remuneration and ratio of total remuneration (A+B+C+D) to net income (%) (Note 8) | | | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | Total compensation and ratio of total compensation (A+B+C+D+E+F+G) to net income (%) (Note 8) | | Compensation from investee enterprises other than subsidiaries or from the parent company (Note 9) | | | | | | |
|---|--|--------------------------------|------------------------------------|-------------------|------------------------------------|--|------------------------------------|---|------------------------------------|------------------------------------|--------|--|-------|------------------------------------|-----|------------------------------------|--------|---|-------|--|------------------------------------|-------|------------------------------------|-----|------------------------------------|-------|
| | | Base Compensation (A) (Note 2) | | Severance Pay (B) | | Remuneration to Directors (C) (Note 3) | | Allowances (D) (Note 4) | | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | EVA | | All consolidated entities (Note 7) | | | | | |
| | | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | | | | | | | | | | | | | EVA | All consolidated entities (Note 7) | EVA | All consolidated entities (Note 7) | Cash |
| Chairman | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Lin, Bou-Shit | 8,868 | 8,868 | - | - | 2,000 | 4,500 | 60 | 96 | 10,928 | 13,464 | - | - | - | - | 10,928 | 13,464 | 0.05% | 0.06% | 0.06% | 0.06% | 0.05% | - | - | 13,464 | 1,203 |
| Director | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Tai, Jjin-Chyuan | - | - | - | - | 912 | 1,412 | 30 | 30 | 942 | 1,442 | - | - | - | - | 942 | 1,442 | 0.00% | 0.01% | 0.01% | 0.01% | 0.00% | - | - | 1,442 | None |
| Director | Evergreen International Corp. Representative: Chang, Ming-Yuh | - | - | - | - | 1,500 | 2,500 | 48 | 48 | 1,548 | 2,548 | - | - | - | - | 1,548 | 2,548 | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | - | - | 2,548 | 1,520 |
| Director | Shine Glow Investments Ltd. Representative: Wu, Jjiang-Ming | - | - | - | - | 912 | 912 | 30 | 30 | 942 | 942 | - | - | - | - | 942 | 942 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | - | 942 | 420 |
| Director | Shine Glow Investments Ltd. Representative: Chu, Wen-Hui | - | - | - | - | 912 | 912 | 30 | 30 | 942 | 942 | - | - | - | - | 942 | 942 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | - | 942 | None |
| Director | Sun, Chia-Ming | - | - | - | - | 912 | 2,412 | 36 | 72 | 948 | 2,484 | 5,768 | 5,768 | - | - | 948 | 2,484 | 0.00% | 0.01% | 0.01% | 0.01% | 0.03% | - | - | 8,252 | 500 |
| Former Director | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Chen, Hsien-Hung | - | - | - | - | 588 | 588 | 18 | 18 | 606 | 606 | - | - | - | - | 606 | 606 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | - | 606 | 350 |
| Former Director | Exercising duties on the behalf of Evergreen International Storage & Transport Corp.: Tai, Jjin-Chyuan | - | - | - | - | 588 | 588 | 18 | 18 | 606 | 606 | - | - | - | - | 606 | 606 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | - | 606 | None |
| Former Director | Evergreen International Corp. Representative: Wu, Jjiang-Ming | - | - | - | - | 588 | 588 | 18 | 18 | 606 | 606 | - | - | - | - | 606 | 606 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | - | 606 | None |
| Former Director | Evergreen Logistics Corp. Representative: Sun, Chia-Ming | - | - | - | - | 588 | 588 | 24 | 24 | 612 | 612 | - | - | - | - | 612 | 612 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | - | - | 612 | None |
| Independent Director undertaking Public Welfare | Chien, You-Hsin | 1,360 | 1,360 | - | - | - | - | 102 | 102 | 1,462 | 1,462 | - | - | - | - | 1,462 | 1,462 | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | - | - | 1,462 | None |
| Independent Director | Hsu, Shun-Hsiung | 1,360 | 1,360 | - | - | - | - | 102 | 102 | 1,462 | 1,462 | - | - | - | - | 1,462 | 1,462 | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | - | - | 1,462 | None |
| Independent Director | Wu, Chung-Pao | 1,360 | 1,360 | - | - | - | - | 102 | 102 | 1,462 | 1,462 | - | - | - | - | 1,462 | 1,462 | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | - | - | 1,462 | None |

1: Illustrate the remuneration policies, system, standards and structure for independent directors, and describe the relevance of the amount of remuneration with its responsibilities, risks, engaged time and other factors:

(1) According to the "Payment Regulation of Directors", independent directors receive a monthly salary and also receive an attendance fee for each board meeting they attend. In addition, independent directors who also serve as members' of functional committee (Audit Committee, Remuneration Committee and Sustainability Committee) receive an additional attendance fee for each committee meeting they attend.

(2) The company periodically reviews remuneration standard and structure for independent directors based on the company's operating performance, future operating risks, the degree of independent directors' participation, and the value of individuals' contribution to the company's operation. Revisions are made when necessary.

2: Except for the disclosed information above, the directors received remuneration in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / investee enterprises): None.

Note 1: If the directors are also the management of the Company, please fill in table 3.3.2.

Note 2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note 3: The amount of directors' remuneration approved by board of directors for distribution for the most recent fiscal year.

Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.

Note 5: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as the President, Executive Vice Presidents, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 6: This refers to employees' compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as the President, Executive Vice Presidents, other managerial officer, or non-managerial employee). Disclose the amount of employees' compensation approved by the board of directors for distribution for the most recent fiscal year. Table 3.3.3 should also be completed.

Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the profit after tax of the parent-company-only financial statements.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").
b. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, reward (including remuneration for employees, directors, and supervisors) and business execution fees.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

3.3.2 Remuneration of the President and Executive Vice President

As of December 31, 2023
Unit: NT\$ thousands

| Title | Name | Salary (A) (Note 2) | | Severance Pay (B) | | Bonuses and Allowances (C) | | Employees' Compensation (D) (Note 4) | | | Total compensation and ratio of total compensation (A+B+C+D) to net income(%) (Note 8) | | Compensation from investee enterprises other than subsidiaries or from the parent company (Note 9) | |
|--------------------------------|---------------------|---------------------|--|-------------------|--|----------------------------|--|---|-------|--|---|--|--|------|
| | | EVA | All consolidated entities (Note 5) | EVA | All consolidated entities (Note 5) | EVA | All consolidated entities (Note 5) | | EVA | All consolidated entities (Note 5) | EVA | All consolidated entities (Note 5) | | |
| | | | | | | | Cash | Stock | | | | | | Cash |
| President | Sun, Chia-Ming | 3,912 | 3,912 | - | - | 3,416 | 4,952 | - | - | 7,328 | 8,864 | 0.04% | 500 | |
| Chief Executive Vice President | Ho, Ching-Sheng | 3,415 | 3,415 | 21 | 21 | 1,395 | 1,395 | 429 | 429 | 5,260 | 5,260 | 0.02% | None | |
| Executive Vice President | Tsai, Ta-Wei | 3,085 | 3,085 | 239 | 239 | 1,507 | 1,807 | 399 | 399 | 5,230 | 5,530 | 0.03% | 150 | |
| | Su, Wei-Jen | 3,025 | 3,025 | 98 | 98 | 2,181 | 2,181 | 354 | 354 | 5,658 | 5,658 | 0.03% | None | |
| | Liao, Chi-Wei | 3,090 | 3,090 | 268 | 268 | 1,481 | 1,481 | 395 | 395 | 5,234 | 5,234 | 0.02% | None | |
| | Hsu, Hui-Sen | | | | | | | | | | | | | |
| | Chen, Yao-Min | | | | | | | | | | | | | |
| | Pu, Wei-Ping | | | | | | | | | | | | | |
| | Pan, Hsin-Hsiu | | | | | | | | | | | | | |
| | Wang, Chen-Hsing | | | | | | | | | | | | | |
| | Lu, Yu-Chuan | | | | | | | | | | | | | |
| | Chuang, Shih-Hsiung | 39,128 | 39,128 | 1,531 | 1,531 | 16,641 | 16,641 | 4,583 | 4,583 | 61,883 | 61,883 | 0.29% | None | |
| Lee, Cheng-Chieh | | | | | | | | | | | | | | |
| Hsiao, Chin-Lung | | | | | | | | | | | | | | |
| Chen, Chi-Hung | | | | | | | | | | | | | | |
| Huang, Sheh-Ming | | | | | | | | | | | | | | |
| Yeh, Shih-Chung | | | | | | | | | | | | | | |
| Hou, Hsien-Yu | | | | | | | | | | | | | | |

| Ranges of Remuneration | Name of President and Executive Vice President | |
|--|--|--|
| | EVA (Note 6) | All consolidated entities (Note 7) (E) |
| Less than NT\$1,000,000 | - | - |
| NT\$1,000,000(incl.) ~ NT\$2,000,000(excl.) | - | - |
| NT\$2,000,000(incl.) ~ NT\$3,500,000(excl.) | - | - |
| NT\$3,500,000(incl.) ~ NT\$5,000,000(excl.) | Hsu, Hui-Sen Chen, Yao-Min Pan, Hsin-Hsiu Wang, Chen-Hsing Lu, Yu-Chuan Chuang, Shih-Hsiung Lee, Cheng-Chieh Hsiao, Chin-Lung Chen, Chi-Hung Huang, Sheh-Ming Yeh, Shih-Chung Hou, Hsien-Yu | Hsu, Hui-Sen Chen, Yao-Min Pan, Hsin-Hsiu Wang, Chen-Hsing Lu, Yu-Chuan Chuang, Shih-Hsiung Lee, Cheng-Chieh Hsiao, Chin-Lung Chen, Chi-Hung Huang, Sheh-Ming Yeh, Shih-Chung Hou, Hsien-Yu |
| NT\$5,000,000(incl.) ~ NT\$10,000,000(excl.) | Pu, Wei-Ping | Pu, Wei-Ping |
| NT\$10,000,000(incl.) ~ NT\$15,000,000(excl.) | - | - |
| NT\$15,000,000(incl.) ~ NT\$30,000,000(excl.) | - | - |
| NT\$30,000,000(incl.) ~ NT\$50,000,000(excl.) | - | - |
| NT\$50,000,000(incl.) ~ NT\$100,000,000(excl.) | - | - |
| NT\$100,000,000 or above | - | - |
| Total | 13 | 13 |

Note 1: If the President and Executive Vice Presidents are also the directors of the Company, please fill in table 3.3.1.

Note 2: This includes salary, duty allowance, and severance pay to the President and Executive Vice Presidents.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the President and Executive Vice Presidents in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note 4: The employees' compensation of Executive Vice Presidents was approved by Board of Directors for the most recent fiscal year (including stocks and cash). Table 3.3.3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the President and Executive Vice Presidents by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the President and Executive Vice Presidents in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid by the Company.

Note 7: Disclose the names of the President and Executive Vice Presidents in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the profit after tax of the parent-company-only financial statements.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the President and Executive Vice Presidents of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. If the President and Executive Vice Presidents of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises".

c. Remuneration means remuneration received by the President and Executive Vice Presidents of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, reward (including remuneration for employees, directors, and supervisors) and business execution fees.

*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

3.3.3 Employees' Compensation of the Management Team

As of December 31, 2023 / Unit: NT\$ thousands

| | Title | Name | Employees' Compensation - in Stock | Employees' Compensation - in Cash | Total | Ratio of Total Amount to Net Income (%) |
|---------------------|--|---------------------|------------------------------------|-----------------------------------|--------|---|
| Managerial Officers | Chief Executive Vice President | Ho, Ching-Sheng | 0 | 17,409 | 17,409 | 0.08% |
| | Executive Vice President | Hsu, Hui-Sen | | | | |
| | Executive Vice President | Chen, Yao-Min | | | | |
| | Executive Vice President | Pu, Wei-Ping | | | | |
| | Executive Vice President (Financial Officer) | Tsai, Ta-Wei | | | | |
| | Executive Vice President | Liao, Chi-Wei | | | | |
| | Executive Vice President | Pan, Hsin-Hsiu | | | | |
| | Executive Vice President | Wang, Chen-Hsing | | | | |
| | Executive Vice President | Lu, Yu-Chuan | | | | |
| | Executive Vice President | Chuang, Shih-Hsiung | | | | |
| | Executive Vice President | Lee, Cheng-Chieh | | | | |
| | Executive Vice President | Hsiao, Chin-Lung | | | | |
| | Executive Vice President | Huang, Sheh-Ming | | | | |
| | Executive Vice President | Yeh, Shih-Chung | | | | |
| | Executive Vice President | Hou, Hsien-Yu | | | | |
| | Executive Vice President | Su, Wei-Jen | | | | |
| | Vice President | Chou, Yu-Chuan | | | | |
| | Vice President | Lee, Yi-Chung | | | | |
| | Vice President | Chen, Tzu-Ling | | | | |
| | Vice President | Peng, Bo-Chou | | | | |
| | Vice President | Wang, Yuan-Shyang | | | | |
| | Vice President (Accounting Officer) | Chiang, Chin-Lan | | | | |
| | Vice President | Ho, Li-Cheng | | | | |
| | Vice President | Chiang, Wei-Du | | | | |
| | Vice President | Lin, Shu-Fen | | | | |
| | Vice President | Chen, Shih-Ming | | | | |
| Vice President | Chung, Kai-Cheng | | | | | |
| Vice President | Yeh, Wu-Han | | | | | |
| Vice President | Hsu, Ping | | | | | |

| | Title | Name | Employees' Compensation - in Stock | Employees' Compensation - in Cash | Total | Ratio of Total Amount to Net Income (%) |
|---|--|--------------------|------------------------------------|-----------------------------------|--------|---|
| Managerial Officers | Vice President | Chang, Yu-Heng | 0 | 17,409 | 17,409 | 0.08% |
| | Vice President | Peng, Tsui-Li | | | | |
| | Vice President | Chiu, Chung-Yu | | | | |
| | Vice President | Ting, Lu-Lan | | | | |
| | Vice President | Tseng, Yi-Tang | | | | |
| | Vice President | Liu, Hsin-Cheng | | | | |
| | Vice President | Lin, Hsuan-Hsiu | | | | |
| | Vice President | Liu, Ying | | | | |
| | Vice President | Wu, Su-Shin | | | | |
| | Vice President | Chen, Yu-Hou | | | | |
| | Vice President | Chang, Ming-Hung | | | | |
| | Vice President | Liu, Ying-Chun | | | | |
| | Vice President | Kuo, Ming-Cheng | | | | |
| | Vice President | Yang, Hsiu-Huey | | | | |
| | Vice President | Lee, Kang | | | | |
| | Vice President | Lee, Chia-Fang | | | | |
| | Vice President | Wang, Pei-Chi | | | | |
| | Vice President | Lin, Chi-Hsien | | | | |
| | Vice President | Liu, Wen-Jang | | | | |
| | Vice President | Yu, Chia-Chieh | | | | |
| | Vice President | Wu, Shu-Ping | | | | |
| | Vice President | Huang, Chun-Hsiung | | | | |
| | Vice President | Hsu, Shu-Ching | | | | |
| | Vice President | Wang, Hwa-Tsai | | | | |
| | Vice President (Chief Information Security Officer) | Chen, Chia-Chuan | | | | |
| | Vice President | Yeh, Vanessa | | | | |
| Vice President | Chen, Shui-Feng | | | | | |
| Vice President | Lee, Ping-Yu | | | | | |
| Vice President | Chen, Chi-Wei | | | | | |
| Junior Vice President (Corporate Governance Officer) | Yang, Hsiu-Hui | | | | | |

- Note 1: Names and titles should be disclosed individually, but the amount of employees' compensation may be disclosed in aggregate.
- Note 2: Fill in the amount of employees' compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the profit after tax of the parent-company-only financial report for the most recent fiscal year.
- Note 3: The applicable scope of "managerial officers" is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions:
- President and equivalent level positions
 - Executive Vice Presidents and equivalent level positions
 - Vice Presidents and equivalent level positions
 - Finance Officer
 - Accounting Officer
 - Other persons who have the power to manage affairs and sign for the Company
- Note 4: If any director, the President, or Executive Vice President receives employees' compensation (including stocks or cash), complete this table in addition to table 3.3.1 & 3.3.2.

3.3.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Executive Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Executive Vice Presidents

- The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the last two fiscal years to directors, supervisors, presidents and executive vice presidents of the Company, to the net income of the parent-company-only financial statements.

| Title | EVA | | All consolidated entities | |
|---|-------|-------|---------------------------|-------|
| | 2022 | 2023 | 2022 | 2023 |
| Directors | 0.34% | 0.13% | 0.40% | 0.16% |
| President and Executive Vice Presidents | 0.85% | 0.42% | 0.87% | 0.43% |

- Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to business performance and future risks:

According to the "Articles of Incorporation" and the "Payment Regulation of Directors" of the Company, if the Company makes profit in a fiscal year, the Company shall set aside no more than 2% of the profit for directors' remuneration; and shall distribute the remuneration based on the individual director's level of participation in and the value of contribution to the Company's operations. In addition, the Company may pay reasonable compensation to the director based on the level of the individual director's participation in and contribution value to the Company's operations as well as taking into account of normal standard in the same industry.

The individual director's level of participation in and the value of contribution to the Company's operation mentioned above shall be determined based on his/her personal performance and the evaluation results of the performance of the Director (including Board attendance and training status, the level of participation in the operations of the Company, the interaction status with the

management team, sustainable development promotion, corporate governance implementation, etc.).

Article 26 of the “Articles of Incorporation” of the Company stipulates that if the Company makes profit in a fiscal year, the Company shall set aside no less than 1% of the profit for employees’ compensation. Managerial remuneration is handled in accordance with the “Payment Regulation of Managers” of the Company. Managerial remuneration includes fixed remuneration and variable remuneration. Fixed remuneration includes salary and allowances. The job title is determined according to the Company’s organizational structure, business activity and nature of work, and the fixed remuneration standard for each position is formulated taking internal and external factors into account as well; Variable remuneration includes year-end bonus and employees’ compensation. The manager’s year-end bonus is determined based on the performance. The evaluation items include the work performance, leadership and control, adaptability, creativity, knowledge and experience, planning skills and cost concepts, etc. The bonus amount is determined after being reviewed by the Remuneration Committee of the Company and submitted to the Board of Directors for approval.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

From January 1, 2023 to May 24, 2023 before the election of all directors at the shareholders’ meeting, a total of 3 meetings (A) were held. From May 24, 2023 to December 31, 2023, a total of 5 meetings (A) were held. The attendance of directors was as follows.

| Title | Name (Note 1) | Attendance in Person (B) | By Proxy | Attendance Rate (%) 【B/A】 (Note 2) | Remarks |
|---|--|-----------------------------|-------------|---|--|
| The 16 th Board of Directors (After the election at the Annual General Shareholders' Meeting on May 24, 2023) | | | | | |
| Chairman | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Lin, Bou-Shiu | 5 | 0 | 100% | Re-elected Election Date: 2023/05/24 Required Numbers of Attendance: 5 |
| Director | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Tai, Jiin-Chyuan | 5 | 0 | 100% | Newly elected Election Date: 2023/05/24 Required Numbers of Attendance: 5 |

| Title | Name (Note 1) | Attendance in Person (B) | By Proxy | Attendance Rate (%) 【B/A】 (Note 2) | Remarks |
|--|--|-----------------------------|-------------|---|--|
| Director | Evergreen International Corp. Representative: Chang, Ming-Yuh | 5 | 0 | 100% | Re-elected Election Date: 2023/05/24 Required Numbers of Attendance: 5 |
| Director | Shine Glow Investments Ltd. Representative: Wu, Jiang-Ming | 5 | 0 | 100% | |
| Director | Shine Glow Investments Ltd. Representative: Chu, Wen-Hui | 5 | 0 | 100% | Newly elected Election Date: 2023/05/24 Required Numbers of Attendance: 5 |
| Director | Sun, Chia-Ming | 5 | 0 | 100% | Re-elected Election Date: 2023/05/24 Required Numbers of Attendance: 5 |
| Independent Director Undertaking Public Welfare | Chien, You-Hsin | 5 | 0 | 100% | |
| Independent Director | Hsu, Shun-Hsiung | 5 | 0 | 100% | |
| Independent Director | Wu, Chung-Pao | 5 | 0 | 100% | |
| The 15 th Board of Directors (Before the election at the Annual General Shareholders' Meeting on May 24, 2023) | | | | | |
| Chairman | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Lin, Bou-Shiu | 3 | 0 | 100% | Required Numbers of Attendance: 3 |
| Director | Evergreen Marine Corp. (Taiwan) Ltd. Representative: Chen, Hsien-Hung | 3 | 0 | 100% | Dismissal Date: 2023/05/24 Required Numbers of Attendance: 3 |
| Director | Exercising duties on the behalf of Evergreen International Storage & Transport Corp.: Tai, Jiin-Chyuan | 3 | 0 | 100% | |

| Title | Name (Note 1) | Attendance in Person (B) | By Proxy | Attendance Rate (%) 【B/A】 (Note 2) | Remarks |
|---|---|-----------------------------|-------------|---|---|
| Director | Evergreen International Corp. Representative: Chang, Ming-Yuh | 3 | 0 | 100% | Required Numbers of Attendance: 3 |
| Director | Evergreen International Corp. Representative: Wu, Jiang-Ming | 3 | 0 | 100% | |
| Director | Evergreen Logistics Corp. Representative: Sun, Chia-Ming | 3 | 0 | 100% | |
| Independent Director Undertaking Public Welfare | Chien, You-Hsin | 3 | 0 | 100% | |
| Independent Director | Hsu, Shun-Hsiung | 3 | 0 | 100% | |
| Independent Director | Wu, Chung-Pao | 3 | 0 | 100% | |

Other mentionable items:

- Please illustrate the dates of the Board Meetings, period, agenda and all Independent Directors' opinions and the Company's responses if one of following situation occurred during the Board Meetings:
 - The items listed in Article 14-3 of Securities and Exchange Act: Not applicable as the Company has established the Audit Committee. Please refer to pages 111 to 119 for the items listed in Article 14-5 of Securities and Exchange Act (Major resolutions of the Board of Directors and functional committees).
 - Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinion by independent directors: None.
- If the directors have personal interest conflicts to the proposal and are required for recusal, please specify the name of the directors, proposal, reason and the resolution: Please refer to pages 111 to 119 for more information (Major resolutions of the Board of Directors and functional committees).
- The Self-evaluation of the performance of the Board of Directors:

| | |
|----------------------------------|---|
| Evaluation Cycle (Note 1) | Once a year |
| Evaluation Period (Note 2) | From Jan. 1, 2023 to Dec. 31, 2023 and the evaluation results was reported to the Board Meeting on Mar. 13, 2024. |

| | |
|-----------------------------------|---|
| Evaluation Scope (Note 3) | The Board, the Board members and the functional committees. |
| Evaluation Method (Note 4) | Internal self-evaluation of the Board, the Board members, the functional committees (Audit Committee, Remuneration Committee and Sustainability Committee) were conducted through the completion of questionnaire by Directors. |
| Evaluation Indexes (Note 5) | <p>1. Self-evaluation of performance of the Board: The overall performance evaluation of the Board of Directors is conducted by each director, and includes 6 items such as Participation in the operation of the Company, quality of the Board of Directors' decision making, Composition and structure of the Board of Directors, Election and continuing education of the directors, implementation of sustainable management (ESG) and Internal control.</p> <p>2. Self-evaluation of performance of Board members: The self-performance evaluation is conducted by each director, and includes 6 items such as Alignment of goals and missions of the Company, Awareness of the duties of a director, Participation in the operation of the Company, Management of internal relationship and communication, director's professionalism and continuing education, and Internal control.</p> <p>3. Self-evaluation of performance of the functional committees (Audit Committee, Remuneration Committee and Sustainability Committee): The performance evaluation of the functional committees is conducted by each functional committee member, and includes 5 items such as participation in the operation of the Company, Awareness of the duties of the committee, quality of decisions made by the committee, Composition of the committee and election of its members, and Internal control.</p> |
| Evaluation Results (Full score 5) | <p>1. Self-evaluation of performance of the Board: Excellent, the average score is 4.96.</p> <p>2. Self-evaluation of performance of Board members: Excellent, the average score is 4.98.</p> <p>3. Self-evaluation of performance of the Audit Committee: Excellent, the average score is 5.0.</p> <p>4. Self-evaluation of performance of the Remuneration Committee: Excellent, the average score is 5.0.</p> <p>5. Self-evaluation of performance of the Sustainability Committee: Excellent, the average score is 5.0.</p> |

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the board of directors from 1 January 2023 to 31 December 2023.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

- (1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.
- (2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.
- (3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

4. The evaluation to strengthen the functionality of Board of Directors in recent years(e.g. establish Audit Committee or enhance information transparency):

- (1) To fulfill corporate social responsibilities and achieve the goal of sustainable operations, the Company established the Sustainability Committee on December 23, 2022. The Sustainability Committee is composed of five members, including the Chairman, three Independent Directors as well as the Director and President; more than half of the members are Independent Directors. The committee is in charge of reviewing and formulating policies, strategies, objectives or management guidelines, and the annual work plan related to corporate sustainability (including risk management).
- (2) The Company has purchased liability insurance for directors in order to disperse the risk of legal responsibility and improve the ability of corporate governance.
- (3) To enhance the professional ability of directors as well as implement corporate governance, the Company has invited lecturers for directors to attend training courses twice a year. All directors of the Company have completed the 2023 continuing training in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". Please refer to the Company's website and the Market Observation Post System (MOPS) for training information.
- (4) The Company was ranked in the top 5% of all listed companies of the 10th Corporate Governance Evaluation, which illustrated the Company had excellent performance during operation.
- (5) To enhance the information transparency, the Company voluntarily publishes important dissolutions of Board Meetings and establishes corporate governance page, ESG page, stakeholders interest page and investor relations page on company website.
- (6) To implement corporate governance, the Company formulated the "Shareholding Measures for Managers Serving as Directors". The Measures ensure that the interests of managers serving as directors are in line with the Company's long-term operating performance and the interests of the overall shareholders.
- (7) The Company has 3 Independent Directors, and it has stipulated the "Rules Governing the Duties of Independent Directors". To enhance the functionality of Board of Directors, the Company has established the Audit Committee.

Note 1: For directors and supervisors who are legal entities, both the names of the legal entity and the representative should be disclosed.

Note 2: (1) If any of the directors resigns before the end of the year, it is required to specify the date of his/her resignation in the remarks column. The actual attendance rate (%) should be calculated by the actual number of meetings he/she attended during his/her term at the Board of the Directors.

(2) If there is any re-election of the Board before the end of the year, both the information of current and former directors should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be calculated by the actual number of meetings he/she attended during his/her term at the Board of the Directors.

3.4.2 Annual Tasks and Implementation Status of the Audit Committee

A. The Audit Committee of the Company is composed of three independent directors, whose major duties are to supervise and review the financial reports, accounting and internal control system, the major asset transactions, endorsements and guarantees, and the offering or issuance of securities.

B. Annual Tasks of the Audit Committee in 2023:

(A) Review financial reports:

The Company's annual business report, financial reports, and surplus distribution proposals were all reviewed by the Audit Committee and submitted to the Board for discussion. After being approved by the Board, the proposals were presented to the annual general shareholders' meeting for acknowledgement.

In addition, each quarterly financial report is reviewed and approved by the Audit Committee and then submitted to the Board of Directors for discussion.

(B) Assess the effectiveness of internal control system:

The self-assessment of internal control systems and the implementation of the Company are completed by the internal units. And the audit unit reports the audit results to Audit Committee on a regular basis and submits the amendment of internal control system and internal control system statement to Audit Committee for confirmation. Besides, the Audit Committee and the audit unit have at least 4 closed-door communication meetings every year to enable the Committee to understand the financial status, operational effectiveness, risk management, information security, the compliance with regulations, and to evaluate the effectiveness of internal control system of the Company.

(C) Appoint the Company's Certified Public Accountants.

The Audit Committee of the Company assesses the professional, independence, competency, audit quality and reasonableness of the commission remuneration of certified public accountants with Audit Quality Indicators (AQIs). The proposal of appointing Ms. Chen, Ya-Ling and Mr. Su, Yen-Ta, the CPAs of KPMG, as the Company's CPAs for 2024 was reviewed by Audit Committee on the 3rd meeting of the 3rd Audit Committee of 2023 and approved by Board Meeting. Besides, CPAs have at least 4 closed-door communication meetings with the Audit Committee every year to communicate matters related to financial reports.

C. A total of 5 (A) meetings of the Audit Committee were held in 2023. The attendance of the members was as follows.

| Title | Name | Attendance in Person (B) | By Proxy | Attendance Rate (%) 【B/A】 (Note) | Remarks |
|---------------------------------|------------------|--------------------------|----------|--|--|
| Independent Director (Convener) | Hsu, Shun-Hsiung | 5 | 0 | 100% | Re-elected Election Date: 2023/05/24 |
| Independent Director | Chien, You-Hsin | 5 | 0 | 100% | |
| Independent Director | Wu, Chung-Pao | 5 | 0 | 100% | |

Other mentionable items:

1. If the Audit Committee operates in any of the following circumstances, the date and session of the Audit Committee meeting, the content of motion, the independent directors' adverse opinion, qualified opinion or major recommendation, the resolution of Audit Committee, and the Company's response to the opinion of the Audit Committee should be specified:
 - (1) The items listed in Article 14-5 of Securities and Exchange Act: Please refer to pages 111 to 119 (Major resolutions of the Board of Directors and functional committees).
 - (2) Except for the proposal mentioned above, other resolutions which are not approved by Audit Committee but are approved by two-third of directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: Please refer to pages 111 to 119 (Major resolutions of the Board of Directors and functional committees).
3. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations).
 - (1) The Communications between the independent directors and the Company's chief internal auditor:
 - A. Communication method
The Independent Directors and the chief internal auditor have at least four closed-door communication meetings every year. The Independent Directors and the chief internal auditor had five closed-door communication meetings in 2023, to report the results of execution of internal audit and operation of internal control.

B. The summaries of communication in 2023:

| NO. | Date | Communication Content | The Company's Response |
|-----|-------------------------------|--|---|
| 1 | Mar. 13 Audit Committee | <ol style="list-style-type: none"> 1. Reviewing the internal auditor's reports which completed during Nov. to Dec. 2022 and Jan. 2023. 2. Reviewing and approving amendments to "Internal Control System" and "Implementation Rules for Internal Audits". 3. Continuous Auditing Board project planning report. | <ol style="list-style-type: none"> 1. Reported to Board of Directors meeting. 2. After being approved, the proposal was submitted to Board of Directors meeting for a resolution. |
| 2 | May 9 Audit Committee | <ol style="list-style-type: none"> 1. Reviewing the internal auditor's reports which completed during Feb. to Mar. 2023. 2. Reviewing and approving amendments to "Internal Control System" and "Implementation Rules for Internal Audits". | <ol style="list-style-type: none"> 1. Reported to Board of Directors meeting. 2. After being approved, the proposal was submitted to Board of Directors meeting for a resolution. |
| 3 | Aug. 10 Audit Committee | Reviewing the internal auditor's reports which completed during Feb. to Jun. 2023. | Reported to Board of Directors meeting. |
| 4 | Nov. 7 Audit Committee | <ol style="list-style-type: none"> 1. Reviewing the internal auditor's reports which completed during Jun. to Sep. 2023. 2. Continuous Auditing Board stage report. | 1. Reported to Board of Directors meeting. |
| 5 | Dec. 19 Audit Committee | Reviewing the internal auditor's reports which completed during Sep. to Nov. 2023. | Reported to Board of Directors meeting. |

(2) The Communications between the Independent Directors and CPAs:

A. Communication method

The Independent Directors and CPAs have at least four closed-door communication meetings every year. In the case of emergency, the meeting may be convened at any time. The Independent Directors and CPAs had four closed-door communication meetings in 2023, to report the financial situation and the audit results of the Company and its subsidiaries, and to explain about materially adjusting journal entries and the influence of legislation amendment on accounts.

B. The summaries of communication in 2023:

| NO. | Date | Communication Content | The Company's Response |
|-----|-------------------------------|--|---|
| 1 | Mar. 13 Audit Committee | 1. CPAs Report: 2022 Financial Statement Report audit scope, results, Key Audit Matters (KAMs) and the important legislation amendment. 2. CPAs discussed and communicated the problems raised by the independent directors. | Reported to Board of Directors meeting. |
| 2 | May 9 Audit Committee | 1. CPAs Report: 2023 Q1 Financial Statement Report review scope, results, and the important legislation amendment. 2. CPAs discussed and communicated the problems raised by the independent directors. | Reported to Board of Directors meeting. |
| 3 | Aug. 10 Audit Committee | 1. CPAs Report: 2023 Q2 Financial Statement Report review scope, results, and the important legislation amendment. 2. CPAs discussed and communicated the problems raised by the independent directors. | Reported to Board of Directors meeting. |
| 4 | Nov. 7 Audit Committee | 1. CPAs Report: 2023 Q3 Financial Statement Report review scope, results, the plan for annual auditing (including Key Audit Matters (KAMs) and the important legislation amendment). 2. CPAs discussed and communicated the problems raised by the independent directors. | Reported to Board of Directors meeting. |

Note: (1) If any of the independent directors has resigned before the end of the year, the date of his/her resignation should be stated in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

(2) If any of the independent directors has been re-elected before the end of the year, both the information of current and former members should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

3.4.3 Composition, Responsibilities and Operations of the Remuneration Committee

A. Information on the members of the Remuneration Committee

All members of the Remuneration Committee of the Company are Independent Directors. For information on their professional qualifications and experience, independence, and the number of other public companies where the member concurrently serves as a member in the Remuneration Committee, please refer to pages 28~29 for details.

B. The duties of the Remuneration Committee are as follows:

1. Establish and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors and managers.
2. Periodically evaluate and establish the remuneration of directors and managers.

C. Attendance of Members at Remuneration Committee Meetings

1. The Remuneration Committee is composed of three independent directors.
2. Concerning the election of all directors at the shareholders' meeting of 2023, the Board of Directors appointed the 5th Remuneration Committee on May 24, 2023. The term of office of current Remuneration Committee is from May 24, 2023 to May 23, 2026.
3. A total of 3 (A) meetings were held in 2023. Please refer to pages 111~119 for resolutions made by the Remuneration Committee (Major resolutions of the Board of Directors and functional committees) and the attendance of Committee member is as follows:

| Title | Name | Attendance in Person (B) | By Proxy | Attendance Rate (%) 【B/A】 (Note) | Remarks |
|------------------|------------------|--------------------------|----------|----------------------------------|--|
| Convener | Chien, You-Hsin | 3 | 0 | 100% | Re-elected Election Date: 2023/05/24 |
| Committee Member | Hsu, Shun-Hsiung | 3 | 0 | 100% | |
| Committee Member | Wu, Chung-Pao | 3 | 0 | 100% | |

Other mentionable items:

1. If the Board of Directors decline to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g. the remuneration passed by the Board of Directors exceed the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note: (1) If any of the Remuneration Committee members has resigned before the end of the year, the date of his/her resignation should be stated in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

- (2) If any of the Remuneration Committee members has been re-elected before the end of the year, both the information of current and former members should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

3.4.4 Composition, Responsibilities and Operations of the Sustainability Committee**A. Information on the members of the Sustainability Committee**

The Sustainability Committee of the Company is composed of five members including the Chairman, three Independent Directors as well as the Director and President. More than half of the members are Independent Directors, and the Chairman serves as the convener.

B. The duties of the Sustainability Committee are as follows:

1. Reviewing and formulating policies, strategies, objectives, and management guidelines related to the Company's corporate sustainability (including risk management).
2. Reviewing the corporate sustainability annual work plan.
3. Supervising and tracking the implementation, progress, results, and other matters related to the Corporate Sustainability Committee's work plan.

C. Attendance of Members at Sustainability Committee Meetings

1. The Sustainability Committee is composed of five members.
2. Concerning the election of all directors at the shareholders' meeting of 2023, the Board of Directors appointed the 2nd Sustainability Committee on May 24, 2023. The term of office of current Sustainability Committee is from May 24, 2023 to May 23, 2026.
3. A total of 2 (A) meetings were held in 2023, the attendance of Committee member and the major resolutions are as follows:

| Title | Name | Professional qualifications and experience | Attendance in Person (B) | By Proxy | Attendance Rate (%)【B/A】(Note) | Remarks |
|------------------------|------------------|--|--------------------------|----------|--------------------------------|--------------------------------------|
| Chairman (Convener) | Lin, Bou-Shiu | Please refer to pages 26~30 for "Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors" and "Diversity and Independence of the Board of Directors" | 2 | 0 | 100% | Re-elected Election Date: 2023/05/24 |
| Independent Director | Chien, You-Hsin | | 2 | 0 | 100% | |
| Independent Director | Hsu, Shun-Hsiung | | 2 | 0 | 100% | |
| Independent Director | Wu, Chung-Pao | | 2 | 0 | 100% | |
| Director and President | Sun, Chia-Ming | | 2 | 0 | 100% | |

| Date of Meeting | Report Items | Ratification and Discussion Items |
|------------------------|---|---|
| Mar. 13 | Report the implementation of corporate sustainability development. 1. Communication with stakeholders. 2. The plans of subsidiaries greenhouse gas inventory and verification. | Ratify the corporate sustainability annual work plan in 2023. |
| Dec. 19 | 1. Report the implementation of corporate sustainability development. (1) Implementation of corporate sustainability and communication with stakeholders in 2023. (2) Tracking of subsidiaries greenhouse gas inventory and verification. (3) The results of identification of material topics. 2. Report the execution of risk management. | The corporate sustainability main work plan in 2024. |
| The Company's Response | Reported to the Board of Directors meeting. | Approved unanimously and reported to the Board of Directors. |

Note: (1) If any of the Sustainability Committee members has resigned before the end of the year, the date of his/her resignation should be stated in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

(2) If any of the Sustainability Committee members has been re-elected before the end of the year, both the information of current and former members should be filled in the table, and the status and the re-election date should also be specified in the remarks column. The actual attendance rate (%) should be based on the number of committee meetings held during his/her tenure and the actual number of his/her attendance.

3.4.5 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| 1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”? | V | | The Board of Directors has approved “Corporate Governance Best-Practice Principles”, which can be found on both the Company’s website (URL: https://www.evaair.com/en-global/about-eva-air/corporate-governance/internal-regulations/) and Market Observation Post System (MOPS). | None |
| 2. Shareholding Structure & Shareholders’ Rights: (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? | V | | Shareholders’ Affairs Section is in charge of handling the issue following internal control operation procedure. | None |
| (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? | V | | Responsibility is assigned to relevant departments. | None |
| (3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure? | V | | The Company has established risk control measures within internal control operation procedure. | None |
| (4) Does the Company establish internal rules against insiders trading with undisclosed information? | V | | 1. The Company’s Board of Directors passed the resolution to formulate the “Procedures for Prevention of Insider Trading and Handling of Material | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>Inside Information”, which stipulates that the directors of the Company shall not trade the Company's equity based securities during the closed period within 30 days prior to the announcement of the annual financial report and within 15 days prior to the announcement of the quarterly financial report, and insiders of the Company shall not use unpublished market information to buy and sell securities of the Company. The Company informs the directors the closed period of the securities through email and reminds the directors to pay attention to relevant regulations before the aforementioned period.</p> <p>Moreover, the “Management of the Prevention of Insider Trading” is incorporated in the internal control operating procedures to regulate the securities trading behavior of insiders.</p> <p>2. To enable the directors and managers of the Company to fully understand the relevant rules and penalties of “internal trading” in time, the Company provides the directors and managers with the Q&A on insider trading prohibition monthly, and also forwards the information of insider trading prevention from time to time.</p> <p>3. The Company promotes the code of</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | ethics and integrity management for new employees when they arrive at their posts, discloses relevant regulations on the Enterprise Information Portal (EIP), and implements internal training on a regular basis. On Aug. 28, 2023, the Company conducted online training on integrity management related issues (including morality and EVA spirit, Code of Ethical Conduct & ECM Best-Practice Principles, Antitrust Policy and Guidelines and Prevention of Insider Trading) for all 10,425 employees worldwide, with a completion rate of 100%. Once training was complete, related departments were also scheduled to undergo an Integrity Risk Self-Assessment Questionnaire Review. This ensures that our employees always maintain correct concepts, and implement them in their work. | |
| 3. Composition and Responsibilities of the Board of Directors: | | | | |
| (1) Does the Board develop and implement the diversification policy, specific management objectives and implementation of the Board of Directors? | V | | The diversification policy, specific management objectives and implementation of the Board of Directors of the Company are detailed on page 30. | None |
| (2) Does the Company | V | | In addition to setting up the | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| <p>voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the Company establish a standard to measure the performance of the Board annually, report the results of the performance evaluation to the Board, and use it as a reference for individual directors' remuneration and nomination?</p> | V | | <p>Remuneration Committee and the Audit Committee in accordance with the law, in order to fulfill corporate social responsibility and achieve the goal of sustainable operations, the Company has set up the Sustainability Committee under the Board of Directors through the resolution of the Board of Directors on Dec. 23, 2022 to be in charge of reviewing and formulating policies, strategies, objectives, management guidelines, and the annual work plan related to corporate sustainability (including risk management). The committee is composed of five members, more than half of the members are Independent Directors.</p> <p>1. The Company established the “Regulations Governing the Board Performance Evaluation”, which is disclosed on the Company’s official website and the Market Observation Post System (MOPS).</p> <p>2. The Company shall conduct an internal board performance evaluation at least once a year. In addition, the Company’s board performance evaluation may be conducted by an external independent at least once every three years.</p> <p>3. Please refer to pages 48~49 for the 2023 evaluation results of the performance of the Board of Directors and the report date to the Board of Directors.</p> <p>4. The annual evaluation results of the performance of the Board of Directors</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| (4) Does the Company regularly evaluate the independence of CPAs? | V | | <p>are also the basis for Individual Director’s remuneration and nomination of directors.</p> <ol style="list-style-type: none"> 1. The assigned accountants are not directors, supervisors, managerial officers, employees or shareholders of the Company or its affiliated companies and have been confirmed as non-stakeholders, which meets the regulations of the competent authorities for independent judgment. (Please refer to Table 1 for the CPAs independence evaluation.) 2. The Audit Committee of the Company annually evaluates the independence and competence of certified public accountants by requiring them to provide the “Declaration of Independence” and “Audit Quality Indicators (AQIs).” As of the current year, the “Declaration of Independence” has been evaluated according to the standards stated in Note 1, which verifies that except for the attestation of the financial statements and non-audit service cases, either the financial interests or the business engagements of the certified public accountants and the Company are not related to each other. On the other hand, the “Audit Quality Indicators (AQIs)” were evaluated according to the 13 AQI items, which verify that the firm and the certified public accountants have surpassed the average level among industry peers in terms of their audit | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | experience and professional support, and the comprehensive adoption of digital auditing tools and platforms, as well as the application of AI technology, effectively improve audit efficiency and quality. On December 19, 2023, the evaluation results concerning the independence and competence of the certified public accountants in the most recent year have been submitted to, and approved by, the Audit Committee; and subsequently, authorized by the Board of Directors. | |
| 4. Does the TWSE/TPEX Listed Companies have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to deal with corporate governance business (including but not limited to provide directors and supervisors necessary information, assist directors and supervisors with legal compliance, hold Board Meeting or Annual General Meeting, company registration and change registration of company and Minutes of Board of Directors meeting and Annual General Meeting preparation)? | V | | <p>1. The Board of Directors appointed the most senior officer of Corporate Governance Department as the chief corporate governance officer of the Company by the Board Meeting, and the Company is staffed with sufficient professional corporate governance personnel to protect shareholders' rights and strengthen the board functions.</p> <p>Junior Vice President Yang, Hsiu-Hui serves currently as the chief corporate governance officer of the Company, who has been conducted stock affairs, shareholders' meeting and Board meeting affairs for at least 3 years, is eligible for corporate governance affairs and doesn't hold any positions in the Company and/or in any other company.</p> <p>2. The main duties of the chief corporate governance officer of the Company are as follows:</p> <p>(1) To handle matters relating to board</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>meetings and shareholders meetings according to laws.</p> <p>(2)To produce minutes of board meetings and shareholders meetings.</p> <p>(3)To assist in onboarding and continuous development of Directors.</p> <p>(4)To furnish information required for business execution by directors.</p> <p>(5)To assist Directors with legal compliance.</p> <p>(6)To report the results to the Board of Directors of reviewing the qualifications if Independent Directors comply with relevant regulations when nomination, election and during their tenure.</p> <p>(7)To handle matters related to the change of directors.</p> <p>3. The business development in 2023 are as follows:</p> <p>(1)To furnish Directors with relevant information and regulations to perform their duty and hold the Directors training courses:</p> <p>a. To furnish Directors with the latest regulations of corporate governance irregularly.</p> <p>b. To furnish Directors with the information to perform their duties and maintain smooth communication between Directors and departments.</p> <p>c. To arrange at least four closed-door communication meetings to enable independent directors to communicate face-to-face with</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>the chief internal auditor and CPAs, and to deeply understand the Company’s audit and financial status.</p> <p>d. To hold two Directors training courses (3 hours each time).</p> <p>(2)To handle matters relating to functional committees, board meetings and shareholders meetings according to laws:</p> <p>a. To notify the meeting agendas to each director at least seven days in advance, provide the materials, remind the director not to participate in discussion or voting on the agenda item if he/she is an interested party with it, and distribute the minutes to each director within 20 days after the meeting.</p> <p>b. To assist to announce the material information after board meeting, ensure the legality and correctness of material information to protect information equivalence of investor transaction.</p> <p>c. To register the date of the shareholders’ meeting in accordance with laws, and produce meeting notices, handbooks and minutes within the legal period.</p> <p>(3)Handling matters related to the change of directors:</p> <p>a. To review regularly (once a year) whether the qualifications of Independent Directors comply</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>with relevant regulations.</p> <p>b. To provide the information required for the change of director and handle announcements and declarations in accordance with the law when the director changes.</p> <p>4. Chief corporate governance officer training records in 2023 please refer to Table 2.</p> | |
| 5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities? | V | | The Company provides stakeholders interest page on the website (URL: https://www.evaair.com/en-global/about-eva-air/stakeholder-interest/) to facilitate communication channel between investors, suppliers, customers and employees. The Company also reports “Communication with stakeholders” to the Board of Directors once a year. | None |
| 6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs? | | V | The Company does not assign any agency to be in charge of its shareholder affairs. | Whereas Shareholders’ Affairs is managed by the Company itself, the matters related to convening of the shareholders’ meeting are handled in accordance with regulations and Articles of Incorporation to ensure its lawfulness, effectiveness and safeness. |
| 7. Information Disclosure: (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate | V | | 1. The Company has set up a corporate website(URL: https://www.evaair.com) and designated appropriate people to monitor and keep it up-to-date with | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|---|---|
| | Yes | No | Abstract Illustration | |
| governance? | | | <p>current information.</p> <p>2. Corporate governance status: The Company has set up corporate governance page on website (URL: https://www.evaair.com/en-global/about-eva-air/corporate-governance/), disclosing the implementation and operation of Board Meetings, functional committees and internal audit organization, as well as the major internal regulations, which assists the stakeholders to understand the status of corporate governance implementation.</p> | |
| (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? | V | | The Company has established an English website and spokesperson system for gathering and disclosing information. Investor conference information of the Company held or been invited to over the years is disclosed on the Company’s website. | None |
| (3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline? | | V | The Company follows relevant laws and regulations to announce and report the annual financial statements on time after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline. Please see on the website (URL: https://emops.twse.com.tw/server-java/t58query). | Though the Company didn’t announce and report the annual financial statement within two months after the end of the fiscal year, the quarterly financial statements and the monthly operating situation are announced and reported within the prescribed time limit in accordance with the law. |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| 8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices? | | | | |
| (1) Employee rights and employee wellness | V | | Please refer to Chapter 5 “Labor Relations” for more information. | None |
| (2) Investor relations | V | | The Company has set up investor relations page on website (URL: https://www.evaair.com/en-global/about-eva-air/investor-relations/) which provides investors reference about operation and financial information. | None |
| (3) Supplier relations and rights of stakeholders | V | | Please refer to Chapter 3 “Implementation of Sustainable Development” for more information. | None |
| (4) Directors training records | V | | The directors of the Company have completed the continuing training in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. Please refer to MOPS and the Company’s website for training information of directors. | None |
| (5) The implementation of risk management policies and risk evaluation measures | V | | Please refer to Chapter 7 “Analysis of Risk Management” for more information. | None |
| (6) Implementation of customer | V | | Customer feedback is crucial for | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| policies | | | <p>companies to improve service quality.</p> <p>The global passenger market is gradually recovering after the epidemic, with more flights on various routes and a return of travelers. In 2023, besides reinstating customer satisfaction surveys, continuous research on the Net Promoter Score (NPS) was conducted, with a benchmark of $NPS \geq 68.00$ utilized to gauge changes in the post-pandemic recommendation value of the company's brand among travelers.</p> <p>From January 1 to December 31, 2023, NPS surveys targeting air passengers yielded a score of 70.12, surpassing the benchmark value.</p> | |
| (7) Purchasing insurance for directors | V | | The Company has purchased liability insurance for its directors since 2015. | None |
| <p>9. Please specify the Company’s measures for the evaluation results published by Corporate Governance Center of Taiwan Stock Exchange Corporation which should be improved:</p> <p>(1) The Company had reported on the distribution of director remuneration at the 2023 annual general shareholders’ meeting.</p> <p>(2) The Company has formulated the “Intellectual Property Management Policy” and the “Intellectual Property Management Plan”. The implementation of intellectual property management in 2023 was reported to the Board of Directors, and related information was disclosed on our website.</p> | | | | |

Table 1: CPA Independence Evaluation

| No. | Item | Evaluation results | Independence of CPA |
|-----|---|--------------------|---------------------|
| 1. | Whether the CPAs have a direct or significant indirect financial interest relationship with the Company? | No | Yes |
| 2. | Whether the CPAs have engaged in financing or guarantee activities with the Company or the directors of the Company? | No | Yes |
| 3. | Whether the CPAs have a close business relationship and potential employment relationship with the Company? | No | Yes |
| 4. | Whether the CPAs and members of their audit team are currently holding, or have held in the past two years, a position in the company as a director, managerial personnel, or in a position that significantly influences audit procedures? | No | Yes |
| 5. | Whether the CPAs have provided non-audit services to the company that could have a direct impact on audit work? | No | Yes |
| 6. | Whether the CPAs have acted as intermediaries for the issuance of stocks or other securities by the company? | No | Yes |
| 7. | Whether the CPAs have served as legal representatives for the company or have represented the company in coordinating conflicts with third parties? | No | Yes |
| 8. | Whether the CPAs have family relationships with directors, executives, or personnel with significant influence on audit matters within the company? | No | Yes |

Table 2: Chief corporate governance officer training records in 2023

| Date | Professional Organization | Training sessions | Training hours |
|---------------|---|--|----------------|
| Aug. 30, 2023 | Taiwan Corporate Governance Association | The Impacts and Strategies of ChatGPT on industries | 1 Hour |
| Oct. 20, 2023 | Securities and Futures Institute | 2023 Annual Insider Trading Prevention Advocacy Conference | 3 Hours |

| Date | Professional Organization | Training sessions | Training hours |
|------------------------------|---|--|----------------|
| Oct. 30, 2023 | Taiwan Corporate Governance Association | The Application of AI in Law and Auditing | 3 Hours |
| Dec. 8, 2023 | Securities and Futures Institute | Legal Compliance of Insider Equity Trading Advocacy Conference 2023 | 3 Hours |
| Dec. 12, 2023 | Taiwan Corporate Governance Association | The 19 th (2023) Corporate Governance Summit Forum - Creating New Sphere of Governance for the Elevating Value of Enterprises | 6 Hours |
| Total Training hours in 2023 | | | 16 Hours |

3.4.6 Implementation of sustainable development and deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| 1. Does the Company establish a governance framework to promote sustainable development, and establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of promoting sustainable development and reporting to the board? | V | | In order to continuously promote ESG action plans and achieve the goal of sustainable operations, the Company has set up the “Sustainability Committee” under the Board of Directors in 2022, and the “Corporate Sustainability Committee” is the implementation unit to promote sustainable development; for the organizational chart, please refer to Note 2 for details. “Sustainability Committee” is composed of five members including the Chairman, three Independent Directors and the Director & President, and the Chairman serves as the convener. The committee is in charge of reviewing and formulating policies, strategies, objectives, and management guidelines | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>related to corporate sustainability of the Company; reviewing the corporate sustainability annual work plan reported by the Corporate Sustainability Committee; as well as supervising and tracking the progress and results, and submitting them to the Board of Directors for resolutions or reporting on them.</p> <p>“Corporate Sustainability Committee” is the implementation unit of the Company to promote sustainable development. The President serves as the committee chair, and the top executive of each department and division serves as a member. Each action team of the committee is in charge of the planning and implementation of corporate sustainable action plan to ensure the sustainable development strategies can be fully implemented in daily operations.</p> <p>A regular report on the implementation of sustainable development shall be made to the Board of Directors by Sustainability Committee every year according to the “Corporate Sustainability Best Practice Principles”. The content of the proposals reported to the Board of Directors quarterly in 2023 including the execution of corporate sustainability and communication with stakeholders in 2023, tracking of subsidiaries greenhouse gas inventory and verification, and the corporate</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | sustainability work plan in 2024, etc. The Board of Directors shall supervise the promotion status of sustainable development and instruct the Sustainability Committee to make adjustments as necessary. | |
| 2. Does the company evaluate the risk of environmental, social and corporate governance issues related to the Company's operation in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 1) | V | | <p>The Company has implemented Enterprise Risk Management (ERM) based on relevant international standards, including GRI, SASB, COSO ERM, ISO 31000, and TCFD. The Company follows the risk management process of “scope of risk verification, risk assessment, risk management, and risk disclosure and communication” to evaluate the risks of environmental, social and economy (including corporate governance) issues related to operations according to the principle of materiality, and the material topics will be integrated into EVA’s Enterprise Risk Management. The Company has formulated the “Risk Management Policies and Procedures” by reference to the “TWSE/TPEX Listed Companies Risk Management Best Practice Principles”, which has been approved by the Board of Directors.</p> <p>In implementation, the Corporate Sustainability Committee coordinates the responsible units for implementing and improving risk management policies as well as risk controls, the Sustainability Committee reviews and formulates strategies as well as</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | objectives related to risk management, and regularly reports to the Board of Directors every year. On December 19, 2023, the operation of risk management, the identification of emerging risks and the corresponding countermeasures, and the identification of material issues for 2023 was reported to the Board of Directors; please refer to “The evaluation of risks by the Company in recent year and by the printed date of annual report” on pages 186~192 of this Report, and chapter 2 of the 2023 Sustainability Report disclosing significance assessment process, management approaches and targets for material topics, and communications with stakeholders for details. | |
| 3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries? | V | | The Company's environmental management organization and system: 1. The Company established the “Fuel Conservation Committee” in 2006, and has held quarterly meetings to actively promote and track various aircraft fuel-saving measures. 2. The “Environmental Committee” was established in 2015 as the highest level of decision-making and supervisory unit for the environmental management policy, and routine meetings are held each quarter. The committee is responsible for planning and controlling the various strategies, objectives, and | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>management principles related to the environment, energy, use of sustainable aviation fuel and carbon credit, and for promoting various action plans to achieve the Company's “Net-zero Carbon Emission by 2050” goal.</p> <p>3. To effectively manage the Company's environmental and energy systems and enhance their efficiency, while complying with domestic and foreign laws and regulations, and demonstrating the importance of environmental protection and energy management, the Company introduced a number of international standard management systems and established a complete environmental management mechanism. The Company has received two international certifications of ISO 50001 Energy Management System and ISO 14001 Environmental Management System in 2015 and 2016, respectively. The ISO 50001 certificate is valid until December 1, 2024 and the ISO 14001 certificate is valid until January 3, 2025.</p> <p>Furthermore, the Company has been conducting greenhouse gas inventory with third-party verification in accordance with the ISO 14064-1 international standard every year since 2016. Please refer to the “Environmental Protection</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | Expenditure” on pages 150~156 of this Report for details and the scope of verification. | |
| (2) Does the Company endeavor to improve energy efficiency and use renewable materials which have low impact on the environment? | V | | <p>The Company promotes environmental and energy management in accordance with the “Environment and Energy Policy”, and formulated the “Biodiversity and Zero-Deforestation Commitments”. The improvement of energy use efficiency and the use of recycled materials with low impact on the environment are described as follows:</p> <p>1. Fuel conservation measures and action plans:</p> <p>(1)The Company continues to monitor the fuel efficiency of various aircraft types and carry out various fuel conservation plans for aircraft based on topics such as weight reduction, flight operation, and aircraft maintenance in order to fulfill the IATA’s joint carbon reduction strategy, achieving the Company's goal of “Net-zero Carbon Emission by 2050”. For details of aviation fuel conservation measures, please refer to “Environmental Protection Expenditures” on page 154 of this Report.</p> <p>(2)The Company continually modernize the fleets through introducing latest environment friendly aircraft — Boeing 787</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>Dreamliner, which is able to reduce 20% of aviation fuel consumption and Green House Gas emission compared with the previous wide-body aircraft. In addition, the Board of Directors on November 7, 2023, approved the purchase of eighteen A350-1000 wide-body aircraft and fifteen A321neo narrow-body aircraft from Airbus, which is able to reduce 15% of aviation fuel consumption and carbon emission compared with alternative aircraft types.</p> <p>(3)In 2017, the Company collaborated with Climate Impact Partners, a famous British company that specialized in climate management and sustainable development, to launch the “Green Travel” carbon offset program. Passengers can calculate the carbon dioxide emission for their journey based on the flight class, departure and destination, and the number of passengers. They can then choose to pay amount to complete the “journey with zero carbon emission”; this program will be promoted to corporate customers.</p> <p>(4)The Company launched the “Green Transport Plan”, through which corporate customers are encouraged to opt for aircraft powered by sustainable aviation</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>fuel for transporting their goods. This helps achieve the goal of net-zero-carbon transport.</p> <p>2. The enhancement of the environment and energy efficiency:</p> <p>(1) Starting from 2023, hybrid cars have been chosen as company vehicles leased in both Taiwan and overseas stations. Additionally, a market survey and future procurement planning for purely electric vehicles will be conducted in 2024.</p> <p>(2) In 2019, the “Intelligent Energy Management System (EMS)” was introduced to effectively monitor, analyze, and control the energy consumption of the air-conditioning system via an intelligent system; please refer to “Environmental Protection Expenditures” on page 153 of this Report for details.</p> <p>(3) Set the short-, medium-, and long-term goals and planning for the use of renewable energy sources, please refer to “Environmental Protection Expenditures” on page 155 of this Report.</p> <p>(4) Promoting paperless operation:</p> <ul style="list-style-type: none"> ➤ All fleets are equipped with electronic flight bag (EFB) to digitize paper flight operation manuals. ➤ Fully adopt e-tickets and | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>encourage passengers to use e-boarding passes to reduce paper consumption.</p> <ul style="list-style-type: none"> ➤ Devote ourselves to the “e-freight” project initiated by IATA, in striving to promote the e-AWB for our global cargo agents and advance towards a more convenient paperless operating environment. ➤ The digital library “EVA e-Library” was launched in February 2022; it is composed entirely of paperless inflight books and periodicals so as to reduce paper usage, energy consumption, and carbon emissions. <p>(5)Freight elevators were replaced with ones containing the new energy-saving module, which can reduce energy by about 27% compared with the old modules; in 2023, approximately NT\$80 thousand was invested to install a power regeneration system, reducing energy consumption by more than 13,000 kWh per year.</p> <p>3. Purchase environment friendly raw materials:</p> <p>(1)Set the short-, medium-, and long-term goals of sustainable aviation fuel (SAF) usage, and added in two flights in 2023; please refer to “Environmental Protection</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>Expenditures” on page 155 of this Report for details.</p> <p>(2) Paper towels and paper cups provided by the Company on its planes, boarding passes, and paper used in the office area all utilize paper certified by the FSC for sustainable forestry.</p> <p>(3) For spare parts of the office building, we purchase products with environmental protection labels in accordance with the ISO environmental and energy management system so as to reduce the impact of the Company's operations on the environment.</p> <p>(4) The Company collaborate with suppliers to develop ecoTHREAD™ environmentally-friendly blankets. Each blanket is made from 100% recycled plastic bottles. In addition to reducing plastic waste, it also reduces weight, which in turn reduces the use of aviation fuel and the carbon emission. This blanket has been used in economy class on all routes since 2019.</p> <p>(5) Response to international plastic reduction goals: EVA Air has collaborated with suppliers to jointly develop and design service supplies and products that use recyclable and reusable materials, aiming to reduce the use of packaging materials.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <ul style="list-style-type: none"> ➤ In 2020, plastic straws were no longer provided on the plane. ➤ Cargo tarpaulins made from environmentally friendly materials were used to reduce the consumption of plastic raw materials and the pollution of plasticizers. ➤ From July 2022, the Company has stopped using plastic wrap on its newly developed public relations gifts. ➤ The inflight plastic cups have been replaced with paper cups on all routes. ➤ In 2023, swizzle sticks made of plastic were gradually replaced with those made of birch. ➤ In line with the redesign of the new tableware for the premium economy class, some plastic materials were replaced by environmentally friendly materials. <p>The Company's total green procurement amount in 2023 was approximately NT\$84.72 million.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| (3) Does the Company evaluate its present and future potential risks and opportunities to the climate change and take corresponding measures issues? | V | | The Company implemented the four main core elements of TCFD disclosures, which identify and control high risk factors caused by climate change and extreme climates, and expend risk monitoring to all environmental aspects, assess the negative impact, the impact target, and the impact strength of major environmental risk in the phase of our operations, and discloses response measures for all identified environmental risks and opportunities from the aspects of “the highest level of management and duties, the strategic plan, the risk management action, and the goal”, properly and timely pursue any development opportunities with potential short, mid-, or long-term benefits to the Company’s business. Please refer to pages 98~100 of this chapter for details. | None |
| (4) Does the Company calculate the greenhouse gas emission, water consumption and total weight of waste in the past two years, and establish policies for greenhouse gas and water consumption reduction or other waste management? | V | | 1. GHG emission inventory and reduction: (1) Starting from 2011, the Company has been carrying out greenhouse gas inventory operations. The Company performs greenhouse gas inventory operations in accordance with ISO 14064-1 and completes the required third-party verification every year since 2016. The quantification of greenhouse gas emissions is mainly targeted at aviation fuel, gasoline, and diesel for vehicles and the total electricity | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>consumption of offices at various sites. Since 2020, the ISO14064:2018 standard has been adopted to expand the inventory of other indirect greenhouse gas emissions in Scope 3; in compliance with the Financial Supervisory Commission’s Sustainable Development Roadmap for TWSE and TPEX-listed Companies since 2022, we have been assisting subsidiaries listed in EVA Air’s consolidated financial statements about greenhouse gas inventories, and providing inventory and practical experience sharing.</p> <p>(2)The Company has, through the “Environmental Committee”, continued to monitor the progress of relevant domestic and foreign laws and regulations as well as reduction targets, and has actively participated in various international greenhouse gas emission reduction plans to fully support the common carbon reduction goals of the aviation industry. Based on the two main axes of “flight operations” and “ground operations”, short-, medium-, and long-term goals have been planned and action plans have been actively promoted to achieve the Company's “Net-zero Carbon Emission by 2050” goal.</p> <p>For greenhouse gas inventory and verification, relevant management practices, goals and achievements in</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>the last two fiscal years, please refer to page 103 of this chapter.</p> <p>2. Water Consumption Management: The Company has continued to track water consumption as detailed in Note 3. In addition to the original rainwater recovery system and condensation recovery system in Nankan Park, we also introduced a cooling tower water recovery and reuse system to increase the reuse efficiency of water resources. When purchasing kitchen and bathroom equipment in each office building, priority is given to the purchase of products with water-saving labels. From time to time, the concept of water conservation is promoted among the employees to optimize the utilization of water resources. For relevant goals, achievements and water consumption status, please refer to chapter 5 of the 2023 Sustainability Report for details.</p> <p>3. Waste Management: (1) Through the operation of the ISO 14001 Environmental Management System, the Company has long-term monitored and tracked the amount of its waste, hazardous industrial waste and recycled waste as detailed in Note 4, so as to self-manage and ensure that there is no abnormal increase in the output of waste. The Company adheres to the 5R principles of Refuse, Reduce, Reuse, Recycle and Repair, to gradually implement waste management.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>(2)As for the waste generated on the aircraft, we are continuing to promote paperless publications. In addition, in response to international plastic reduction goals and policies, the Company is committed to reducing waste from the source, and gradually using lighter, more environmentally friendly products for offering services. The Company also keep tabs on the status of packaging materials to stay on top of our resource usage status. We have committed to reduce 90% of single-use plastic products consumption by 2030, compared with the base year of 2019. EVA Air use our corporate influence to inspire passengers and suppliers to respond to environmental protection.</p> <p>For relevant goals and achievements, waste output and recycled amount, please refer to chapter 5 of the 2023 Sustainability Report for details.</p> | |
| <p>4. Social Issues</p> <p>(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> | V | | <p>In compliance with the International Bill of Human Rights, “UN Universal Declaration of Human Rights” and the fundamental conventions of the “International Labor Organization”, and relevant rules and various labor-related laws and regulations, the Company set up working rules and employee management regulations as the basis of its management. For the employment worldwide, the Company strictly follows</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>the statutory labor laws and regulations of respective areas or countries, and never hires child labor or forces compulsory labor. The Company provides a diversified and equal working environment as well as an equitable salary system. There is no differential treatment or discrimination resulting from the issues of gender, ethnicity, nationality, physical conditions, religion, political affiliation, marital status, etc. For the purpose of sustainable operation and fulfilling corporate responsibility, the Company has formulated the “EVA Airways Code of Conduct”. The Company also formulated the “EVA Airways Corporation Human Rights Policy Statement” to fulfill the protection of human rights, since it regards human rights as one of its core values in sustainable development. The EVA Airways Human Rights Statement was incorporated into the annual e-learning courses on “Code of Conduct”, “Ethics”, and “Prevention of Insider Trading”, disseminated to all employees. For relevant human rights management and risk mitigation measures, please refer to chapter 4 of the 2023 Sustainability Report for details.</p> <p>To protect gender equality in employment, eliminate gender discrimination and prevent sexual harassment, the Company has announced the matters regarding “the prevention of sexual harassment at work sites” on its internal website. The Company continued to offer courses</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | related to the Act of Gender Equality in Employment and sexual harassment prevention in 2023, in which female labor and maternal health protection were added to course contents, aiming to actively promote gender equality and sexual harassment prevention. If sexual discrimination or harassment occurred, the employee may fill out the “Employee sexual harassment complaint form” and “Sexual Harassment Complaint Form” or file the complaint through the sexual discrimination and harassment complaint hotline or email in accordance with the “EVA Airways Measures for Prevention, Reporting, and Punishment of Sexual Harassment” to promptly report the incident to the head of the Responsible Unit Supervisor. In order to establish a friendly workplace, the Company has a reporting channel for wrongful workplace actions. If employees have suffered from threat, bullying or being ostracized, they may file the complaint through the email, complaint hotline or line to promptly report the incident. | |
| (2) Does the Company formulate and implement reasonable employee welfare measures, including remuneration, leave and other benefits, and appropriately reflect business performance or results in employee remuneration? | V | | The Company's relevant leave system is in line with laws and regulations. Various welfare measures are in place to improve employee welfare. To enhance employee welfare, the “Employee Welfare Committee” was established for organizing employee benefits-related matters. The Company’s adoption of remuneration policies based on characteristics of each position, living | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| (3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | V | | <p>costs, company management performance, and remuneration provided by competitors. The Company takes reasonable factors such as fulfilling social responsibility into consideration. Details can be found on chapter 4 of the Company’s 2023 Sustainability Report.</p> <p>1. The departments of the Company conduct “Workplace Hazard Identification and Risk Assessment” at least once a year, and identify the possible operation hazards based on the working environment, location, work content, and personnel qualifications, as well as machines, equipment, tools, energy and chemical substances that may be used or contacted. In addition, the existing engineering control, management control and personal protective equipment are checked to assess the hazard risk level, and further plan appropriate preventive measures to reduce the risk of occupational accidents and diseases, providing employees with a safe and healthy working environment. The Company implements occupational safety and health education and training in accordance with the laws. The annual training time required for new employees is 3 hours, and that for current employees is 1 hour.</p> <p>2. The Company obtained TOSHMS and</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>OHSAS 18001 Occupational Safety and Health Management System Certification on December 25, 2015. In 2018, OHSAS 18001 was converted to ISO 45001, and re-verification was required every three years according to the specifications, which was completed in 2021. Both the certificates of ISO 45001: 2018 and CNS 45001:2018 are valid until December 25, 2024. The scope of the certification covers the civil air transportation services for passengers and cargos in Taiwan.</p> <p>3. The number of disability injuries caused in the course of performance of duties decreased by 57.68% compared with that in the preceding year. There were no occupational fatalities. In 2023, there were 179 cases involving one or more lost work day (including traffic accidents on the way to work and getting off from work and confirmed cases of COVID-19), accounting for about 1.82% of the total number of employees. Among the occupational accident cases, cabin crew members still accounted for a higher percentage of 79.88%. In order to effectively reduce the occurrence of occupational accidents among cabin crew members, we produce case advocacies every quarter to strengthen communication with cabin crew members and announce relevant</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|-----------------|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>information in the internal “Occupational Safety and Health Zone” to strengthen the safety awareness and correct concept of work for cabin crew members. In addition, upholding the concept of maintaining a safe and healthy workplace environment, the Company has implemented the “One Step at a Time to Keep Us All Safe-workplace inspection plan” since September 2023. Our employees with occupational safety and health expertise conduct on-site inspections, then discuss with the departments how to improve safety and health in their work environments, avoid occupational accidents, and ensure health. Considering that the highest incidences of occupational accidents are among cabin crew members, we prioritize them in the workplace inspection plan. Inspection results are submitted to the Occupational Safety and Health Committee.</p> <p>4. The Company’s fire-fighting equipment is inspected and maintained periodically by contractors. Employees also conduct weekly inspections on workplace fire-fighting facilities, then responsible departments are notified immediately when abnormalities are detected. This helps ensure that facilities can be effectively operated in the event of a</p> | |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| (4) Does the Company provide its employees with career development and training sessions? | V | | <p>fire. In 2023, no fire incidents were reported, and the rate of employee injuries/casualties due to fire was 0%.</p> <p>The Company provides employees with well-packaged career development training. Details can be found on chapter 4 of the Company’s 2023 Sustainability Report.</p> | None |
| (5) Does the Company comply with relevant laws and international standards, and formulate relevant consumer or customer rights protection policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling that are related to products and services? | V | | <ol style="list-style-type: none"> 1. The services or products provided by the Company are in compliance with relevant laws and regulations of various countries and international standards, such as the Commodity Labeling Act, and regulations of the Civil Aeronautics Administration (CAA), the International Flight Services Association (IFSA), etc. 2. Regarding the consumer rights policy, the Company has stipulated customer commitments and conditions of carriage in accordance with the laws; to protect information security and customer privacy, the “Information Security Policy” and the “Privacy Policy” were established, and relevant information is disclosed on the Company's official website. In addition, to ensure the rights and interests of consumers and avoid consumer disputes, FAQs and customer service chatbot are set up on the official website to facilitate | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| (6) Does the Company formulate the supplier management policy that requires the supplier to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights, and their implementation? | V | | <p>inquiries and provide consumers with real-time information.</p> <p>3. The Company provides a variety of complaint channels. Consumers can express their opinions by contacting our service representatives at various branches/offices around the world either in person or via the phone, or through the Company's official website (including Traveling Experience Feedback, Stakeholder Interest area), and mail. All complaints and opinions are handled systematically. Responses will be provided to consumers after the required procedures and follow-up investigation.</p> <p>1. The Company refers to relevant international norms such as UN Global Compact, ILO, OECD, SA8000, ISO26000, GRI, and the UN Guiding Principles on Business and Human Rights to formulate the “Supplier Code of Conduct” and issue it to all suppliers requesting their joint compliance therewith. The relevant specifications have included topics such as environmental protection, occupational safety and health, and labor rights.</p> <p>2. Implementation of supplier management policy and compliance standards: (1)A “Sustainability Assessment</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|---|-----------------------|----|---|---|
| | Yes | No | Abstract Explanation | |
| | | | <p>Questionnaire” has been implemented to understand supplier’s situation on related issues. Based on the investigation results, audits are conducted on high-risk and critical suppliers, thereby implementing supplier sustainability risk management.</p> <p>(2)Supplier conference was held on September 13, 2023, a total of 79 domestic and foreign suppliers enthusiastically participated.</p> <p>(3)The three-year “Green Supply Chain Program” was launched in June 2023, encouraging our partner suppliers to join us in working to reduce carbon. The winning suppliers are presented with awards at the supplier conference, where they are also given opportunities to share their carbon reduction achievements.</p> <p>(4)Supplier education and training are held every year to improve the sustainable performance of suppliers, training topics include corporate social responsibility, human rights commitments, environmental protection and carbon reduction, and management mechanisms.</p> | |
| 5. Does the Company refer to the internationally accepted standards or guidelines to prepare reports, such as the | V | | The Company has formulated the “Operating Procedures for the Preparation and Verification of Sustainability Reports” in accordance with the provisions of the “Rules | None |

| Evaluation Item | Implementation Status | | | Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| sustainability report, that disclose non-financial information of the company? Has the report mentioned previously obtained the assurance or verification statement from a third-party verification body? | | | <p>Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”, and incorporated these operating procedures into the internal control system.</p> <p>The sustainability report prepared by the Company conforms to GRI Standards 2021 and Sustainability Accounting Standards Board (SASB) Standards, and discloses ESG related information such as identified material economic, environmental, and social issues. The Company's 2022 Sustainability Report passed the AA1000 AS v3 Type II high-level assurance standard verified by Bureau Veritas Certification (Taiwan) Co., Ltd. The third-party verification statement can be found in the appendix of the 2022 Sustainability Report; the 2023 Sustainability Report is expected to obtain a third-party verification statement in June 2024.</p> | |
| <p>6. If the company has established its own code of sustainable development in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the differences between the operation of the established code and the mentioned Best Practice Principles:</p> <p>In order to implement the concept of corporate sustainable development and cooperate with the government in the promotion of the “Sustainable Development Action Plans for TWSE- and TPEX-Listed Companies”, the Company has revised its “Corporate Sustainability Best Practice Principles” and “Corporate Sustainability Policy” in accordance with the revised “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, declaring the Company's commitment to issues of the environment, society and the economy, including corporate governance (ESG), and promoting corporate sustainable development based on the principles of “implementing corporate governance”, “developing a sustainable environment”, “maintaining social welfare” and “strengthening corporate social responsibility information disclosure”. There is no difference between the actual operation and the Best Practice Principles mentioned above. For relevant information, please refer to the Company's ESG website.</p> | | | | |

7. Other important information to help understand the implementation of sustainable development:

- (1) The Company participated in the S&P Global Corporate Sustainability Assessment in 2023, and won third place in the global airline industry.
- (2) In February 2024, S&P Global released the Sustainability Yearbook 2024 based on the results of the Corporate Sustainability Assessment, and the Company was awarded the “Top 5% S&P Global ESG Score”, winning international recognition. It also demonstrates the determination of the Company to continuously improve its corporate sustainability governance performance and become a global benchmark enterprise.
- (3) At the “2023 6th Annual Global Corporate Sustainability Awards (GCSA)” and the “2023 16th Taiwan Corporate Sustainability Awards (TCSA)” awards ceremony organized by the Taiwan Institute for Sustainable Energy (TAISE) on November 15, 2023, the Company won the “Sustainability Reporting Award - Silver Class” in the GCSA for the first time. For the sixth year in a row, we won a “Platinum Award for Transportation Industry - Sustainability Report Category”. We were awarded the “Taiwan Top 100 Sustainable Enterprises Award - Corporate Sustainable Comprehensive Performance Category”, and the “Growth through Innovation Leadership Award”, the “Sustainable Supply Chain Leadership Award”, the “Climate Leadership Award”, and the “Creativity in Communication Leadership Award” in Single Performance Category. All told, we won seven GCSAs and TCSAs, the number of awards we received was the highest in history, indicating that we have been recognized by the industry.
- (4) In 2023, we also participated in *CommonWealth* Magazine’s Excellence in Corporate Social Responsibility awards assessment; we were honored to be listed among the top 100 corporations as one of the Top 50 Large Enterprises.
- (5) Combining social welfare with environmental protection, tourism and sports activities:
 - Responding to the UN Sustainable Development Goals’ focus on children’s right to survival and development, the Company initiated the “Let Me Fly with You” children’s charity dream program in 2023. In collaboration with the Taiwan Fund for Children and Families (TFCF), we produced documentaries for children with developmental delays. These documentary shorts aim to advocate for and raise community awareness of these “D.D. Angels”, and to promote early intervention care services for these children. We also held a fund-raising campaign within the Company, raising NT\$1.3 million from the Company and our employees. The Company also called for employees to visit TFCF’s Taichung City Child Development Center on June 15, 2023. There, employees gave the D.D. Angels our hand-wrapped presents, and presented medical assistive devices to the center for the children to use. Through concerted action, we helped show care for these D.D. Angels.
 - In order to promote development of arts and culture in Taiwan, EVA Air invested NT\$9.8 million and eight airfares worth more than NT\$1.4 million for the Evergreen Symphony Orchestra’s 2023 “Classical Music Feast”, the Golden Melody Awards, the Golden Horse Awards, the Golden Bell Awards, and the documentary *Pastors of the Coastal Range*.
 - In the EVA Air Marathon, more than 20,000 runners from home and abroad were invited to experience the beauty of Taipei on foot. We also donated NT\$1.2 million to the Taichung Cherish Jia-En Caring Association. Additionally, we have added the 10KM Sapling Awards since 2022 to

encourage more youth to challenge themselves. In 2023, the “Campus Development Tour” was held in five places – Taitung, Hengchun, Kinmen, Keelung, and Yunlin. This tour’s coaching of professional athletes helps strengthen students’ expertise and skills, and helps develop the next “Glory of Taiwan”, with nearly 400 students from 27 schools participated. For these efforts, EVA Air invested nearly NT\$1 million in transportation, food, and accommodation for coaches.

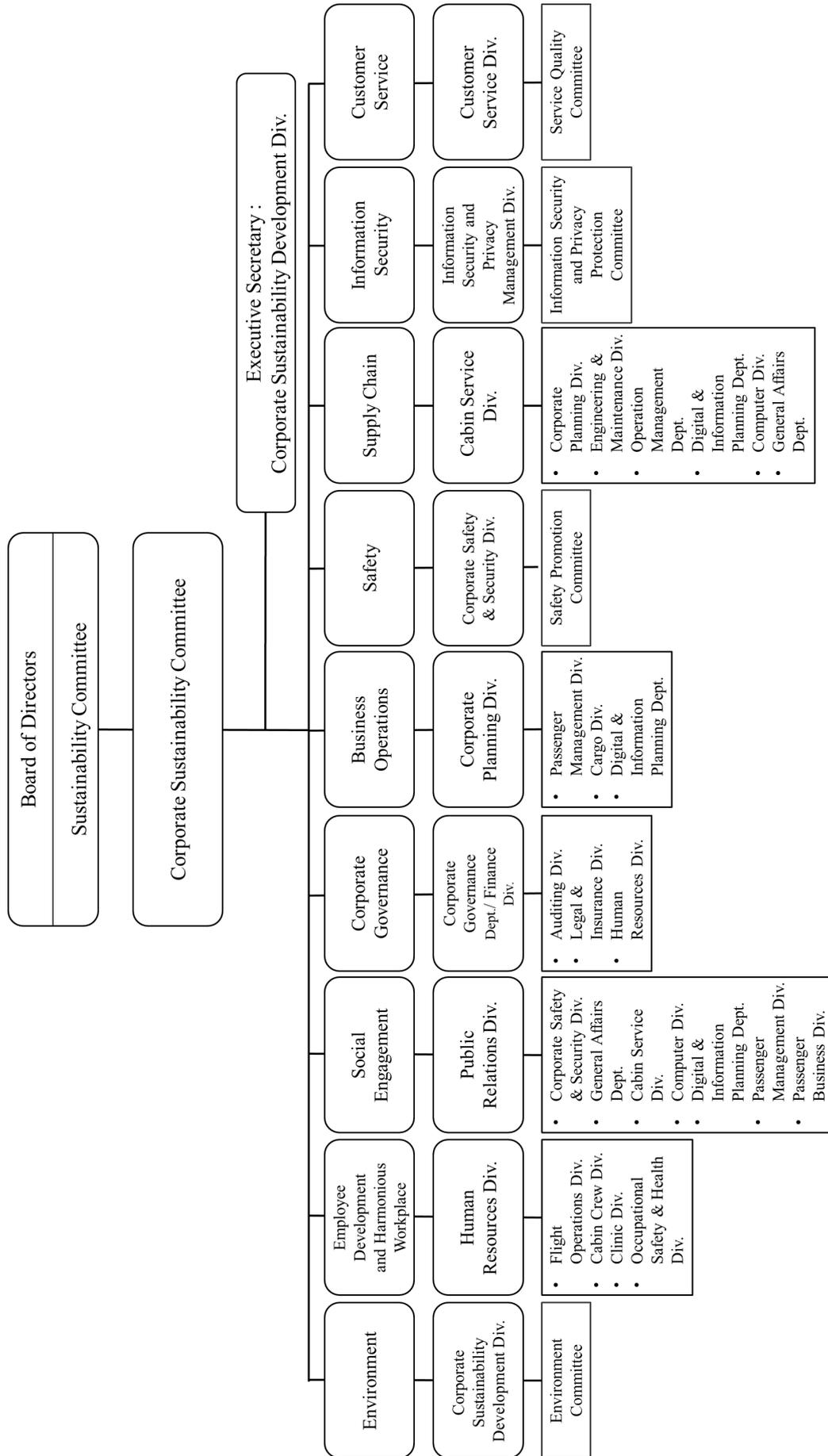
- EVA Air is based in Taoyuan City, and has offices in Taipei, Taichung, Hsinchu, and Kaohsiung. In order to beautify our office surroundings and neighborhoods, since 2023, we have agreed with the Freeway Bureau to adopt a highway, investing about NT\$530 thousand every year to beautify the slopes of the Nankan Interchange. Also in 2023, we donated two portable advanced defibrillators with monitoring functionality, worth NT\$2.28 million, to the Taoyuan Fire Department. This will help support firefighting and ambulance services, and improve the quality of emergency medical care in the greater Taoyuan area. To revitalize local tourism and promote community development, we invested NT\$2 million to sponsor the Taoyuan City New Year’s Eve Countdown Party, which attracted 150 thousand participants.
- In order to promote development of local tourism in Taiwan, EVA Air invested more than NT\$2 million and 38 airfares worth about NT\$3 million to a variety of events: the New Taipei Theater film festival, New Taipei City’s Christmasland Festival, the Taitung Chishang Autumn Rice Harvest Festival, the Taiwan International Balloon Festival, the Starry Taitung Night Concert, and the Tourism Administration’s celebration for the six millionth visitor to Taiwan in 2023.
- When outstanding domestic athletes participate in overseas competitions, they can build competition experiences and bring glory to Taiwan. To help them accomplish this, EVA Air has donated more than 200 airfares worth about NT\$85 million to athletes in badminton, golf, swimming, weightlifting, tennis, long-distance running, and table tennis. We have also donated NT\$1 million and 14 airfares worth NT\$840 thousand to specific sports events: the Taipei and Kaohsiung Open Badminton Tournaments, the For Me Grassroots FA Cup, the HEYC Cup Basketball Tournament, and the Taipei Marathon. EVA Air was given the highest honors of a Gold Medal at the Sports Administration’s Sports Promoter Awards.

For more information on social welfare events, please refer to the Company's ESG website.

- (6)The Company cooperated with the bank in taking out credit loans linked to “sustainable development indicators”. Under this agreement, the five “sustainable development indicators” announced on the Market Observation Post System, including greenhouse gas emissions, power management, water consumption, waste volume, and pollutant emissions, are reviewed every year, and if the indicators show improvement compared with the preceding year, the bank will give preferential loan interest rates; we also cooperated with the bank in green fixed deposits. The funds from Green Time Deposit are the sources of sustainability-linked loans for low-carbon environmental projects.

Note 1: The materiality principle refers to those who have a significant influence on the company's investors and other stakeholders on environmental, social and corporate governance issues.

Note 2 EVA Air Corporate Sustainability Committee Organizational Chart



Note 3:

| Total Water Consumption (Unit: m ³) | 2022 | 2023 |
|---|---------|---------|
| Tap Water | 125,778 | 143,226 |
| Condensate and rainwater recycling | 6,081 | 6,022 |
| Total | 131,859 | 149,248 |

Note 4:

| Waste Production and Recycled Quantity (Unit: kg) | | 2022 | 2023 |
|---|--|---------|---------|
| Nankan Park | General waste (incinerated with energy recovery) | 181,960 | 183,363 |
| | Hazardous industrial waste (Note) | 70 | 103 |
| | Recycled | 52,561 | 50,557 |
| EVA Air Taipei Building | General waste (incinerated with energy recovery) | 27,140 | 26,960 |
| | Recycled | 4,382 | 4,962 |

Note: All the hazardous commercial waste is medical waste.

Implementation of Climate-Related Information

| Item | Implementation status |
|---|---|
| 1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities. | <p>EVA Air has established an effective climate governance structure. The Sustainability Committee, under the supervision of the Board of Directors, is the highest supervisory and governance unit for corporate sustainability; the Chairman serves as the convener. The committee supervises and guides the Company's climate governance and development strategies, goals and management guidelines, and improves its supervision functions and strengthens its management functions. They also approve the Company's "Environment and Energy Policy".</p> <p>The Corporate Sustainability Committee is in charge of implementing these policies, with the President serving as committee chair. The committee continuously monitors domestic and international climate change issues, formulates measures to address climate risks and opportunities, tracks effectiveness in implementing all climate management programs, and reports periodically to the Sustainability Committee and the Board of Directors.</p> |

| Item | Implementation status |
|---|--|
| <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p> | <p>EVA Air has implemented TCFD to regularly identify climate-related risks and opportunities in the value chain. EVA Air also identifies the incidence of each risk and opportunity, as well as their level of financial impact, and develops response strategies and risk management actions accordingly. For potential risks and opportunities, evaluation results and countermeasures, please refer to chapter 6 of the 2023 Sustainability Report for details.</p> |
| <p>3. Describe the financial impact of extreme weather events and transformative actions.</p> | <p>The Company identifies climate risks and opportunities based on TCFD-aligned indicators. The main risk sources that affect the Company are as follows:</p> <p>(1)Physical risks: Extreme weather events, including typhoons, floods, and blizzards, may lead to increased flight time, flight delays, and the need to divert to alternate airports, thereby increasing operating costs and expenses for fuel, crew scheduling, accommodation and meals for stranded passengers, aircraft de-icing, etc. In 2023, a small number of flights were delayed or diverted due to weather factors such as typhoons, thunderstorms, ice, and snow, but this did not cause any significant operational impact.</p> <p>(2)Transition risks: To improve aviation fuel efficiency and reduce greenhouse gas emissions, the Company must increase its use of sustainable aviation fuel and purchase a new generation of passenger aircraft. These transition actions will increase fuel and aircraft procurement costs. The introduction of five Boeing 787 aircraft in 2023 has already been included in capital expenditures, and 33 brand new Airbus aircraft will be purchased by 2032 at a cost of no more than US\$10.1 billion. Additionally, a new Boeing 787-10 aircraft was delivered in May 2023, which uses a 30% blend of sustainable aviation fuel during its return flights to Taiwan, and on August 23, Flight BR189 used a 40% blend of sustainable aviation fuel during its trip from Haneda Airport in Japan to Songshan Airport in Taiwan. It is estimated that to achieve the goal of 2% sustainable aviation fuel use by 2025, the additional costs of purchasing sustainable aviation fuel will</p> |

| Item | Implementation status |
|--|--|
| | account for approximately 2.2% of the Company’s operating cost in 2023. |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | The Company has established the “Risk Management Policies and Procedures” to implement enterprise risk management, carried out risk identification, assessment, management, and disclosure for the risks that may be faced during business operation in terms of the economy (including corporate governance), environment, society, and risks related to material topics. Environmental risk is one of the five major risk categories, including risks related to issues of greenhouse gas emission management, carbon rights management, energy management, biodiversity, natural resources and others derived from the theme of coping with climate change and natural disasters. The identified climate-related risks and opportunities are integrated into ERM framework, and regularly report the implementation status to the Sustainability Committee and Board of Directors. |
| 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. | <p>The Company uses scenario analysis to assist in identifying the short-, medium-, and long-term potential pathways and trends in climate risks, which serve as references for determining the Company’s climate resilience strategy. The relevant risk factors and scenario analysis methods are as follows:</p> <p>(1)Transition risks (carbon price risks): Carbon prices are analyzed by referencing the Net Zero Emissions by 2050 Scenario (NZE) and Stated Policies Scenario (STEPS) of the International Energy Agency (IEA), as well as the four types of carbon emission costs that companies might face by 2030 under the Science Based Targets initiative (SBTi)’s 1.5°C carbon reduction pathway. By adopting SBTi-aligned carbon emission management targets, the Company can effectively reduce the cost pressure of potential carbon fees.</p> <p>(2)Physical risks (flood risks and drought risks): For physical risks, RCP 8.5 of the National Science & Technology Center for Disaster Reduction (NCDR 2022 version) and SSP 5-8.5 of the World Resources Institute (WRI) were adopted to analyze the flooding risks and drought risks of domestic and overseas operating sites as well as important supplier sites. The</p> |

| Item | Implementation status |
|---|---|
| | <p>results revealed that some of the Company’s operating sites and some important supplier sites are located in areas that are at medium or high-risk for flooding or drought by the middle or end of the century. In the future, the Company will take additional steps to build adaptation strategies focused on addressing infrastructure fragility at its own at-risk operating sites, as well as improving suppliers’ water resource management capabilities.</p> |
| <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> | <p>(1)Transition risks: The Company has constructed a low-carbon transition plan by referencing IATA’s reduction strategy blueprint. In the aviation industry, primary and key carbon emissions are generated from the use of aircraft fuel, which accounts for 99% or more of the total Scope 1 and Scope 2 greenhouse gas emissions. Therefore, the Company’s primary carbon reduction actions focus on improving the efficiency of flight operations and achieving aircraft weight reduction, fuel efficiency improvement, and fleet modernization. Please refer to chapter 6 of the 2023 Sustainability Report for details.</p> <p>(2)Management indicators: The Company’s management indicators align with the SBTi methodology for the aviation industry, which uses RTK as the decarbonization management indicator. Other common indicators such as greenhouse gases, water resource management, and waste management are also used as the Company’s operational eco-efficiency indicators.</p> |
| <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> | <p>EVA Air continues to monitor domestic and international carbon pricing trends, and assesses their feasibility to stay in line with international standards.</p> |
| <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets,</p> | <p>The Company conducts carbon emissions inventories in accordance with ISO 14064-1 and SBTi, sets climate governance indicators for flights and operations, and regularly tracks its progress throughout the year. These findings are submitted to the Board of Directors for review so as to ensure the achievement of the Company’s climate action indicators and targets and facilitate relevant resource planning. The primary management goals are as follows:</p> |

| Item | Implementation status |
|--|---|
| <p>the source and quantity of carbon credits or RECs to be offset should be specified.</p> | <p>(1)Climate management indicators :</p> <p>The Company’s management indicators are aligned with the SBTi methodology for the aviation industry, using 1.5°C as the temperature scenario and RTK as the decarbonization rate management indicator. By 2031, the Company must improve its fuel efficiency by 40% compared to the base year of 2019.</p> <p>(2)Sustainable fuel use:</p> <p>Sustainable fuel is the key to the aviation industry’s carbon reduction action strategy. The Company has set a target of achieving 2% sustainable aviation fuel use by 2025. In the future, the target value will be flexibly adjusted based on special flight rules and the supply conditions of sustainable aviation fuel.</p> <p>(3)Other applicability indicators:</p> <p>Greenhouse gas emissions, water resource management, and waste management, are also used as the Company’s operational eco-efficiency indicators.</p> <p>(4)Scope of carbon emission calculation:</p> <p>The carbon emission inventory standard is based on ISO 14064-1, and the inventory boundary encompasses the Company’s global operation sites, including all domestic and overseas stations, offices, etc. Please refer to chapter 6 of the 2023 Sustainability Report for details.</p> <p>(5)Carbon reduction progress in 2023:</p> <p>The greenhouse gas emission intensity of passenger transport dropped from 0.139 kg CO₂e/RPK in 2022 to 0.106 kg CO₂e/RPK in 2023, and the greenhouse gas emission intensity of cargo transport dropped from 0.544 kg CO₂e/FTK to 0.244 kg CO₂e/FTK (the lower the value, the lower the greenhouse gas emissions). In 2023, due to the lifting of pandemic restrictions, the aviation market rapidly recovered; however, aircraft greenhouse gas emissions also returned to similar levels as those from before the pandemic. The overall emission intensity was 0.737 kg CO₂e/RTK, a decrease of approximately 3.4% from that in the base year of 2019.</p> |

| Item | Implementation status |
|---|------------------------------|
| 9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below). | Please refer to 1-1 and 1-2. |

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

Describe the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases the status of assurance in the most recent 2 fiscal years.

| Item | 2022 | | | 2023 | | |
|---------|-----------------------------------|---|----------|---|--|----------|
| | Emissions (ton CO ₂ e) | Intensity (ton CO ₂ e/NT\$ million) | Coverage | Emissions (ton CO ₂ e) | Intensity (ton CO ₂ e/NT\$ million) | Coverage |
| EVA Air | Scope 1 | 4,489,866 | 35.31 | The GHG inventory boundary includes EVA Air's primary operating sites in Taiwan | Please refer to chapter 6 of the 2023 Sustainability Report for details. | |
| | Scope 2 | 12,329 | 0.10 | | | |
| | Scope 3 | 6,935 | - | | | |
| | Assurance Status | EVA Air performs greenhouse gas emission inventories in accordance with ISO 14064-1:2018. The aforementioned emissions have been verified by Bureau Veritas Certification (Taiwan) Co., Ltd. in accordance with ISO 14064-3, achieving a reasonable level of assurance. | | | The assurance information will be enclosed in chapter 6 of the 2023 Sustainability Report. | |

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

The Company declared in 2021 our commitment to achieve Net-Zero Carbon Emissions by 2050. On the path to achieving net-zero carbon emissions, we set 2019 as the base year of greenhouse gas reduction, and focus on two main areas: Aircraft Operations and Ground Operations. Plans have been made to set short-, medium-, and long-term goals for sustainable aviation fuel and renewable energy (green electricity) usage. In addition, we signed up for SBTi in June 2022, and formally submitted emissions reduction goals in January 2024, aiming to achieve a 40% reduction in aviation fuel greenhouse gas emission intensity in 2031 compared to 2019. We will continue to track the carbon reduction results of aircraft operations to ensure that we achieve our goals.

3.4.7 Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons

| Evaluation Item | Implementation Status | | | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 1. Establishment of ethical corporate management policies and programs | | | | |
| (1) Does the Company formulate its ethical corporate management policies approved by the Board of Directors and declare the policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies? | V | | The Company has formulated “ECM Best-Practice Principles” approved by the Board of Directors and declared the principles on its internal and external corporate website. It can be used by the staffs for reference and self-examination. In order to promote ethical behavior in business, the Company disclosed ideas of ethical management and fair trade in its Sustainability Report. | None |
| (2) Does the Company establish a risk assessment mechanism for unethical conduct to regularly analyze and assess operating activities that pose a higher risk of unethical conduct within its business scope, as well as develop preventive plans based on such analysis and assessment which at least includes preventive measures against activities stated in Article 7, Paragraph 2 of the Ethical | V | | The Company has incorporated procedures for ethical management and guidelines for conduct in “ECM Best-Practice Principles”. Moreover, for business activities with higher risks of unethical behavior within the scope of business, a pre-evaluation is conducted, prevention indicators are formulated, an evaluation mechanism is established, and stipulated by “ECM Best-Practice Principles for TWSE/TPEX Listed Companies” Article 7, Paragraph 2. | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| <p>Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the Company clearly state relevant procedures, guidelines of conduct, punishment for violation, rules of appeal on policies of preventing unethical conduct which are committed to implement and reviewed periodically?</p> | V | | The Company has formulated “ECM Best-Practice Principles”, “Codes of Ethical Conduct” as well as concerning code of conduct and appeal process for implementation purpose. To assist the Company’s ethical corporate management policy, the Company has set “Antitrust Policy and Guidelines” that are implemented in internal management and external business activities. | None |
| <p>2. Fulfill operations integrity policy</p> <p>(1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> | V | | The Company engages in commercial activities in a fair and transparent manner. Prior to any commercial dealings, the Company takes into account legality of its agents, suppliers, clients or other trading counterparties, and if any unethical conduct was involved. It is advisable to avoid doing any business with any party with any record of unethical conduct. Contract contents are based on “ECM Best-Practice Principles” and contained the provision for termination at the time the trading counterparties get involved in any unethical conduct. | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| (2) Does the Company establish a dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report the development and implementation, under supervision, of ethical management policies and preventive measures to the Board of Directors? | V | | Human Resources Division is in charge of promoting ethical corporate management and rendering the report to the Board of Directors annually. | None |
| (3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? | V | | Following “Codes of Ethical Conduct”, the Company demanded that the staffs shall avoid conflict of interest and automatically explain whether or not there is any latent conflict of interest. The Company has set up regulations governing appeal and channels for declaration. | None |
| (4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited, after formulating relevant audit plans based on the assessment results of the risk of unethical conduct, by either internal auditors or CPA on a regular | V | | The Company has established accounting system, internal control system and internal audit implementation rules. It is audited by internal and external auditors (including ISO verification organization and CPA) regularly to fully implement ethical corporate management. | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| <p>basis?</p> <p>(5) Does the Company regularly hold internal and external educational trainings on operational integrity?</p> | V | | <p>All new employees are informed of “Codes of Ethical Conduct” and corporate ethics and participate in orientation. Guidelines can be found on the corporate website. On August 28, 2023, the Company conducted online training on integrity management related issues (including morality and EVA spirit, Code of Ethical Conduct & ECM Best-Practice Principles, Antitrust Policy and Guidelines and Prevention of Insider Trading) for all employees worldwide. A total of 10,425 people attended the training, with a completion rate of 100%. Once training was complete, related departments were also scheduled to undergo an Integrity Risk Self-Assessment Questionnaire Review. This ensures that our employees always maintain correct concepts, and implement them in their work.</p> | None |
| <p>3. Operation of the integrity reporting channel</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity channel? Can the accused be reached by an appropriate person for follow-up?</p> | V | | <p>1. The Company has formulated regulations according to “ECM Best-Practice Principles” governing appeal and clearly states its impeachment policy, system and the ad hoc person.</p> <p>2. The integrity channel information is as follow:</p> <p>A. Mailbox for reporting violations: evapsn@evaair.com</p> <p>B. Accepted by Human Resources Division.</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| (2) Does the Company establish standard operating procedures for investigation, follow-up measures after investigation, and confidential reporting on investigating accusation cases? | V | | The Company has established standardized investigation process, follow-up measures after investigation, and impeacher protection policy based on “ECM Best-Practice Principles”. | None |
| (3) Does the Company provide proper whistleblower protection? | V | | Following “ECM Best-Practice Principles”, the Company protects whistleblower from any improper treatment due to the impeachment case. | None |
| 4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS? | V | | The Company discloses its “ECM Best-Practice Principles” on its internal and external corporate websites. The results of our implementation are disclosed in Market Observation Post System and Sustainability Report. | None |
| 5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None. | | | | |
| 6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies): None. | | | | |

3.4.8 Information disclosure of the Company’s principles for ethical management:

Details can be found on <https://mops.twse.com.tw> and <https://www.evaair.com>.

3.4.9 Important information in understanding corporate governance management:

1. The Company was ranked in the top 5% of all listed companies of the 10th Corporate Governance Evaluation, which demonstrates the excellent performance of the Company in corporate governance implementation.
2. The status of management level attending corporate governance related continuing education/training:

| Name | Professional Organization | Training sessions and hours |
|-------------------------------------|---|---|
| President Sun, Chia-Ming | Taiwan Corporate Governance Association | Risk and Opportunity of Climate Change and Net-Zero Emissions Policy to Corporate Operation (3 Hours) |
| Tsai, Ta-Wei (Financial Officer) | | The Application of AI in Law and Auditing (3 Hours) |

3. The Company and personnel relevant to the transparency of financial information obtain the licenses designated by professional organization or the competent authorities as follows:

(1) Internal Auditor:

| Name | Professional Organization | Training Sessions and Hours |
|---|---|---|
| Lee, Yi-Chung (Chief Internal Auditor) | The Institute of Internal Auditors-Chinese Taiwan | Self-protection Way of Law—How to Face the Investigation and Trial Procedure (6 Hours) |
| | | Enhance the Sustainable Value of the Enterprise and Optimize the Risk Management System (6 Hours) |

The status of internal auditors that acquired certification designated by government authority:

(A) CIA (Certified Internal Auditor): 3 auditors

(B) CCSA (Certification in Control Self-Assessment): 1 auditor

(C) ISO9001 Leading Auditor: 8 auditors

(D) Auditing Test of Corporate Internal Control Basic Capacity held by Securities and Futures Institute: 1 auditor

(E) CFE(Certified Fraud Examiner): 1 auditor

(2)Accounting Officer:

| Name | Professional Organization | Training sessions and hours |
|------------------|--|--|
| Chiang, Chin-Lan | Accounting Research and Development Foundation | Accounting Supervisor Continuing Education Course (Finance, Ethics and Legal Responsibility and Corporate Governance) (12 Hours) |
| | Taiwan Corporate Governance Association | Risk and Opportunity of Climate Change and Net-Zero Emissions Policy to Corporate Operation (3 Hours) |
| | | The Application of AI in Law and Auditing (3 Hours) |

3.4.10 Internal Control System Execution Status:

EVA Airways Corporation Internal Control System Statement

Date: March 13, 2024

The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profit, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of our reporting, and compliance with applicable laws, regulations, and bylaw.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1.control environment 2.risk assessment 3.control activities 4.information and communications 5.monitoring. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023 its internal control system (including its supervision and management of our subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws, regulations and bylaw, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement has been passed by the Board of Directors Meeting of the Company held on March 13, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirmed the content of this Statement.

If the Company designated CPA to audit internal control system, CPA audit report should be disclosed: Not applicable.

3.4.11 If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.12 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major Shareholders' Meeting Resolutions

| Date of Meeting | Summary of Important Proposals | Execution |
|-----------------|--|---|
| May 24, 2023 | 1. To approve 2022 earnings distribution. | The cash dividends to shareholders was NT\$0.79907052 per share with a total amount of NT\$4,290,309,886. Cash dividends was completely distributed on Aug. 18, 2023. |
| | 2. To elect nine directors (including 3 independent directors, one of them is the independent director undertaking public welfare) according to Articles of Incorporation. | The election has been approved by Commerce Department, Ministry of Economic Affairs (No.11230103240) and the new directors have been performing business in accordance with Articles of Incorporation and related laws. |
| | 3. To release the restrictions of competitive activities of newly elected directors in 2023 shareholders' meeting. | The related actions were executed according to this resolution. |

2. Major resolutions of the Board of Directors and functional committees (Audit Committee, Remuneration Committee, and Sustainability Committee)

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|--|---|---|
| Feb. 10, 2023 (The 1 st meeting of 2023) | 1. To make proposal on 2023 Annual General Shareholders' Meeting to elect the directors. 2. To make proposal on 2023 Annual General Shareholders' Meeting to release the | - |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|--|---|--|
| | restriction of competitive activities of the directors to be elected. 3. To convene 2023 Annual General Shareholders' Meeting. | |
| Mar. 13, 2023 (The 2 nd meeting of 2023) | 1. To approve 2022 employees' compensation. 2. To approve 2022 directors' remuneration. 3. To amend "Payment Guidelines for Director Remuneration". 4. To approve the attendance fees for independent directors to attend board meetings and directors who concurrently serve as members of functional committees to attend meetings of various committees. | Mar. 13, 2023 The 1 st Remuneration Committee meeting of 2023 1. Deliberation result: Approved unanimously by Remuneration Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |
| | 5. To approve 2022 Business Report. 6. To approve 2022 Parent-Company-Only Financial Statements and Consolidated Financial Statements. 7. To approve the earnings distribution of 2022. 8. To approve the "2022 Internal Control System Statement". 9. To amend "Internal Control System" and "Internal Audit Implementation Rules". 10. To purchase five 787-9 passenger aircraft from the Boeing Company of the United States. | Mar. 13, 2023 The 1 st Audit Committee meeting of 2023 1. Deliberation result: Approved unanimously by Audit Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |
| | 11. To approve the capital increase record date of common stocks transferred from the 5 th Domestic Unsecured Convertible Bond. 12. To approve 2023 "Modern Slavery Act" Statement. | - |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|---|---|--|
| | 13. To nominate 9 directors (including 3 independent directors, one of them is the independent director undertaking public welfare) candidates. 14. To amend the agenda of 2023 Annual General Shareholders' Meeting. | |
| May 9, 2023 (The 3 rd meeting of 2023) | 1. To approve 2023 Q1 Consolidated Financial Statements. 2. To amend "Internal Control System" and "Internal Audit Implementation Rules". | May 9, 2023 The 2 nd Audit Committee meeting of 2023 1. Deliberation result: Approved unanimously by Audit Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |
| | 3. To change bank account authorized person of the Company's Philippine Branch. | - |
| May 24, 2023 (The 1 st meeting of the 16 th Board of Directors) | 1. To elect the Chairman. 2. To appoint the members of the 5 th Remuneration Committee. 3. To appoint the members of the 2 nd Sustainability Committee. | - |
| Jun. 30, 2023 (The 2 nd meeting of the 16 th Board of Directors) | 1. To amend the "Policy and Procedure of Risk Management". 2. To amend the "Environmental and Energy Policy". 3. To amend the "Biodiversity and Zero Deforestation Commitments". 4. To amend the "Occupational Safety and Health Policy". 5. To approve the capital increase record date of common stocks transferred from the 5 th Domestic Unsecured Convertible Bond. | - |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|---|---|--|
| <p>Aug. 10, 2023 (The 3rd meeting of the 16th Board of Directors)</p> | <ol style="list-style-type: none"> 1. To amend the "Charter of the Remuneration Committee". 2. To review the "Payment Regulation of Directors Compensation". 3. To review the "Payment Regulation of Managers Compensation". <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Director Sun, Chia-Ming has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal. <ol style="list-style-type: none"> 4. To approve 2023 Chairman's compensation. <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal. <ol style="list-style-type: none"> 5. To approve the compensation of Independent Directors for this session. <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Independent Director Chien, You-Hsin, Independent Director Hsu, Shun-Hsiung and Independent Director Wu, Chung-Pao have direct personal interest | <p>Aug. 10, 2023 The 1st meeting of the 5th Remuneration Committee</p> <ol style="list-style-type: none"> 1. Deliberation result: Approved unanimously by Remuneration Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|-----------------------------------|--|---|
| | <p>conflict to the proposal.</p> <ul style="list-style-type: none"> ● Except for the directors who recused themselves from the discussion and resolution, all 6 attendance directors agreed and approved the proposal. <p>6. To approve the attendance fees for directors of this session to attend (including attendance in person or via video) board meetings and for directors who concurrently serve as members of functional committees to attend committee meetings.</p> | |
| | <p>7. To approve 2023 Q2 Consolidated Financial Statements.</p> | <p>Aug. 10, 2023 The 1st meeting of the 3rd Audit Committee</p> <p>1. Deliberation result: Approved unanimously by Audit Committee members.</p> <p>2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None.</p> |
| | <p>8. To approve the capital increase record date of common stocks transferred from the 5th Domestic Unsecured Convertible Bond.</p> <p>9. To change bank account authorized person of the Company's Branch in Malaysia.</p> | <p>-</p> |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|---|--|--|
| <p>Nov. 7, 2023 (The 4th meeting of the 16th Board of Directors)</p> | <ol style="list-style-type: none"> 1. To extend the lease agreement of twelve A321-200 aircraft with the BOC Aviation Limited. 2. To purchase eighteen A350-1000 and fifteen A321neo aircraft from the Airbus. 3. To approve 2023 Q3 Consolidated Financial Statements. 4. To formulate the “Rules Governing Financial and Business Matters Between the Company and its Related Parties” and abolish the “Procedures for Transaction among Group of Enterprises, Specified Companies and Related Parties”. | <p>Nov. 7, 2023 The 2nd meeting of the 3rd Audit Committee</p> <ol style="list-style-type: none"> 1. Deliberation result: Approved unanimously by Audit Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |
| | <ol style="list-style-type: none"> 5. To approve the capital increase record date of common stocks transferred from the 5th Domestic Unsecured Convertible Bond. 6. To change Corporate Governance Officer. | <p>-</p> |
| <p>Dec. 19, 2023 (The 5th meeting of the 16th Board of Directors)</p> | <ol style="list-style-type: none"> 1. To renew the office lease from the related party “Evergreen Shipping Agency (Japan) Corporation”. 2. To purchase five spare engines (Trent XWB97) from “Rolls-Royce PLC”. 3. To perform the cabin upgrade of 777-300ER aircraft. 4. To amend the “Pre-approval Policy for Non-Assurance Services by Certified Public Accountants Firms”. 5. To appoint the Company's certified public accountants and determine their remuneration. | <p>Dec. 19, 2023 The 3rd meeting of the 3rd Audit Committee</p> <ol style="list-style-type: none"> 1. Deliberation result: Approved unanimously by Audit Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |
| | <ol style="list-style-type: none"> 6. To amend the “Regulations Governing the Board Performance Evaluation”. | <p>Dec. 19, 2023 The 2nd meeting of the 5th</p> |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|-----------------------------------|--|--|
| | <p>7. To amend the attachment “the Salary and Compensation Structure for Management Level” of the “Payment Regulation of Management Compensation”.</p> <p>8. To approve the 2023 bonus for management.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Director Sun, Chia-Ming has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal. <p>9. To approve 2024 compensation for management.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Director Sun, Chia-Ming has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal. <p>10. To approve 2023 Chairman's bonus.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and | <p>Remuneration Committee</p> <p>1. Deliberation result: Approved unanimously by Remuneration Committee members.</p> <p>2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None.</p> |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|---|--|--|
| | <p>resolution, all 8 attendance directors agreed and approved the proposal.</p> <p>11. To approve 2024 Chairman's compensation.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal. ● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal. | |
| | <p>12. To formulate the "Intellectual Property Management Policy" and the "Intellectual Property Management Plan".</p> <p>13. To formulate the "2024 Internal Audit Plan".</p> <p>14. To approve 2024 operation plan and budget.</p> | - |
| <p>Mar. 13, 2024 (The 6th meeting of the 16th Board of Directors)</p> | <p>1. To approve 2023 employees' compensation.</p> <p>2. To approve 2023 directors' remuneration.</p> <p>3. To amend "Charter of Remuneration Committee".</p> | <p>Mar. 13, 2024</p> <p>The 3rd meeting of the 5th Remuneration Committee</p> <p>1. Deliberation result: Approved unanimously by Remuneration Committee members.</p> <p>2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None.</p> |
| | <p>4. To approve 2023 Business Report.</p> <p>5. To approve 2023 Parent-Company-Only Financial Statements and Consolidated Financial Statements.</p> | <p>Mar. 13, 2024</p> <p>The 4th meeting of the 3rd Audit Committee</p> |

| Date of Board of Director Meeting | Major Proposals | Date, Independent Directors' Opinions, Resolution of the Functional Committees and the Company's Response to the Opinions |
|-----------------------------------|---|--|
| | 6. To approve the earnings distribution of 2023. 7. To change the counterparty of the cabin upgrade of 777-300ER aircraft. 8. To approve the sale of three A330-200 aircraft. 9. To approve the "2023 Internal Control System Statement". 10. To amend "Internal Control System" and "Internal Audit Implementation Rules". 11. To amend "Charter of Audit Committee". | 1. Deliberation result: Approved unanimously by Audit Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors and the Company's response to the opinions: None. |
| | 12. To amend "Rules and Procedures of Shareholders' Meeting". 13. To amend "Regulations for Electing Directors". 14. To amend "Rules of Procedure for Board of Directors Meetings". 15. To amend "Corporate Governance Best Practice Principles". 16. To amend "Implementation of Key Points for the Continuing Education of Directors". 17. To convene 2024 Annual General Shareholders' Meeting. | - |

3.4.13 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Director: None.

3.4.14 Resignation or Dismissal of the Company's Key Individuals:

| Title | Name | Date of Appointment | Date of Termination | Reasons for Resignation or Dismissal |
|------------------------------|----------------|---------------------|---------------------|--------------------------------------|
| Corporate Governance Officer | Hsieh, Shu-Hui | 2019.05.10 | 2023.11.07 | Job Rotation |

Note: The Company's key individuals refer to the chairman, president, heads of accounting, finance, internal audit, governance and R&D.

3.5 Information Regarding the Company’s Audit Fee and Independence

3.5.1 Audit Fee

Unit: NT\$ thousands

| Accounting Firm | Names of CPA | Period Covered by CPA’s Audit | Audit Fee | Non-audit Fee | Total | Remarks |
|-----------------|---------------|-------------------------------|-----------|---------------|--------|---|
| KPMG | Chen, Ya-Ling | 01 Jan.~ 31 Dec., 2023 | 6,780 | 3,637 | 10,417 | The main components of non-audit service are as follows: 1.Tax certification 2.Tax consult 3.BEPS (Three-tiered TP Documentation) 4.Business tax certification of dual-status business entities 5.Full-time employees salary information for non-supervised position 6.Agreed-upon procedures for U.S. airport tax 7.Business registration |
| | Su, Yen-Ta | | | | | |

Note: If the Company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the “Remarks” column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services.

3.5.2 If The Company Changes its Accounting Firm and The Audit Fees Charged by The New Firm Are Less Than Those for The Previous Fiscal Year, the Amounts of the Audit Fees Before and After The Change and the Reasons Should be Disclosed: None.

3.5.3 If The Audit Fees Are Lower Than Those for The Previous Fiscal Year by 10% or More, the Reduction Amounts, Reduction Percentage, and Reasons Should be Disclosed: None.

3.6 Replacement of CPA: None.

3.7 Audit Independence

The Company’s Chairman, Chief Executive Officer, Chief Finance Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company’s independent auditing firm or its affiliates during 2023.

3.8 Changes in Shareholding of Directors, Managerial Officers and Major Shareholders and Information of Stock Transfer or Stock Pledge:

3.8.1 Changes in Shareholding of Directors, Managerial Officers and Major Shareholders

| Title | Name | 2023 | | As of March 31, 2024 | |
|--|--------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman | Evergreen Marine Corp. (Taiwan) Ltd. | (375,402,000) | 0 | 0 | 0 |
| | Representative: Lin, Bou-Shiu | 0 | 0 | 0 | 0 |
| Director | Evergreen Marine Corp. (Taiwan) Ltd. | (375,402,000) | 0 | 0 | 0 |
| | Representative: Tai, Jiin-Chyuan | 0 | 0 | 0 | 0 |
| Director | Evergreen International Corp. | (180,000,000) | 0 | 0 | 0 |
| | Representative: Chang, Ming-Yuh | 0 | 0 | 0 | 0 |
| Director | Shine Glow Investments Ltd. | 0 | 0 | 0 | 0 |
| | Representative: Wu, Jiang-Ming | 0 | 0 | 0 | 0 |
| | Representative: Chu, Wen-Hui | 0 | 0 | 0 | 0 |
| Director & President | Sun, Chia-Ming | 0 | 0 | 0 | 0 |
| Independent Director | Chien, You-Hsin | 0 | 0 | 0 | 0 |
| | Hsu, Shun-Hsiung | 0 | 0 | 0 | 0 |
| | Wu, Chung-Pao | 0 | 0 | 0 | 0 |
| Chief Executive Vice President | Ho, Ching-Sheng | 0 | 0 | 0 | 0 |
| Executive Vice President | Hsu, Hui-Sen | 0 | 0 | 0 | 0 |
| Executive Vice President | Chen, Yao-Min | 0 | 0 | 0 | 0 |
| Executive Vice President | Pu, Wei-Ping | 0 | 0 | 0 | 0 |
| Executive Vice President (Finance Officer) | Tsai, Ta-Wei | 20,000 | 0 | 0 | 0 |
| Executive Vice President | Liao, Chi-Wei | (12,000) | 0 | 0 | 0 |
| Executive Vice President | Pan, Hsin-Hsiu | 0 | 0 | 0 | 0 |
| Executive Vice President | Wang, Chen-Hsing | 0 | 0 | 0 | 0 |

| Title | Name | 2023 | | As of March 31, 2024 | |
|-------------------------------------|--|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Executive Vice President | Lu, Yu-Chuan | 0 | 0 | 0 | 0 |
| Executive Vice President | Chuang, Shih-Hsiung | 0 | 0 | 0 | 0 |
| Executive Vice President | Lee, Cheng-Chieh | 0 | 0 | 0 | 0 |
| Executive Vice President | Hsiao, Chin-Lung | 0 | 0 | 0 | 0 |
| Executive Vice President | Chen, Chi-Hung | 0 | 0 | 0 | 0 |
| Executive Vice President | Huang, Sheh-Ming | 0 | 0 | 0 | 0 |
| Executive Vice President | Yeh, Shih-Chung | 0 | 0 | 0 | 0 |
| Executive Vice President | Hou, Hsien-Yu | 0 | 0 | 0 | 0 |
| Executive Vice President | Su, Wei-Jen | 0 | 0 | 0 | 0 |
| Vice President | Chou, Yu-Chuan | (9,000) | 0 | 0 | 0 |
| Vice President | Lee, Yi-Chung | 0 | 0 | 0 | 0 |
| Vice President | Chen, Tzu-Ling | 0 | 0 | 0 | 0 |
| Vice President | Peng, Bo-Chou | 0 | 0 | 0 | 0 |
| Vice President | Wang, Yuan-Shyang | 0 | 0 | 0 | 0 |
| Vice President (Accounting Officer) | Chiang, Chin-Lan | 0 | 0 | 0 | 0 |
| Vice President | Lu, Ming-Jiuan (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Vice President | Ho, Li-Cheng | 0 | 0 | 0 | 0 |
| Vice President | Chiang, Wei-Du | 0 | 0 | 0 | 0 |
| Vice President | Lin, Shu-Fen | 0 | 0 | 0 | 0 |
| Vice President | Chen, Shih-Ming | 0 | 0 | 0 | 0 |
| Vice President | Chung, Kai-Cheng | 0 | 0 | 0 | 0 |
| Vice President | Yen, Wu-Han | 0 | 0 | 0 | 0 |
| Vice President | Hsu, Ping | 35,000 | 0 | 0 | 0 |
| Vice President | Liu, Chia-Wen (Effective Date: 2024.01.01) | - | - | 0 | 0 |

| Title | Name | 2023 | | As of March 31, 2024 | |
|----------------|--|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Vice President | Chang, Yu-Heng | 0 | 0 | 0 | 0 |
| Vice President | Peng, Tsui-Li | 0 | 0 | 0 | 0 |
| Vice President | Chiu, Chung-Yu | 0 | 0 | 0 | 0 |
| Vice President | Ting, Lu-Lan | 0 | 0 | 0 | 0 |
| Vice President | Tseng, Yi-Tang | 2,000 | 0 | 0 | 0 |
| Vice President | Liu, Hsin-Cheng | 0 | 0 | 0 | 0 |
| Vice President | Lin, Hsuan-Hsiu | 4,648 (4,648) | 0 | 0 | 0 |
| Vice President | Liu, Ying | 0 | 0 | 0 | 0 |
| Vice President | Wu, Su-Shin | 0 | 0 | 0 | 0 |
| Vice President | Chen, Yu-Hou | 0 | 0 | 0 | 0 |
| Vice President | Wu, Shang-Jung (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Vice President | Chang, Ming-Hung | 0 | 0 | 0 | 0 |
| Vice President | Liu, Ying-Chun | 0 | 0 | 0 | 0 |
| Vice President | Chang, Heng (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Vice President | Kuo, Ming-Cheng | 0 | 0 | 0 | 0 |
| Vice President | Yang, Hsiu-Huey | 0 | 0 | 0 | 0 |
| Vice President | Lee, Kang | 0 | 0 | 0 | 0 |
| Vice President | Lee, Chia-Fang | (5,000) | 0 | 0 | 0 |
| Vice President | Wang, Pei-Chi | (5,000) | 0 | 0 | 0 |
| Vice President | Lin, Chi-Hsien | 0 | 0 | 0 | 0 |
| Vice President | Cheng, Hong-Tzue (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Vice President | Liu, Wen-Jang | 0 | 0 | 0 | 0 |
| Vice President | Yu, Chia-Chieh | (9,000) | 0 | 0 | 0 |
| Vice President | Wu, Shu-Ping | 0 | 0 | 0 | 0 |
| Vice President | Huang, Chun-Hsiung | 0 | 0 | 0 | 0 |

| Title | Name | 2023 | | As of March 31, 2024 | |
|---|--|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Vice President | Hsu, Shu-Ching | (18,000) | 0 | (18,000) | 0 |
| Vice President | Tseng, Chao-Hui (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Vice President | Wang, Hwa-Tsai | 0 | 0 | 0 | 0 |
| Vice President (Chief Information Security Officer) | Chen, Chia-Chuan | (1,000) | 0 | 0 | 0 |
| Vice President | Chang, Chung-Chieh (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Vice President | Yeh, Vanessa | 0 | 0 | 0 | 0 |
| Vice President | Chen, Shui-Feng | 0 | 0 | 0 | 0 |
| Vice President | Lee, Ping-Yu | 0 | 0 | 0 | 0 |
| Vice President | Chen, Chi-Wei | 0 | 0 | 0 | 0 |
| Vice President | Kang, Tsai-Yi (Effective Date: 2024.01.01) | - | - | 0 | 0 |
| Junior Vice President (Corporate Governance Officer) | Yang, Hsiu-Hui | 0 | 0 | 0 | 0 |

Note: The major shareholders that holds more than 10% shares of the Company should be disclosed separately.

3.8.2 Information of Stock Transfer: NIL.

3.8.3 Information of Stock Pledged: NIL.

3.9 Relationships Among the Top Ten Shareholders

MAR 31, 2024

| Name (Note 1) | Present Shareholdings | | Shares Held by Spouses & minor children | | Shares Held by nominee arrangements | | Name and Relationship to any of the other Top Ten Shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3) | | Re- marks |
|--|-----------------------|------|---|---|-------------------------------------|---|--|---|--------------|
| | Shares | % | Shares | % | Shares | % | Title (or Name) | Relationship | |
| Evergreen International Corp. | 532,296,304 | 9.86 | N/A | | 0 | 0 | Evergreen Marine Corp. (Taiwan) Ltd. | Reinvestment company of Major shareholders of Evergreen International Corp. | None |
| Representative: Shine Glow Investments Ltd. | 10,000 | 0 | N/A | | 0 | 0 | None | None | None |
| Evergreen Marine Corp. (Taiwan) Ltd. | 401,139,111 | 7.43 | N/A | | 0 | 0 | Evergreen International Corp. | Reinvestment company of Major shareholders of Evergreen Marine Corp. (Taiwan) Ltd. | None |
| | | | | | | | Evergreen Steel Corp. | Director of Evergreen Marine Corp. (Taiwan) Ltd. | |
| | | | | | | | Evergreen International Storage & Transport Corp. | Evergreen Marine Corp. (Taiwan) Ltd. is the director of Evergreen International Storage & Transport Corp. | |
| Representative: Chang, Yen-I | 0 | 0 | 0 | 0 | 0 | 0 | Evergreen International Storage & Transport Corp. | Director | None |
| Falcon Investment Services Ltd. | 265,904,482 | 4.92 | N/A | | 0 | 0 | None | None | None |
| Evergreen Steel Corp. | 196,202,763 | 3.63 | N/A | | 0 | 0 | Evergreen Marine Corp. (Taiwan) Ltd. | Director of Evergreen Steel Corp. | None |
| Representative: Lin, Keng-Li | 191,000 | 0 | 0 | 0 | 0 | 0 | None | None | None |
| Chang, Yung-Fa (Deceased) | 131,970,122 | 2.44 | 0 | 0 | 0 | 0 | None | None | None |
| Norges Bank | 77,665,685 | 1.44 | N/A | | 0 | 0 | None | None | None |
| New Labor Pension Fund | 75,772,598 | 1.40 | N/A | | 0 | 0 | None | None | None |

| Name (Note 1) | Present Shareholdings | | Shares Held by Spouses & minor children | | Shares Held by nominee arrangements | | Name and Relationship to any of the other Top Ten Shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3) | | Re- marks |
|--|-----------------------|------|---|---|-------------------------------------|---|--|---|--------------|
| | Shares | % | Shares | % | Shares | % | Title (or Name) | Relationship | |
| Evergreen International Storage & Transport Corp. | 40,640,013 | 0.75 | N/A | | 0 | 0 | Evergreen Marine Corp. (Taiwan) Ltd. | Director of Evergreen International Storage & Transport Corp. | None |
| | | | | | | | Chang, Yen-I | Director of Evergreen International Storage & Transport Corp. | |
| Representative: Chiu, Hsien-Yu | 0 | 0 | 445 | 0 | 0 | 0 | None | None | None |
| JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund., a Series of Vanguard Star Funds | 35,383,943 | 0.66 | N/A | | 0 | 0 | None | None | None |
| Vanguard Emerging Markets Stock Index Fund., a Series of Vanguard International Equity Index Funds | 30,324,760 | 0.56 | N/A | | 0 | 0 | None | None | None |

Note 1: All the top 10 shareholders should be listed. If any of them is an institute shareholder, the name of the institute and its representatives should be disclosed separately.

Note 2: Shareholding percentage is calculated by the shares owned by the shareholders himself/herself, spouse and minor children, or through nominees.

Note 3: The relationship of the shareholders (including institute and natural person) should be disclosed in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.10 Ownership of Shares in Affiliated Enterprises

As of DEC 31, 2023

Unit: Shares/ %

| Affiliated Enterprises | Ownership by the Company | | Direct or Indirect Ownership by Directors, Supervisors, Managerial officers | | Total Ownership | |
|--|--------------------------|--------|---|-------|-----------------|--------|
| | Shares | % | Shares | % | Shares | % |
| Sky Castle Investment Ltd. | 5,500,000 | 100.00 | 0 | 0 | 5,500,000 | 100.00 |
| Evergreen Airways Service (Macau) Ltd. | Stock Unissued | 99.00 | Stock Unissued | 0 | Stock Unissued | 99.00 |
| PT Perdana Andalan Air Service | 40,800 | 51.00 | 0 | 0 | 40,800 | 51.00 |
| EVA Flight Training Academy | 10,000,000 | 100.00 | 0 | 0 | 10,000,000 | 100.00 |
| Evergreen Aviation Technologies Corp. | 206,189,241 | 55.05 | 1,679 | 0 | 206,190,920 | 55.05 |
| Evergreen Airline Services Corp. | 36,183,106 | 56.33 | 12,999,827 | 20.24 | 49,182,933 | 76.57 |
| Evergreen Sky Catering Corp. | 76,557,790 | 49.80 | 38,432,625 | 25.00 | 114,990,415 | 74.80 |
| Evergreen Air Cargo Services Corp. | 72,750,000 | 60.625 | 13,649,392 | 11.37 | 86,399,392 | 72.00 |
| Hsiang-Li Investment Corp. | 2,680,000 | 100.00 | 0 | 0 | 2,680,000 | 100.00 |
| EverFun Travel Services Corp. | 4,110,374 | 25.18 | 3,731 | 0.02 | 4,114,105 | 25.20 |

Note: The affiliated enterprises are accounted for using equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: thousand shares; NT\$ thousands

| Month/ Year | Par Value (NT\$) | Authorized Capital | | Paid-in Capital | | Remark | | |
|----------------|------------------------|--------------------|------------|-----------------|------------|---|--|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital (NT\$ thousands) | Capital Increased by Assets Other than Cash | Approval Date and Document No. by Ministry of Economic Affairs |
| Mar, 2008 | 10 | 4,000,000 | 40,000,000 | 3,906,815 | 39,068,150 | Corporate Bond Conversion 318,356 | - | Apr 11, 2008. Jing-Shou-Shang Zi No. 09701085730 |
| Apr, 2008 | 10 | 4,000,000 | 40,000,000 | 3,942,677 | 39,426,773 | Corporate Bond Conversion 358,623 | - | Jun 30, 2008. Jing-Shou-Shang Zi No. 09701154430 |
| Jul, 2009 | 10 | 4,000,000 | 40,000,000 | 2,262,677 | 22,626,773 | Capital Reduction 16,800,000 | - | Jul 24, 2009. Jing-Shou-Shang Zi No. 09801165370 |
| Sep, 2009 | 10 | 4,000,000 | 40,000,000 | 2,962,677 | 29,626,773 | Cash Subscription 7,000,000 | - | Oct 12, 2009 Jing-Shou-Shang Zi No. 09801233470 |
| Sep, 2011 | 10 | 4,000,000 | 40,000,000 | 3,258,945 | 32,589,450 | Capitalization of Retained Earnings 2,962,677 | - | Oct 20, 2011 Jing-Shou-Shang Zi No. 10001239600 |
| Feb, 2015 | 10 | 4,000,000 | 40,000,000 | 3,858,945 | 38,589,450 | Cash Subscription 6,000,000 | - | Mar 06, 2015 Jing-Shou-Shang Zi No. 10401028870 |
| Aug, 2016 | 10 | 4,500,000 | 45,000,000 | 4,051,892 | 40,518,923 | Capitalization of Retained Earnings 1,929,473 | - | Sep 29, 2016 Jing-Shou-Shang Zi No. 10501233140 |
| Sep, 2017 | 10 | 4,500,000 | 45,000,000 | 4,173,449 | 41,734,490 | Capitalization of Retained Earnings 1,215,567 | - | Sep 13, 2017 Jing-Shou-Shang Zi No. 10601131380 |
| Sep, 2018 | 10 | 4,500,000 | 45,000,000 | 4,382,121 | 43,821,215 | Capitalization of Retained Earnings 2,086,725 | - | Oct 01, 2018 Jing-Shou-Shang Zi No. 10701123880 |
| Jan, 2019 | 10 | 5,500,000 | 55,000,000 | 4,682,121 | 46,821,215 | Cash Subscription 3,000,000 | - | Feb 22, 2019 Jing-Shou-Shang Zi No. 10801015500 |
| Mar, 2019 | 10 | 5,500,000 | 55,000,000 | 4,687,087 | 46,870,877 | Corporate Bond Conversion 49,662 | - | Apr 24, 2019 Jing-Shou-Shang Zi No. 10801047840 |
| May, 2019 | 10 | 5,500,000 | 55,000,000 | 4,712,950 | 47,129,507 | Corporate Bond Conversion 258,630 | - | Jun 04, 2019 Jing-Shou-Shang Zi No. 10801062800 |
| Sep, 2019 | 10 | 7,000,000 | 70,000,000 | 4,853,569 | 48,535,695 | Capitalization of Retained Earnings 1,406,188 | - | Oct 04, 2019 Jing-Shou-Shang Zi No. 10801136110 |
| Mar, 2021 | 10 | 7,000,000 | 70,000,000 | 4,923,497 | 49,234,980 | Corporate Bond Conversion 699,285 | - | Apr 16, 2021 Jing-Shou-Shang Zi No. 11001062140 |
| May, 2021 | 10 | 7,000,000 | 70,000,000 | 5,030,220 | 50,302,209 | Corporate Bond Conversion 1,067,229 | - | Jun 08, 2021 Jing-Shou-Shang Zi No. 11001089530 |

| Month/ Year | Par Value (NT\$) | Authorized Capital | | Paid-in Capital | | Remark | | |
|----------------|------------------------|--------------------|------------|-----------------|------------|---|--|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital (NT\$ thousands) | Capital Increased by Assets Other than Cash | Approval Date and Document No. by Ministry of Economic Affairs |
| Aug, 2021 | 10 | 7,000,000 | 70,000,000 | 5,130,768 | 51,307,686 | Corporate Bond Conversion 1,005,477 | - | Sep 14, 2021 Jing-Shou-Shang Zi No. 11001151290 |
| Nov, 2021 | 10 | 7,000,000 | 70,000,000 | 5,138,538 | 51,385,387 | Corporate Bond Conversion 77,701 | - | Dec 01, 2021 Jing-Shou-Shang Zi No. 11001216300 |
| Mar, 2022 | 10 | 7,000,000 | 70,000,000 | 5,272,220 | 52,722,209 | Corporate Bond Conversion 1,336,822 | - | Apr 07, 2022 Jing-Shou-Shang Zi No. 11101052700 |
| May, 2022 | 10 | 7,000,000 | 70,000,000 | 5,287,293 | 52,872,938 | Corporate Bond Conversion 150,729 | - | May 30, 2022 Jing-Shou-Shang Zi No. 11101087180 |
| Aug, 2022 | 10 | 7,000,000 | 70,000,000 | 5,346,225 | 53,462,260 | Corporate Bond Conversion 589,322 | - | Aug 24, 2022 Jing-Shou-Shang Zi No. 11101162600 |
| Nov, 2022 | 10 | 7,000,000 | 70,000,000 | 5,358,125 | 53,581,255 | Corporate Bond Conversion 118,995 | - | Nov 24, 2022 Jing-Shou-Shang Zi No. 11101220460 |
| Mar, 2023 | 10 | 7,000,000 | 70,000,000 | 5,362,887 | 53,628,874 | Corporate Bond Conversion 47,619 | - | Apr 07, 2023 Jing-Shou-Shang Zi No. 11230053490 |
| Jun, 2023 | 10 | 7,000,000 | 70,000,000 | 5,369,125 | 53,691,254 | Corporate Bond Conversion 62,380 | - | Jul 26, 2023 Jing-Shou-Shang Zi No. 11230135680 |
| Aug, 2023 | 10 | 7,000,000 | 70,000,000 | 5,399,341 | 53,993,416 | Corporate Bond Conversion 302,162 | - | Sep 07, 2023 Jing-Shou-Shang Zi No. 11230168030 |
| Nov, 2023 | 10 | 7,000,000 | 70,000,000 | 5,400,444 | 54,004,443 | Corporate Bond Conversion 11,027 | - | Dec 07, 2023 Jing-Shou-Shang Zi No. 11230224680 |

B. Type of Stock

Unit: thousand shares

| Share Type | Authorized Capital | | | Remarks |
|--------------|--------------------|------------------|--------------|------------------------------------|
| | Issued Shares | Un-issued Shares | Total Shares | |
| Common Stock | 5,400,444 | 1,599,556 | 7,000,000 | Shares of TWSE Listed Companies |

Note: Shares approved by Ministry of Economic Affairs.

4.1.2 Status of Shareholders

As of MAR 31, 2024
(Shareholders' meeting book closure date)

| Item | Government Agencies | Financial Institutions | Other Juridical Persons | Domestic Natural Persons | Foreign Institutions & Natural Persons | Total |
|------------------------|---------------------|------------------------|-------------------------|--------------------------|--|---------------|
| Number of Shareholders | 7 | 28 | 675 | 314,771 | 1,523 | 317,004 |
| Shareholding (shares) | 111,080,189 | 76,636,558 | 1,344,980,936 | 2,591,063,416 | 1,276,683,236 | 5,400,444,335 |
| Percentage (%) | 2.06 | 1.42 | 24.91 | 47.97 | 23.64 | 100.00 |

4.1.3 Shareholding Distribution Status: Common Shares

As of MAR 31, 2024 (Shareholders' meeting book closure date)

| Class of Shareholding (Unit: Share) | Number of Shareholders | Shareholding (Shares) | Percentage (%) |
|-------------------------------------|------------------------|-----------------------|----------------|
| 1 ~ 999 | 60,905 | 13,973,808 | 0.26 |
| 1,000 ~ 5,000 | 179,820 | 398,851,000 | 7.39 |
| 5,001 ~ 10,000 | 36,377 | 294,861,864 | 5.46 |
| 10,001 ~ 15,000 | 11,401 | 147,766,268 | 2.74 |
| 15,001 ~ 20,000 | 8,432 | 157,941,541 | 2.92 |
| 20,001 ~ 30,000 | 7,123 | 185,459,022 | 3.43 |
| 30,001 ~ 40,000 | 3,338 | 120,935,144 | 2.24 |
| 40,001 ~ 50,000 | 2,270 | 107,349,130 | 1.99 |
| 50,001 ~ 100,000 | 4,157 | 305,442,885 | 5.66 |
| 100,001 ~ 200,000 | 1,680 | 243,541,167 | 4.51 |
| 200,001 ~ 400,000 | 789 | 223,250,521 | 4.13 |
| 400,001 ~ 600,000 | 228 | 112,699,506 | 2.09 |
| 600,001 ~ 800,000 | 110 | 77,298,199 | 1.43 |
| 800,001 ~ 1,000,000 | 64 | 58,487,634 | 1.08 |
| 1,000,001 or over | 310 | 2,952,586,646 | 54.67 |
| Total | 317,004 | 5,400,444,335 | 100.00 |

4.1.4 List of Major Shareholders

As of MAR 31, 2024 (Shareholders' meeting book closure date)

| Shareholder's name | Shareholding | Number of Shares | Percentage (%) |
|--|--------------|------------------|----------------|
| Evergreen International Corp. | | 532,296,304 | 9.86 |
| Evergreen Marine Corp. (Taiwan) Ltd. | | 401,139,111 | 7.43 |
| Falcon Investment Services Ltd. | | 265,904,482 | 4.92 |
| Evergreen Steel Corp. | | 196,202,763 | 3.63 |
| Chang, Yung-Fa (deceased) | | 131,970,122 | 2.44 |
| Norges Bank | | 77,665,685 | 1.44 |
| New Labor Pension Fund | | 75,772,598 | 1.40 |
| Evergreen International Storage & Transport Corp. | | 40,640,013 | 0.75 |
| JPMorgan Chase Bank N.A., Taipei Branch in Custody for Vanguard Total International Stock Index Fund., a Series of Vanguard Star Funds | | 35,383,943 | 0.66 |
| Vanguard Emerging Markets Stock Index Fund., a Series of Vanguard International Equity Index Funds | | 30,324,760 | 0.56 |

4.1.5 The Last Two Years Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

| Items | 2022 (Distributed in 2023) | 2023 (Distributed in 2024) | 2024 (As of MAR 31) (Note 8) |
|--|----------------------------------|----------------------------------|------------------------------------|
| Market Price per Share (Note 1) | | | |
| Highest Market Price | 37.60 | 42.40 | 33.85 |
| Lowest Market Price | 22.75 | 25.10 | 30.20 |
| Average Market Price | 31.75 | 33.27 | 31.92 |
| Net Worth per Share | | | |
| Before Distribution | 16.41 | 19.81 | (Note 10) |
| After Distribution | (Note 2) 15.61 | 18.01 | - |
| Earnings per Share | | | |
| Weighted Average Shares (thousands) | 5,308,111 | 5,380,554 | - |
| Earnings per Share | 1.34 | 4.01 | (Note 10) |
| Adjusted Earnings per Share (Note 3) | 1.34 | (Note 9) 4.01 | - |
| Dividends per Share | | | |
| Cash Dividends | 0.79907052 | 1.8 | - |
| Stock Dividends | | | |
| Dividends from Retained Earnings | - | (Note 9) - | - |
| Dividends from Capital Surplus | - | (Note 9) - | - |

| Items | 2022 (Distributed in 2023) | 2023 (Distributed in 2024) | 2024 (As of MAR 31) (Note 8) |
|--|----------------------------------|----------------------------------|------------------------------------|
| Accumulated Undistributed Dividends (Note 4) | - | (Note 9) - | - |
| Return on Investment | | | |
| Price / Earnings Ratio | 22.72 | 7.76 | - |
| Adjusted Price / Earnings Ratio (Note 5) | 22.72 | (Note 9) 7.76 | - |
| Price / Dividend Ratio (Note 6) | 38.11 | 17.29 | - |
| Cash Dividend Yield Rate (Note 7) | 2.62% | 5.78% | - |

If the Company uses earnings or capital surplus to increase capital, the adjusted market price per share and cash dividends should be recalculated accordingly.

Note 1: The highest market price and lowest market price should be listed. The average price is calculated by total transaction value and total transaction volume of each year.

Note 2: Net worth per share is based on the distribution amount resolved by annual general shareholders' meeting and the shares issued at the end of the financial year.

Note 3: If the Company distributes stock dividends, the earnings per shares should be adjusted and disclosed as well.

Note 4: If the conditions of the issue of equity securities regulated the undistributed dividends can be accumulated until profit year, the undistributed dividends should be disclosed.

Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 8: Net Worth per share and Earnings per share reviewed by CPA should be disclosed. The other items should be disclosed until the printing date of this annual report.

Note 9: The 2023 earnings distribution is pending for shareholders' approval.

Note 10: The Company's financial statements as of March 31, 2024 haven't been reviewed by CPA.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

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.

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.

B. Proposed Distribution of Dividend

The distribution of 2023 earnings was approved at the Board meeting on March 13, 2024 and a report of such distribution will be submitted to the Annual General Shareholders' Meeting on May 29, 2024.

| | | |
|---------------------------------------|----------------------|-------------------|
| Cash Dividends to Common Shareholders | NT\$1.80 / per share | NT\$9,720,799,803 |
|---------------------------------------|----------------------|-------------------|

4.1.7 Impact of Stock Dividends issuance on the Company's Business Performance and Earnings per Share: Not applicable.

4.1.8 Employees' Compensation and Directors' Remuneration

A. According to the Article 26 of the Company's Articles of Incorporation, if the Company makes profit in a fiscal year, employees' compensation, no less than 1% of the profit, and directors' remuneration, no more than 2% of the profit, shall be set aside. However, in case the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses beforehand. The employees' compensation and the directors' remuneration shall be set aside afterwards according to the principles mentioned above.

The employees' compensation shall be distributed in the form of stock or cash; while the directors' remuneration shall be distributed only in the form of cash.

The profit in item 1 refers to profit before tax without deducting employees' compensation and directors' remuneration.

The amount of employees' compensation and directors' remuneration as well as the payment method of employees' compensation shall be determined by a resolution adopted by a majority vote at a Board of Directors' Meeting attended by two-thirds or more of the directors and be reported at a shareholders' meeting.

B. The basis for estimating the amount of employees' compensation and directors' remuneration, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The Company appropriated 2023 employees' compensation and directors' remuneration according to the regulation of Article of Incorporation. Once the actual distribution amount is different from the estimation amount, the differences shall be accounted for as changes in accounting estimates and recognized in profit or loss in the distribution year.

C. Appropriation for Employees' Compensation and Directors' Remuneration:

a. If company distributes employees' compensation in the form of cash or stock and directors' remuneration, the discrepancy, reason and how it is treated should be disclosed if the amounts distributed vary from the amounts recognized:

The Board of Directors resolved to distribute 2023 employees' compensation and directors' remuneration on March 13, 2024, the distribution amount are as follows:

| Item | Resolution of Board of Directors (Mar 13, 2024) |
|--------------------------------|--|
| Employees' Compensation (Cash) | NT\$1,130,000,000 |
| Directors' Remuneration (Cash) | NT\$9,500,000 |

b. The amount of employees' compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employees' compensation: Not applicable.

D. The Distribution Status of Employees' Compensation and Directors' Remuneration of previous year (including distributed shares, amount and stock price) and, if the amounts distributed vary from the amounts recognized, additionally the discrepancy, reason and how it is treated:

The Company distributed employees' compensation of NT\$280,000,000 and directors' remuneration of NT\$8,883,562 of year 2022. The amounts distributed are in line with the resolution of Board of the Meeting.

4.1.9 Buyback of Treasury Stock: None.

4.2 Corporate Bond: None.

4.3 Preferred Stock: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 New Restricted Employee Shares: None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.8 Financing Plans and Implementation:

As of March 31, 2024, the use of funds raised from all previously securities issuance was carried out according to the planned progress and was in line with the expected benefits.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main areas of business operations

The business activities of the Company and its subsidiaries are

- (1) civil aviation transportation and general aviation business
- (2) wholesale and retail sale of medical devices
- (3) maintenance, manufacture and sales of aircraft, parts and engine
- (4) ground service at airports
- (5) catering service, food manufacturing
- (6) air cargo entrepot
- (7) to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

B. Revenue distribution

Unit: NT\$ thousands

| Year \ Item | Passenger | | Cargo | | Other | | Total | |
|-------------|-------------|-----|------------|-----|------------|-----|-------------|------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| 2023 | 135,792,149 | 68% | 41,381,246 | 21% | 23,183,128 | 11% | 200,356,523 | 100% |
| 2022 | 31,875,006 | 23% | 90,298,142 | 65% | 15,895,459 | 12% | 138,068,607 | 100% |

C. The business activities provided by EVA and its subsidiaries

- (1) Passenger services: international air transportation of passenger, periodically and non-periodically charter flights.
- (2) Cargo services: transportation of international freight, express, mail and parcel.
- (3) Sky shop services: in-flight duty free sales.
- (4) Maintenance services: maintenance, manufacture and sales of aircraft, parts and engine.
- (5) Ground services: providing luggage and freight loading and unloading service, aircraft cleanness and aircraft ground-infrastructure support.
- (6) Catering services: providing in-flight meals for airlines, food manufacturing and processing.
- (7) Air cargo entrepot services: providing import, export and transit cargo storage, container stuffing and stripping.
- (8) Training services: pilot training.

D. New services planned to be developed

- (1) The entire fleet of the Boeing 787-9 aircraft will adopt a three-class configuration in 2024, providing passengers with diverse options and premium services.

- (2) Gradually promote and build a cloud customer service system and virtual queue service at all of our stations around the world, to provide more convenient and diversified telephone customer service for global passengers.
- (3) In 2023, the new-generation of cargo system was launched. Advanced application functions such as intelligentization of tools and data integration analysis will be gradually developed to enhance the efficiency and operational quality of cargo information services.
- (4) Enhance website/mobile channels capability
 - Displaying real-time dynamic lowest fares on the website calendar when passengers select their departure dates to simplify the price comparison process.
 - For in-flight duty-free sales, new payment methods are added, including chip-based credit cards, contactless payments and mobile payments such as Apple Pay, Google Pay, and Samsung Pay, and thus making shopping easier for passengers.
 - An add-on travel insurance service is added to the online booking process on the website and App, which was launched for Thailand in May 2023. The service was previously introduced in Singapore and Hong Kong, for a total of three markets providing the service. To continuously strengthen web functions and to provide passengers with a one-stop convenient shopping experience, we are planning to develop new markets in the future.
- (5) Developing New Distribution Capability (NDC) and personalized sales approaches
Introduced and promoted New Distribution Capability (NDC), the new standard of industry distribution launched by the International Air Transport Association (IATA), to provide distribution partners with the latest technology and the best sales and service capabilities for a win-win collaboration.
- (6) Continued promotion of automation services
 - Introducing scanning and auto-fill of passport data and other travel documents for online check-in, aiming to enhance the convenience of online check-in, the accuracy of data verification, and streamline the operations and processes at the airport.
 - Provide group passengers with check-in service on the website/mobile app to optimize services for group passengers.
 - Facial recognition boarding function: Boarding systems in New York (JFK) and Houston (IAH) in the United States have been upgraded to the One-Step facial recognition boarding mode.
- (7) Trendy co-branding for refined products: Introduced new products and beverages for inflight services

- New amenity kit launched in collaboration with Giorgio Armani, one of Italy's top luxury fashion brands.
 - New comfy sleepwear designed by Jason Wu, an internationally renowned designer.
 - Annual renewal of co-branded champion series beverages, with customized flavors to awaken passengers' taste buds.
- (8) Continuous reduction in plastic consumption for in-flight meals and service items
- In-flight service items, such as amenity kits and headphones, were packaged in paper or recycled plastic instead of plastic.
 - The new tableware offered in premium economy class was extended to passengers of all routes, reducing plastic purchases and enhancing the dining experience.
 - Menus were printed on FSC certified paper to conserve forest resources and ensure environmentally sustainable development.
- (9) Enhancing the membership mileage function
- Launched a function that enables members to pay to reinstate their expired mileage in order to encourage award ticket redemption for EVA Air/UNI Air international flights, Star Alliance partners' flights, and seat upgrades.

5.1.2 Industry Overview

A. Current status and development of the industry

(1) Passenger market

The International Air Transport Association (IATA) forecasts that passenger revenue will reach US\$717 billion in 2024, with 4.7 billion passengers and a load factor of 82.6%. The strong recovery in demand will create favorable conditions for the growth of the aviation industry. Nevertheless, the aviation industry faces significant challenges stemming from global economic development, geopolitics, inflation, fuel price volatility, and other factors, which may affect the industry's profitability.

(2) Cargo market

IATA predicts that air cargo volume in 2024 will increase by 5% compared with 2023, reaching 61 million tons. Cargo revenue is expected to decrease by 17% to US\$111 billion, which is still nearly 10% higher than the pre-pandemic level. Most domestic and foreign authoritative institutions expect the gradual improvement in the global economy, a resurgence in global goods trade growth, and emerging technology to continue to expand its applications. The destocking cycle is about to end, which will not only drive the overall industry but also help increase the demand for freight transport in the future. However, the resumption of passenger flights has led to an increase in belly capacity, which has put freight rate under pressure.

B. Relevance of the Upstream, Midstream and Downstream Industry

The major services provided by the air transport service industry are mainly passenger and cargo transportation, which rely on the support of, and cooperation between, the upstream, midstream, and downstream industries to realize the provision of complete, integrated services and to satisfy customers' needs. The correlations among the upstream, midstream, and downstream industries of EVA Air:

Upstream Industries:

Aircraft Manufacturing Industry and Refitting Factories, Aircraft Engine Manufacturing Industry, Ground Handling Equipment Manufacturing Industry, Aircraft Lease Industry, etc.

Midstream Industries:

Petroleum Industry, Aircraft Maintenance Industry, Sky Catering Industry, Ground Service Industry, Passenger/Cargo Transport Industry, etc.

Downstream Industries:

General public, Travel agencies, Air forwarder industry, Courier industry, etc.

C. Development trends of products

(1) Hardware and equipment upgrade and software service optimization

An M-shape trend in the consumer market has become more apparent following the easing of pandemic-related restrictions globally, with demand for business and leisure travel is also rapidly rising. In order to enhance product competitiveness and provide passengers with distinguished flying experiences and services, each airline has not only upgraded their aircraft hardware and equipment but also optimized their software services, with an aim to develop the high-end market.

(2) The major trend of digital and personalized services

Airlines are committed to enhancing customer experience, and are therefore proactive in promoting digital transformation, enhancing software capability, and expanding the service gap with competitors.

(3) Diversification of air cargo sources

With the booming development of fast fashion and cross-border e-commerce, emerging technology applications such as high-performance computing, artificial intelligence (AI), data centers, semiconductor equipment, consumer electronics and automotive electronics continue to expand; and urgent orders, such as sea-to-air cargo transshipments, have led to diversity in the structure of air cargo sources.

D. Product competition situation

According to statistics of CAA, the Company is on the top of the list among international airlines by passenger loading factor and gradually increasing the market share. Please refer to the Statistics of Passenger and Cargo Volume of International and Cross-Strait Airlines in Taiwan.

Statistics of Passenger & Cargo Traffic Volume of International and Cross-Strait Airlines in Taiwan

| Name of Airline | 2023 | | | | | |
|------------------------|---------------------|---------------|--------------------|---------|-----------------|--------|
| | Passenger Operation | | | | Cargo Operation | |
| | Number of Flights | Seat Capacity | Passenger Capacity | PLF (%) | Tons | LF (%) |
| EVA Air | 47,641 | 14,185,535 | 11,366,795 | 80.1 | 641,838 | 72.82 |
| China Airlines | 45,207 | 12,492,887 | 9,474,217 | 75.8 | 827,904 | 67.27 |
| STARLUX Airlines | 15,538 | 3,524,796 | 2,658,173 | 75.4 | 30,431 | 53.83 |
| Tigerair Taiwan | 14,121 | 2,541,780 | 2,202,378 | 86.6 | 756 | 50.25 |
| Mandarin Airlines | 1,696 | 352,902 | 213,437 | 60.5 | 6,171 | 33.00 |
| UNI Air | 814 | 182,842 | 105,039 | 57.4 | 3,866 | 84.34 |
| Other Foreign Carriers | 83,430 | 19,459,295 | 14,873,342 | 76.4 | 652,447 | N/A |
| Total | 208,447 | 52,740,037 | 40,893,381 | 77.5 | 2,163,413 | N/A |

Data source: Monthly Digest of Statistics, December 2023, CAA. The number of passengers includes transit passengers.

5.1.3. Research and Development

A. The amount invested and product successfully developed by the Company in recent year and by the printed date of annual report.

The Company has invested NT\$111 million on the development of following research products.

| Research Product | Explanation |
|----------------------------------|--|
| New EVA Sky Shop website and App | The EVA Sky Shop duty-free shopping preorder website and App have introduced responsive web pages design to provide customers with new, full shopping experiences no matter what device they're using. The Sky Shop has added a variety of payment methods and an optimized purchase process to shorten time to payment and make shopping easier. Our expanded array of flexible promotion schemes has raised customer satisfaction and loyalty to increased sale and create additional company revenue. |

| Research Product | Explanation |
|--|--|
| Travel agency group passenger check-in service development project | We have officially rolled out automated operations in the Taiwan-regional EVA Air Travel Agency Service’s group check-in system. This provided travel agencies with functions such as group seat selection, check-in, transmitting/printing boarding passes, system pre-seating, and more. These functions have lowered group traveler check-in times at airports, improved customer satisfaction, enhanced airport operating performance, and relieved airport labor strains. |
| Global customer service systems deployment project | We have introduced cloud customer service systems at all our global customer service centers. This is a huge step toward achieving our goal of worldwide, 24/7 telephone customer service in both Chinese and English. This has provided global travelers with superior, consistent customer service experiences; it has also increased ways for customers to contact us, and flexibility in how customer service staff are deployed. |
| Optimizing information environment management | We have introduced server management tools, which help with routine, everyday server maintenance operations. This has strongly enhanced server management efficiency and accuracy, thus improved operating quality. |
| Optimizing the cargo management system | We have completed optimization of our cargo operation systems. In cargo pricing management, we have optimized freight rate setting and developed a cargo collect-on-delivery pricing system; for allotment management, we have added cargo volume control and inspection mechanisms that enhanced management efficiency and operating quality. |
| Updating data warehousing databases | To reduce the operational costs of the data warehousing system and effectively integrate database management human resources, the migration and deployment of data warehousing databases and scheduling tools have been completed, achieving the goal of optimizing system job scheduling and enhancing global operational efficiency. |
| Galley layout graphical loading development project | The 160 galley layouts in our current aircraft fleet have presented through a graphical interface, and load balancing is automatically calculated. This has facilitated load planning, and has improved data timeliness and accuracy. Graphic galley layouts are instantly provided to the outstation agent, sky catering, and crew members for loading confirmation. This has improved the ease and accuracy of loading planning, as well as convenience and readability of operator confirmations. |

| Research Product | Explanation |
|---|--|
| Integrating flight maintenance records and mobility development | In order to improve the quality of aircraft maintenance, we have built an aircraft maintenance record management platform. This uses mobile devices to log the maintenance records both in cockpit and cabin and to report current aircraft status in real time. These help to speed up handling of maintenance problems. |
| Hyper-converged server architecture platform implementation project | We have designed and built a new generation of information system platform. It is built with multiple redundant virtual resource pools to manage software, hardware, and network resources. This platform has provided high-speed information systems for EVA's users and customers, furthermore, it has provided centralized management and stable services with high level security. |

B. Future Research Plan

(1) In 2024, the Company is estimated to invest NT\$268 million on following research items.

| Research Product | Explanation | Estimated Completion Time |
|---|---|-----------------------------|
| Next generation online ticketing system rollout project | In response to the vigorous development of the aviation business and rapid changes in market demand, the Company plans to introduce a next generation online ticketing system. The system will provide shopping cart services and optimize passengers' ticketing experience. It will also integrate the Amadeus selling platform to enable business units to adjust the selling price and packaging of various products in real time, thereby realizing product differentiation and rapid product launches to meet changes in the market. | JUL, 2024 70% Completion |
| Global corporate membership system deployment project | The service scope and number of global corporate members continue to expand. In order to promote the Company's brand image and achieve sustainable management, this project plans to build a brand-new global corporate member website with a different UX/UI design by employing responsive webpage development technology, which will offer more comprehensive and convenient services and a better user experience for members. The management system will also be upgraded to enhance efficiency and increase the operational flexibility of the reward program, allowing for stable and diversified development of membership-related affairs. | JUL, 2024 40% Completion |

| Research Product | Explanation | Estimated Completion Time |
|---|---|-----------------------------|
| Next generation customer service robot deployment project | This project will apply generative AI to build a next generation customer service robot. The robot will be integrated with the existing knowledge base to ensure that passenger questions within the scope of the Company's services are answered. The project aims to optimize the overall customer service process and enhance the efficiency of customer service representatives. | DEC, 2024 10% Completion |
| Office smart assistance system rollout project | This project will assess the feasibility of applying Generative AI to enhance employee productivity and come up with an implementation strategy and plan. | JUN, 2024 30% Completion |
| Terminal device software auditing automation project | This project is to build a systematic function for software on computer terminals that automates report generation and follow-up confirmation. This will increase information security by reducing manual auditing and increase auditing efficiency. | JUN, 2024 85% Completion |
| Information security protection tools establishment and rollout project | This project is to introduce new technologies and products to enhance the security of the account verification service system. Through a review cycle mechanism, the project assesses the information network environment for vulnerabilities that may be exploited and patches them to enhance security. Additionally, a workflow structure that combines tool characteristics with monitoring mechanisms will be designed for security control and countermeasure operations. This is expected to enhance the overall security of the verification service. | JUN, 2025 10% Completion |
| Taiwan region network structure adjustment and replacement project | The project is to replace the distribution layer network switch in Taiwan region office buildings, as well as the communication equipment at each site office, and the Wide Area Network (WAN) network equipment. This will ensure the overall effectiveness and reliability of the equipment's information security protection, improve the stability of network service, and optimize the security of the backup mechanism and the subgroup control policy. | DEC, 2024 20% Completion |

| Research Product | Explanation | Estimated Completion Time |
|--|---|-------------------------------------|
| International network structure and security control project | <p>The goals of this project are to replace network devices in EVA's head office and foreign branch offices to build the next-generation Wide Area Network (WAN) using new Software-Defined Wide Area Network (SD-WAN) and cloud services. This will accelerate delivery of new branch office networks and improve cyber security, and it also will centralize network flow management, visibility, as well as redundancy. While completed, it will improve operation management and security of EVA's global IT environment.</p> | <p>AUG, 2024 65% Completion</p> |

(2) Key Reasons for Successful Research In The Future:

- (A) Fully support of management team
- (B) Strictly execute research projects management
- (C) Well control project budgets
- (D) Control and verify new technology
- (E) Great support from in charge departments
- (F) Fully understand of research projects

5.1.4 Long-term and Short-term Business Strategies

A. Short-term strategies

- (1) Optimize passenger composition to stabilize the revenue per available seat kilometer (RASK).
- (2) Actively adjust aircraft fleet to improve operational synergy.
- (3) Strive for charter flight business opportunities to meet market demand.
- (4) Improve digital services and optimize core systems.
- (5) Enhance brand management and co-branding collaborations.

B. Long-term plan

- (1) Enhance the safety management system to ensure flight safety.
- (2) Develop potential destinations to strengthen market competitiveness.
- (3) Convert and upgrade aircraft cabin to develop the high-end market.
- (4) Optimize the freighter network to balance the proportion of revenue.
- (5) Working out for Net-zero carbon emissions and commit for corporate sustainable development.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Main Sales (Service) Regions and Key Performance Indicators (KPI)

Passenger Operations:

| Region \ Item | 2022 | | | 2023 | | |
|---------------|------------------|---------------|------------------------|------------------|---------------|------------------------|
| | No. of Passenger | RPK (Million) | Revenue (NT\$ Million) | No. of Passenger | RPK (Million) | Revenue (NT\$ Million) |
| America | 625,871 | 6,881 | 17,206 | 2,391,235 | 26,386 | 62,871 |
| Europe | 402,590 | 3,108 | 6,026 | 1,269,825 | 9,890 | 20,968 |
| Asia | 1,153,701 | 2,378 | 8,181 | 7,524,478 | 13,765 | 50,702 |
| Oceania | 24,193 | 163 | 462 | 85,681 | 579 | 1,251 |
| Total | 2,206,355 | 12,530 | 31,875 | 11,271,219 | 50,620 | 135,792 |

Note: RPK (Revenue Passenger Kilometers) = The number of revenue passengers carried multiplied by the distance travelled in kilometers.

Cargo Operations:

| Region \ Item | 2022 | | | 2023 | | |
|---------------|----------------------|---------------|------------------------|----------------------|---------------|------------------------|
| | Cargo Carried (Tons) | FTK (Million) | Revenue (NT\$ Million) | Cargo Carried (Tons) | FTK (Million) | Revenue (NT\$ Million) |
| America | 317,222 | 3,607 | 59,860 | 253,434 | 2,911 | 26,905 |
| Europe | 37,083 | 368 | 6,322 | 42,827 | 429 | 3,820 |
| Asia | 477,329 | 798 | 23,089 | 401,119 | 648 | 10,371 |
| Oceania | 10,800 | 73 | 1,027 | 4,561 | 31 | 285 |
| Total | 842,434 | 4,846 | 90,298 | 701,941 | 4,019 | 41,381 |

Note: FTK (Freight Tonne Kilometers) = The weight of cargo in tons multiplied by the distance travelled in kilometers.

B. Market Share of Taiwan on International Routes in the Last Two Years

| Item | Year | | |
|----------------------|------------------|-----------|------------|
| | 2022 | 2023 | |
| Number of Flights | EVA Air | 12,492 | 47,641 |
| | Taiwan | 44,544 | 208,447 |
| | Market Share (%) | 28.04 | 22.86 |
| Number of Passengers | EVA Air | 2,156,895 | 11,366,795 |
| | Taiwan | 5,748,478 | 40,893,381 |
| | Market Share (%) | 37.52 | 27.80 |
| Tons of Cargo | EVA Air | 763,748 | 641,838 |
| | Taiwan | 2,588,043 | 2,163,413 |
| | Market Share (%) | 29.51 | 29.66 |

Data Source: Monthly Digest of Statistics, December 2022 and December 2023, CAA.

Passenger & Cargo Market Share of Taiwanese Airlines on International Routes in the Last Two Years

Unit: %

| Airline \ Year | 2022 | | 2023 | |
|-------------------|-----------|-------|-----------|-------|
| | Passenger | Cargo | Passenger | Cargo |
| EVA Airways | 37.52 | 29.51 | 27.80 | 29.67 |
| China Airlines | 25.62 | 40.61 | 23.17 | 38.27 |
| STARLUX Airlines | 5.73 | 0.49 | 6.50 | 1.41 |
| Tigerair Taiwan | 2.64 | 0.01 | 5.39 | 0.03 |
| Mandarin Airlines | 0.85 | 0.27 | 0.52 | 0.29 |
| UNI Airways | 0.48 | 0.18 | 0.26 | 0.18 |

Data Source: Monthly Digest of Statistics, December 2022 and December 2023, CAA.

C. Market supply & demand and growth in the future

- (1) The International Air Transport Association (IATA) forecasts that revenue passenger kilometer (RPK) will grow by 9.8% in 2024 compared with 2023, and available seat kilometer (ASK) will grow by 8.9%. Additionally, the Asia-Pacific region is expected to experience a 13.5% growth in RPK and 10.6% growth in ASK in 2024, indicating optimism about the outlook for the passenger market in the region.
- (2) IATA forecasts that global air cargo demand will grow by 5% in 2024. However, the resumption of passenger flights has led to an increase in belly capacity, putting pressure on freight rates. Nevertheless, total freight revenue will still be higher than pre-pandemic level. The International Monetary Fund (IMF) predicts that global trade growth will rebound; coupled with the booming business opportunities for emerging technology applications and the normalization of supply chain inventories, which will contribute to the growth momentum of air cargo.

D. Competitive Niche

(1) International airline safety rating, awards, and recognition

EVA Air has always embraced attentive, caring, warm, friendly services and adhered to the concept of “Never compromise on safety” to provide passengers worldwide with the best possible air travel experiences. For its high level of safety and outstanding services, EVA Air has been highly recognized in multiple worldwide evaluations: awarded the aviation industry’s highest honor, the SKYTRAX “World Airline Awards” for 8 consecutive years; ranked 8th of 2023 “World’s Top-25 Airlines” by AirlineRatings.com, the world’s leading aviation review website; and

ranked among the “World’s Top-20 Safest Airlines” for 10 years in a row, setting it apart as the only airline in Taiwan to make the lists.

(2) Recognition of sustainable governance performance

In the 6th Annual Global Corporate Sustainability Awards (GCSA) and the 16th Taiwan Corporate Sustainability Awards (TCSA) for 2023, both organized by the Taiwan Institute for Sustainable Energy, EVA Air won the “Sustainability Reporting Award - Silver Class” in the GCSA for the first time, and was proud to receive six major awards in the TCSA:

- “Taiwan Top 100 Sustainable Enterprises Award – Corporate Sustainable Comprehensive Performance Category” .
- “Platinum Award for Transportation Industry – Sustainability Report Category”.
- “Growth through Innovation Leadership Award – Single Performance Category”.
- “Sustainable Supply Chain Leadership Award – Single Performance Category”.
- “Climate Leadership Award – Single Performance Category”.
- “Creativity in Communication Leadership Award – Single Performance Category”.

EVA Air participated in the S&P Global Corporate Sustainability Assessment in 2023. The Company won the third place in the global aviation industry; it further won the honor “Top 5% S&P Global ESG Score” in The Sustainability Yearbook 2024 published in February, 2024.

Since its establishment, EVA Air has emphasized the practice of corporate social responsibility (CSR) and pursued sustainable management. While insisting on rigorous flight safety management and service quality, the Company has also demonstrated proactiveness in environmental, social, and governance matters, and regularly reviewed the relevance of local and international corporate sustainable development trends with regard to the core business, as well as the impact of overall operating activities on stakeholders. Additionally, the Company has formulated corporate sustainability strategies, systems, management policies, and specific action plans in order to strengthen two-way interaction with stakeholders and respond to their concerns on sustainability issues such as flight safety, service, economy, environment, and society.

(3) Expansion of passengers and cargo advantages

EVA Air has been actively expanding the network. By establishing a dense passenger and cargo network, flexibly allocating fleet capacity, making flight adjustments in a timely way, and working with Star Alliance and codeshare partners to strengthen the hub-and-spoke network effect, we achieve maximum operational synergies.

(4) Continuing to introduce new-generation fleet

In addition to continuing the delivery of Boeing 787 Dreamliners, EVA Air plans to introduce 787-9 aircraft with premium economy seats starting in the second half of 2024. The new cabin design is expected to significantly enhance passenger comfort.

E. Favorable & Unfavorable Factors in Prospects and Countermeasures

■ Favorable Factors

- (1) Revenue growth is expected owing to the strong robust demand for passenger service.
- (2) The easing of travel policies has brought many advantages that will stimulate growth in passenger traffic.
- (3) The inventory replenishment in the industry and the demand for air freight is recovering.
- (4) The flourishing e-commerce industry has led to the growth of air cargo.

■ Unfavorable Factors

- (1) Unresolved geopolitical conflicts have resulted in increased operating costs.
- (2) Supply chain disruptions and labor shortages continue affect flight route networking.
- (3) Demand for freight is under pressure due to the lagged effect of monetary tightening.
- (4) The capacity of hub airports around the world is saturated, making it difficult to optimize time slots.
- (5) The recovery of passenger flights has led to an increase in belly capacity, which has intensified market competition.

■ Countermeasures

- (1) Strengthen the Trans-Pacific and Europe-Asia flight networks by implementing flexible fleet scheduling.
- (2) Develop potential destinations to increase operating revenue.
- (3) Deepen membership management and strengthen mileage usage.
- (4) Enhance digital services and optimize the passenger service system.

5.2.2 Production Procedures of Main Products

A. Major products and their main uses

| Major Products | Main Uses |
|--------------------|--|
| Passenger Services | International Air Transport, scheduled, non-scheduled and charter flights. |
| Cargo Services | International cargo, express, mail and parcel transportation. |
| Others Services | In-flight duty free sales and aircraft maintenance services. |

B. Major production of main products

The Group mainly focus on air transport related industries. Therefore, there is no major production process.

5.2.3 Supply Status of Main Materials

The Group mainly focus on air transportation service and maintenance of airframe, aircraft parts and engine. Aviation fuel is the main material for operation. We signed fuel contracts with world-renowned fuel suppliers to insure steady fuel supply. Our maintenance business mainly includes materials required for airframes.

5.2.4 Major Suppliers in the Last Two Calendar Years

A. Major customers: The Group provide air transport service to the public.

B. Major suppliers: Formosa Petrochemical Corp., GE Engine Services, LLC., CPC Corp., Chevron Products Company, etc.

Major Supplier in the Last Two Calendar Years

Unit: NT\$ thousands

| Item | 2022 | | | | 2023 | | | |
|------|-----------------------------|------------|--------|---------------------------|-----------------------------|------------|--------|---------------------------|
| | Company Name | Amount | (%) | Relationship with EVA AIR | Company Name | Amount | (%) | Relationship with EVA AIR |
| 1 | Formosa Petrochemical Corp. | 12,040,173 | 21.15 | None | Formosa Petrochemical Corp. | 17,993,193 | 24.69 | None |
| 2 | CPC Corp. | 8,709,229 | 15.30 | None | GE Engine Services, LLC. | 9,711,360 | 13.33 | None |
| 3 | GE Engine Services, LLC. | 6,789,798 | 11.93 | None | CPC Corp. | 8,086,624 | 11.10 | None |
| 4 | Air BP Limited | 5,927,021 | 10.41 | None | Chevron Products Company | 7,411,004 | 10.17 | None |
| | Others | 23,450,105 | 41.21 | | Others | 29,678,134 | 40.71 | |
| | Net Total | 56,916,326 | 100.00 | | Net Total | 72,880,315 | 100.00 | |

Note: The table above listed the names of suppliers with more than 10% of the total purchases in the recent two years and their purchase amounts and proportions. However, if the name of the suppliers or the transaction object must not be disclosed due to the contractual agreement, or the transaction object is an individual and non-related person, the Company is allowed to use a code name.

Analysis of deviation:

Fuel is the Company's primary operating costs. Among our fuel suppliers, Formosa Petrochemical Corp. and CPC Corp. are main domestic suppliers. Due to the rebound of passenger flight, fuel cost increased in 2023.

5.2.5 Production in the Last Two Years

| Capacity and Traffic \ Year | 2022 | 2023 | Change rate |
|---|------------|------------|-------------|
| Available Seat Kilometers (ASK) | 20,615,762 | 60,905,046 | 195.43% |
| Revenue Passenger Kilometers (RPK) | 12,530,049 | 50,619,702 | 303.99% |
| Passenger Load Factor (%) | 60.78% | 83.11% | 22.33pp |
| Available Freight Tonne Kilometers (AFTK) | 5,625,731 | 5,519,489 | -1.89% |
| Freight Tonne Kilometers (FTK) | 4,845,654 | 4,019,370 | -17.05% |
| Cargo Load Factor (%) | 86.13% | 72.82% | -13.31pp |
| Available Tonne Kilometers (ATK) | 7,481,149 | 11,000,943 | 47.05% |
| Revenue Tonne Kilometers (RTK) | 5,973,358 | 8,575,143 | 43.56% |
| Overall Load Factor (%) | 79.85% | 77.95% | -1.90pp |

5.2.6 Sales in the Last Two Years

Unit: NT\$ thousands

| Sales \ Year | 2022 | | 2023 | |
|--------------|-----------|-------------|------------|-------------|
| | Quantity | Amount | Quantity | Amount |
| Passenger | 2,206,355 | 31,875,006 | 11,271,219 | 135,792,149 |
| Cargo (Tons) | 842,434 | 90,298,142 | 701,941 | 41,381,246 |
| Others | - | 15,895,471 | - | 23,182,829 |
| Total | - | 138,068,619 | - | 200,356,224 |

5.3 Human Resources

| Year | | 2022 | 2023 | As of MAR 31, 2024 |
|--------------------------|--------------------------|--------|--------|--------------------|
| Number of Employees | Male | 9,227 | 9,770 | 10,095 |
| | Female | 7,740 | 8,164 | 8,172 |
| | Total | 16,967 | 17,934 | 18,267 |
| Average Age | | 38.5 | 38.3 | 38.2 |
| Average Years of Service | | 10.6 | 10.4 | 9.6 |
| Education % | Ph.D. | 0.1 | 0.1 | 0.1 |
| | Masters | 5.4 | 5.4 | 5.4 |
| | Bachelor's Degree | 79.1 | 79.4 | 79.4 |
| | Senior High School | 12.2 | 11.6 | 11.9 |
| | Below Senior High School | 3.2 | 3.5 | 3.2 |

5.4 Environmental Protection Expenditure

5.4.1 The loss or penalty caused by environmental pollution during the latest year and up to the printed date of this annual report:

A. Order No. 34-112-080001 dated August 4, 2023: Violation of Article 25, Paragraph 1 of the Toxic and Concerned Chemical Substances Control Act for unauthorized handling of hydrogen fluoride, one of the announced concerned chemical substances, without obtaining the relevant approval document. Sanction: A penalty of NT\$30,000 and attending a 2-hour lecture on environmental protection.

Countermeasures: Ensure that the approval document has been obtained before handling announced toxic and concerned chemical substances.

B. Order No. 21-112-090261 dated September 18, 2023: Violation of Article 40, Paragraph 3 of the Air Pollution Control Act for entering the environmental protection zone in a diesel vehicle without obtaining a valid label from the competent authority indicating an air quality level of superior (or its equivalent) or above. Sanction: A penalty of NT\$1,000.

Countermeasures: Official vehicles must follow the proper route planning and ensure compliance with the law before action; vehicles are prohibited from randomly altering the planned route in the course of operation.

C. Order No. 34-112-100005 dated October 17, 2023: Violation of Article 25, Paragraph 1 of the Toxic and Concerned Chemical Substances Control Act for storing an amount of hydrogen fluoride exceeding the graded handling quantity announced. Sanction: A penalty of NT\$30,000 and attending a 2-hour lecture on environment protection.

Countermeasures: Ensure compliance with the regulatory handling quantity of toxic and concerned chemical substances before action.

D. Order No. 34-112-100006 dated October 17, 2023: Violation of Article 8, Paragraphs 4 and 5 of the Toxic and Concerned Chemical Substances Control Act for unauthorized importation of bisphenol A (BPA). Sanction: A penalty of NT\$60,000 and attending a 2-hour lecture on environment protection.

Countermeasures: Ensure that the importation of toxic and concerned chemical substances has been applied for and approved in accordance with the law before action.

E. Order No. 34-112-110002 dated November 8, 2023: Violation of both Article 3, Paragraph 1, and Article 4, Paragraph 1 of the Regulations Governing the Establishment and Operation of Toxic and Concerned Chemical Substances Mutual-aid Organization for not joining the Toxic and Concerned Chemical Substances Mutual-aid Organization under the Chemicals Administration of the Ministry of Environment as stipulated in the regulations, and for transporting strontium chromate across regions. Sanction: A penalty of NT\$60,000 and attending a 2-hour lecture on environment protection.

Countermeasures: Ensure that the transport of toxic and concerned chemical substances has been applied for and approved in accordance with the law before action.

The above are the disciplinary actions taken against our consolidated subsidiary EGAT for violations of environmental laws and regulations; however, these incidents did not cause any environmental pollution.

5.4.2 Countermeasures and Improvements for current and future environmental protection

- A. Cooperate in energy management policies; promote the best efficiency in facility operations, reduce unnecessary power load and fuel consumption; achieve reduced carbon dioxide emissions.
- B. Continually build improving management mechanism and good working environment.
- (1)The waste produced from building is stored as required by law into recycling, reusable waste, and industrial waste and collected by Environment Protection Administration (EPA) approved recyclers or waste companies. The relevant department periodically follow and audit to make sure the final procedure is legitimate.
- (2)The consolidated subsidiary Evergreen Aviation Technologies Corp. (EGAT)
In order to activate the reuse of rooftops at each shop and realize the sustainable value of corporate green energy, EGAT plans to install solar photovoltaic systems in stages. Construction on the rooftops of the new engine shop and the fourth floor of the manufacturing plant was completed in 2022. In 2023, installation of the solar power generation system on the roof of Aircraft Maintenance Hangar No.4 was completed, and the meter was connected to the grid to generate electricity. The total electricity generated in 2023 was 854,384 kWh.
- (3)The consolidated subsidiary Evergreen Airline Services Corp. (EGAS)
- EGAS has equipped with sewage disposal facilities in Changxing Park and Factory Office Building in order to comply with the sewage emission standards regulated by EPA and spare no effort to protect the environment.
 - In response to the government's green energy policy, the Changxing Park and Factory Office Building are equipped with Solar Power Generation System to achieve the effect of saving and reducing carbon emissions. The total electricity generated in 2023 was 304,056 kWh and 517,377 kWh, respectively.
- (4)The consolidated subsidiary Evergreen Sky Catering Corp. (EGSC)
- EGSC has established Wastewater Treatment System and rinsing machines in Unit II facility to comply with the Water Pollution Control Act and Air Pollution Control Act regulated by EPA, so as to carry out our obligation in environment protection.

- The establishment of Water Chiller Unit with constant frequency control can automatically adjust the load, improve the air conditioning efficiency, achieve energy conservation, and use environmental refrigerant to reduce the impact on the environment.
- The usage of Liquefied Natural Gas (LNG) in steam boiler installations can reduce nitrogen oxide emissions and depletion of ozone layer.
- In response to the government’s green energy policy, EGSC installed “Solar Power Generation System” on the top floor of the Unit I facility and the Unit II facility. The total electricity generated in 2023 was 304,376 kWh and 506,592 kWh, respectively.
- Subsidiary Everfamily International Foods Corp. adopt Liquefied Petroleum Gas (LPG) in fuel equipment to reduce nitrogen oxide emissions and ozone layer depletion; purchase a highly energy-efficient air compressor for use with the pasta maker to save energy and reduce carbon emissions.

C. Airport Noise Management

In order to comply with noise control regulations of airports around the world and reduce the impact of aviation noise on surrounding areas, the International Civil Aviation Organization (ICAO) and the Federal Aviation Regulations (FAR) provide strict certification standards for aircraft noise levels. Aircraft manufacturers, such as Boeing and Airbus, have optimized their engine system and fuselage designs to make takeoff and landing quieter. All of the Company’s fleets, including the 787-9/-10, 777-300ER/F, A330-200/300, and A321-200 meet the ICAO and FAR Chapter 4 noise standard, which is considered more stringent. As the issue of green sustainability continuously thrives, the airplanes certified as Chapter 4 standard play more important roles in aviation industry. Certain airport authorities confine the number of takeoff and landing by ICAO and/or FAR noise standard. The Company strictly follows the designated noise abatement policies and procedures of each airport for takeoff and landing operations, and minimizes the noise impact on surrounding airports to improve the quality of life for local residents.

D. Introduction of ISO 14001 Environment Management System and ISO 50001 Energy Management System

In order to ensure the effectiveness of the Company's environment and energy management systems and to accord with domestic and international regulations, the Company has set up and obtained certification of the ISO 50001 Energy Management System since 2015 and ISO 14001 Environmental Management System since 2016. The ISO 50001 certificate is valid until December 1, 2024 and the ISO 14001 certificate is valid until January 3, 2025, with the scope of validation standard covering the Company’s Nankan Park and Taipei Building for the logistic services of civil

aviation transportation. The Company continues to adopt a systematic management mindset in identifying risks and opportunities in various environmental areas, and promote environmental protection-related management solutions and action plans to constantly move toward a sustainable green enterprise.

E. Introduction of Intelligent Energy Management System

In order to strengthen the Company's environmental protection efforts and improve the efficiency of energy resource use, the Intelligent Energy Management System (EMS) was introduced in June 2019 to effectively monitor, analyze and control the energy consumption of air-conditioning systems. The EMS technology increases the accuracy of information digitization, introduces big data statistical analysis functions and uses genetic algorithms to enhance smart management, thereby reducing human error and the need for management human resources. Through system performance monitoring data, the system learns and adjusts various parameters to allow it to run in optimum performance areas, thus greatly reducing energy consumption.

F. GHG Emission Inventory and Reduction

(1) GHG emission inventory according to ISO 14064-1 standards

In order to control the emission of GHG, the Company has been conducting voluntary inventory of GHG emissions since 2011, and has completed a third-party verification of GHG emission data with ISO 14064-1 standards every year since 2016. The quantified data mainly include aviation fuel, automobile gasoline and diesel fuels, and each office's total power consumption. As of 2020, an inventory of other indirect greenhouse gas emission specified in the Scope 3 emissions inventory has been included, to expand the inventory of other indirect GHG emission sources. In regard to the GHG emission of 2022 and 2023, please refer to "Corporate Governance Operation" page 103 of this Report for details.

In addition, in compliance with the Financial Supervisory Commission's Sustainable Development Roadmap for TWSE- and TPEX-listed Companies, subsidiaries listed in EVA Air's consolidated financial statements must complete greenhouse gas inventories by 2025, and complete verification by 2027. In accordance with regulations, the Company reports to the Board of Directors on a quarterly basis regarding implementation, and it continues to monitor the greenhouse gas inventory and verification timetable of its subsidiaries.

(2) The operation of Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Since 2018, the Company has been following the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), promoted by the International Civil Aviation Organization (ICAO) and the Civil Aeronautics Administration, and has formulated and submitted an Emission Monitoring Plan

(EMP). Starting from 2019, the Company monitors annual fuel consumption based on the EMP and compiles the carbon emission report (ER), which is submitted to the Civil Aeronautics Administration after third-party verification to ensure compliance with the carbon offsetting and mitigation requirements in the global aviation industry.

(3) The operation of EU Emissions Trading Scheme (EU ETS) and UK Emissions Trading Scheme (UK ETS)

In order to comply with the EU ETS and UK ETS, the Company continuously monitors the greenhouse gas emissions of its aircraft operating within the EU and between the EU and the UK on an annual basis, and reports its annual emissions to the regulatory body and surrendering carbon credits respectively.

(4) Fuel conservation measures

With the expansion of routes and the increase of business scale, EVA Air has made various fuel conservation measures to monitor the fuel efficiency of various aircraft types. Meanwhile, the plans involve topics such as weight reduction of aircraft, efficiency improvement of flight operations and aircraft maintenance in order to implement the carbon reduction strategy of the International Air Transport Association (IATA) and respond to the government's demand for energy conservation and carbon reduction to reduce greenhouse gas emissions.

In addition, EVA Air is implementing our fleet modernization plan and evaluating introduction of new high fuel efficiency aircraft to replace aging aircraft, in response to changing market demand. In recent years, EVA Air has continued to introduce the Boeing 787 Dreamliner and Boeing 777 Freighter. According to operational needs, the Company announced the purchase of Airbus 350-1000 and 321neo in 2023, which can reduce fuel consumption and carbon emissions by approximately 15% compared to alternative aircraft types.

G. The “Environment Committee” of EVA Air

In 2015, EVA Air formed the “Environment Committee”, which is the highest decision-making supervisory unit for environment management policy. In addition to planning and controlling the strategies, targets, and management policies for the environment, energy, sustainable aviation fuel use and carbon credit management, the Committee also promotes various action plans in order to achieve its goal of “net-zero carbon emissions by 2050”. The Committee holds regular meetings on a quarterly basis to review and discuss the implementation status and performance, with the aims of ensuring the effectiveness of the Company’s operation policies and strategies on environment, energy management, and fuel use, to specifically mitigate the negative impact of greenhouse gas emissions on the world, and to establish a good international image of the Company as a sustainable and green enterprise.

H. Risks and Opportunities of Climate Change

EVA introduces the four main core elements of TCFD (Task Force on Climate-Related Financial Disclosures), which identify and control high risk factors caused by climate change and extreme climates, and expand risk monitoring to all environmental aspects. We fully grasp potential climate impacts and response costs through educational trainings, workshops, and interviews. In addition to the elimination or reduction of the impact brought by climate change, EVA Air identifies opportunities for the Company's operations resulting from climate change. We actively establish strategies and management measures to properly and timely pursue any development opportunities with potential short-, mid-, or long-term benefits to the Company's business. In regard to the climate-related information of the Company, please refer to "Corporate Governance Operation" pages 98~103 of this Report for details.

I. Science Based Targets initiative (SBTi)

In June 2022, EVA Air signed up for the SBTi, and has set short-, medium-, and long-term goals and action plans following the SBTi guidelines, planning to be approved by SBT within two years.

J. The use of Sustainable Aviation Fuel (SAF)

EVA Air has declared that we will reach net zero emissions by 2050, and has formulated targets for the use of SAF: 2% in the short-term (2025); 5% for mid-term (2030); and reach net zero emissions by 2050 for long-term goal. There is no SAF supply in Taiwan currently, and we are actively coordinating with domestic competent authorities to set Taiwan's SAF production capacity. At present, Western countries are gradually incorporating sustainable aviation fuel into their regulations. EVA Air will continue to track different countries' laws and regulations, and to communicate with fuel suppliers to gradually increase the use of SAF and to maintain our regulatory compliance.

K. The use of Renewable Energy

Greenhouse gas emissions by aircraft account for a large part of EVA Air's total emissions; other than this, the main source of greenhouse gas emissions for ground operations is purchased electricity. Therefore, with reference to Taiwan's Pathway to Net-Zero Emissions in 2050, and taking stock of our own electricity consumption, EVA Air has set short-, mid-, and long-term use goals for renewable energy: 10% use in the short-term (2025); 50% use in the mid-term (2035); and 100% use to achieve RE100 in the long-term (2050).

5.4.3 Restriction of Hazardous Substances (RoHS) information

The Company is air transportation industry, which is not applicable to RoHS regulations.

5.4.4 The Expenditure on Environmental Protection of Year 2023 and 2024

Unit: NT\$ thousands

| Item / Year | 2023 | 2024 (Estimated) |
|---|---------|---------------------|
| Cleaning fee of litter | 70,021 | 79,811 |
| Aircraft noise prevention charge | 149,888 | 164,318 |
| International carbon emissions management and processing fees | 279 | 425 |
| Expenses for the environmental and energy management system and program | 52,523 | 76,911 |
| Disposal fee of polluted water | 11,448 | 16,433 |
| Pollution prevention facility | 336 | 407 |
| Environmental protection and energy saving facility | 22,413 | 93,420 |

5.5 Labor Relations

5.5.1 Employee benefits, implementation status of further education, training, and retirement system, labor-management negotiation, and protection of various employees' rights.

A. Employee Benefits

- (1) The Employee Welfare Committee of EVA Air was established on 30 October, 1997. The Company and employees, with a registration certificate No. 225031 issued by the Taoyuan City Government, set aside welfare funds to handle and process the following welfare businesses pursuant to the Employee Welfare Fund Act:
 - (A) Marriage allowance
 - (B) Funeral allowance
 - (C) Childbirth allowance
 - (D) Injury and sickness consolation cash benefit
 - (E) Festival vouchers or gifts
 - (F) Recreation and fitness facilities
 - (G) Library service, Employee Welfare course
- (2) The Company provides lunch and overtime meal allowance for all employees, in addition, breakfast and evening meal allowance for shift personnel.
- (3) The Company provides laundry service of uniforms and other accessories.
- (4) The Company provides commute buses for all employees as well as transport allowance for shift personnel.

- (5) The Company provides wedding cash gift, burial allowance, injury or sickness benefits, settlement allowance for international job transfer, and allowance for domestic job transfer.
- (6) The Company gives year-end bonus and employee compensation based on its operation performance every year.
- (7) The Company sets up Clinic Div. to provide medical interview and medicine prescription by doctors, in addition, regularly arrange free health check.
- (8) The Company covers workers by Labor Insurance, National Health Insurance, group accident insurance, hospitalization and injury medical insurance for those on overseas business trips, and provides group term life insurance preferential premium rate.
- (9) The Company offers psychological consultation for employees, and individual services for those in need.
- (10) The Company provides massage service to relieve the tension and fatigue from work of employees.
- (11) Employee and retiree reduced fare tickets.
- (12) Sports and leisure club allowance.
- (13) Maternal Health Protection Program (breastfeeding rooms, maternity parking, priority seating in cafeteria, intrapartum and postpartum care visits, and employee welfare contracts for infant daycare centers and kindergartens).

B. Implementation Status of Further Education, Training, and Retirement System

(1) Ground Staff Training

Since it was founded, the Company has been continuously endeavored to improve employees' quality, management capability and professional knowledge to achieve higher business performance. Entire training programs were standardized and divided into three categories: competency training, annual training and international civil aviation organization training.

(A) Competency Training

Training courses held by each division for request of employees' profession according to its responsibilities includes departmental functional training, management training, general training to advance soft skill, Code of Conduct, Ethical Integrity and Insider Trading Prevention.

(B) Annual Training

In order to improve employees' professional knowledge, skills, and service attitude so as to provide high-quality services for passengers, the Company provides professional training for operational characteristics of ground staff, including Reservation & Ticketing Course, Passenger and Cargo Service Course, Load Control Course, Baggage Service Course, Dangerous Goods Regulations Course, Frequent Flyer Program

(Infinity MileageLands) Training Course, Enterprise Data Warehouse Course, Digital Marketing Course, E-commerce Course, Aircraft Operator Security Programme Course, etc.

(C) International Civil Aviation Organization Training

Depending on the requirement for ground staff developing needs, employees will be assigned to attend relevant training programs organized by international civil aviation organization, such as IATA (International Aviation Transportation Association) and Star Alliance, or aircraft manufacturing company.

(D) Statistics of Ground Staff Completing Training Course in 2023

| Number of Trainees | Total Training Hours | Total Training Expenditure (NT\$ thousands) |
|--------------------|----------------------|---|
| 60,002 | 164,140 | 16,383 |

(2) Cabin Crew Training

Each new-hired cabin crew trainee must receive basic ground training for three months. The courses mainly focus on the operation of all sorts of emergency equipment on an aircraft, countermeasures during emergency situation, as well as learning the techniques and professional knowledge of all service procedures. The cabin crew trainee must pass the evaluation of the ground courses to be qualified for operating duty.

For the cabin crew, EVA provides the following trainings, and the 2023 training performance statistics are as follows:

| Courses | Completed Counts | Training Hours (per person) |
|--|------------------|-----------------------------|
| Initial New Hire Training | 204 | 464 |
| Recurrent Training | 4,011 | 24 |
| Requalification Training (The period of not on duty exceeds three years) | 10 | 464 |
| A321 Transition Training | 208 | 16 |
| B777 Transition Training (from broad to broad) | 25 | 19 |
| B777 Transition Training (from narrow to broad) | 68 | 32 |
| B787 Transition Training | 350 | 24 |
| A330 Transition Training | 76 | 21.5 |
| CP Position Duty Training | 2 | 40 |

| Courses | Completed Counts | Training Hours (per person) |
|--|------------------|-----------------------------|
| CP Professional Skill Development Workshop | 464 | 8 |
| DP Position Duty Training | 4 | 24 |
| Substitute of CP Training | 64 | 8 |
| AP Position Duty Training | 13 | 56 |
| AP Promotion Training | 204 | 56 |
| CA Enhanced Training | 174 | 32 |
| CA Advanced Training | 274 | 16 |
| AP Advisor Training | 26 | 6 |
| Public Announcement Advanced Training (DP) | 82 | 8 |
| Public Announcement Advanced Training (AP/CA) | 33 | 16 |
| Public Announcement in Japanese Advanced Training | 10 | 18 |
| Service Differentiation Training | 59 | 24 |
| Orientation Training from UNI Air transferred crew | 9 | 16 |

(3) Flight Crew Training

For the flight crew, EVA provides the following trainings, and the 2023 training performance statistics are as follows:

| Types of Training | Completed Counts | Training Hours (per person) |
|---|------------------|-----------------------------|
| Initial New Hire | 87 | 234 |
| Transition Training-simulator phase | 51 | 136 |
| On-type Upgrade (Senior First Officer to Captain) | 38 | 34 |
| Upgrade (First Officer to Senior First Officer) | 77 | 8 |
| Requalification Training | 33 | 22 |
| Recurrent Simulator training | 2,577 | 6 |
| Annual Ground School | 1,368 | 30 |
| CRM-Joint Emergency Training | 1,368 | 7 |

(4) Retirement System

The Company has established an employee retirement plan, in accordance with the Labor Standards Act and the Labor Pension Act, covering full-time employees in ROC.

(A) Employees who are applicable to the pension regulations of the Labor Standards Act Labor pension funds appropriated in accordance with the Labor Standards Act are generally coordinated and managed by the Bureau of Labor Funds, Ministry of Labor. Each employee receives 2 bases for each full service year from year 1 to year 15, and 1 base for each additional year thereafter, subject to a maximum of 45 bases. Payments of retirement benefits are based on the employee's average monthly salary for the last six months before retirement and the number of bases accumulated by the employee according to his/her years of service.

(B) Employees who are applicable to the Labor Pension Act
In accordance with the Labor Pension Act, enacted from July 1, 2005, labor pension appropriated monthly by the Company is 6% of the worker's monthly wages.

C. Protection of Various Employees' Rights:

(1) Continue to reinforce the operation of personnel system:

Attempting to attract and retain talent, and increase their competitiveness, the Company continues to strengthen integration of corporate structure, rationalize the manpower allocation, review personnel system and duty allowances, smooth promotion channels, and nurture international talents.

(2) Signing of Collective Agreement/Agreement:

(A) The Company has entered into a collective agreement/agreement with multiple labor unions in accordance with working conditions agreed upon as shown in the table below, which covers approximately 45.4% of the employees (based on the number of union members or domestic employees who signed the collective agreement/agreement by December 31, 2023). Employees who are not members of the labor unions will also be equally treated in terms of compensation, benefits and management.

| Nature of Contract | Union | Contract Period | Main Content | Restrictions |
|----------------------|--|------------------------------|-----------------------------------|--|
| Collective Agreement | Taoyuan Flight Attendants Union | Jul. 6, 2022 ~ Jul. 5, 2025 | Working and employment conditions | 1. The union agrees that no dispute activities (including but not limited to strikes and sabotage) will be initiated on domestic routes. 2. No dispute activities (including but not limited to strikes and sabotage) will be initiated during the contract period. |
| | EVA Airways Corporation Affiliated Enterprises Union | Nov. 1, 2022 ~ Oct. 31, 2025 | Working and employment conditions | No dispute activities (including but not limited to strikes and sabotage) will be initiated during the contract period. |
| Agreement | Taoyuan Union of Pilots | Jan. 28, 2024 ~ May 31, 2026 | Compensation conditions | No further dispute activities regarding the three strike disputes (increase in pilot pay, increase in per diem, and moratorium on hiring foreign pilots) shall be initiated during the contract period. |

(B) The Company and the EVA Airways Corporation Enterprises Union are in the process of negotiating a collective agreement.

(3) Maintain an unimpeded Labor-Management Communication:

The Company utilizes various communication channels to forge a consensus and enhance the sense of cohesion among our employees, including regularly holding management meeting, department meeting, and interview with employees, conveying the Company's future development, operation strategy and objective, significant information and measures, and innovations so that employees can fully understand operation status and give their feedback and opinions to have positive labor-management interactions. Moreover, the Company has established mechanisms for regular communication with multiple labor unions in order to maintain positive labor-management interactions. Furthermore, the Company responds to specific issues raised by labor unions and provide feasible solutions by making timely adjustments, aiming to establish good relations between labor and management through continuous rational communication.

5.5.2 Until the printing date of the annual report, the actual or estimated losses caused by labor disputes and the countermeasures:

- A. The loss due to civil action is estimated about NT\$7.59 million, and it will not have great impact on shareholders' equity and stock prices of the Company.
- B. After the labor inspection, the total amount of fines imposed by the labor authority is NT\$0.60 million. The details are as follows:

| Disposition Date | Disposition Number | Violated Article | Violated Article Content |
|------------------|--|--|--|
| May 22, 2023 | Taoyuan Labor Inspection No. 1120132221 | Labor Standards Act Article 32 Paragraph 2 | <p>1. When an employer has a necessity to have his/her employee to perform the work besides regular working hours, he/ she, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, may extend the working hours.</p> <p>2. The extension of working hours referred to in the preceding paragraph, combined with the regular working hours shall not exceed twelve hours a day; the total number of overtime shall not exceed forty-six hours a month; however, the extension of working hours, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, shall not exceed fifty-four hours a month and one hundred and thirty-eight hours every three months.</p> |
| Oct. 04, 2023 | Taoyuan Labor Inspection No. 1120268744 | | |
| Feb. 16, 2024 | Taoyuan Labor Inspection No. 1130041117 | | |
| May 22, 2023 | Taoyuan Labor Inspection No. 11201322211 | Labor Standards Act Article 34 Paragraph 2 | <p>1. If a rotation system is adopted, workers on such shifts shall be rotated on a weekly basis except as otherwise consented to by the worker.</p> <p>2. Workers who are on rotation in accordance with the preceding paragraph shall be granted a rest period of at least eleven hours continually; however, due to the characteristic of work or special cause, a rest period of at least eight continuous hours shall be granted after the Central Regulatory</p> |

| Disposition Date | Disposition Number | Violated Article | Violated Article Content |
|------------------|---|---|--|
| | | | Authority with jurisdiction over the business (or industries) has reviewed with the Central Competent Authority. |
| Aug. 25, 2023 | Taoyuan Labor Inspection No. 1120231885 | Labor Standards Act Article 59 Subparagraph 2 | <p>An employer shall pay compensation to a worker who is dead, injured, disabled or sick due to occupational accidents according to the following provisions; provided that if, in respect of the same accident, the employer has already paid compensation to the worker concerned in accordance with the provisions of the Labor Insurance Act or other applicable statutes and administrative regulations, The employer may deduct those already paid compensation therefrom:</p> <p>2. When a worker under medical treatment is not able to work, the employer shall pay him/her compensation according to his/her pre-existing wage. The employer shall be released from such compensation obligation by giving to the worker a lump sum payment equal to forty months of average wage if the worker failing to recover after two years of medical treatment has been diagnosed and confirmed by a designated hospital as being unable to perform the original work and so does not meet the disability requirements under Subparagraph 3 hereof.</p> |

C. Response measures: EVA Air communicates and interacts with employees on different topics through various channels such as concern discussions, interactive meetings, and the employee welfare committee. Different work problems can be communicated through multiple communication channels. To protect employees' rights and interests, the Company established labor complaint handling regulation. Employees may reflect problems through the appealing channel and the Company will communicate with the employee properly to achieve consensus. The new cases are mainly about disputes over employment relationship and compensation criteria, the Company will enhance the communication about employment conditions to prevent disputes.

5.5.3 Codes of Conduct or Ethics for Employees and Protection Measures for Working Environment and Personnel Safety

A. Codes of Conduct or Ethics for Employees

Service principles for employees standardized by the Company's Management Rules.

- (1) Comply with the Company's regulations and work procedures, devote to work, and obey managers' orders, commands, and supervision.
- (2) Sign in (out) within the prescribed time, unless there is special case stated and approved.
- (3) Leave working position only when all document files are put in order after work.
- (4) Be scrupulous in separating business from personal matters, discreet in word and deed, honest, and incorruptible. Protect the honor of the Company, get rid of all bad habits, show respect to colleagues and get along well with each other.
- (5) Hold firm to own position, decentralize responsibilities, and stay intensive connection with related departments to make concerted efforts in finishing works undertaken for execution of business.
- (6) Pay attention to the workplace neatness, aesthetic, and safety at all times.
- (7) Be modest and courteous toward customers, must not treat them with frivolousness, arrogance, perfunctoriness or disregard.
- (8) Avoid using business phone for personal purposes, and make calls short.
- (9) Before bringing out public property, obtain a release pass from a department manager and accept examination of security officer.

The Company has formulated "Codes of Ethical Conduct" and "Ethical Corporate Management Best-Practice Principles". The former standardizes the ways employees carry out their daily actions with ethics, and makes the Company's ethical criterion understood and adhered by all stakeholders. The latter revealed that the Company upholds the business philosophy of honest, transparent and responsible, bases on ethics, and establishes a sound corporate governance system and risk control mechanism so as to create a business environment for sustainable development.

B. Protection Measures for Working Environment and Personnel Safety

- (1) Located at office park in Nankan Village and with convenient communications, broad area and elegant environment, the Company provides employees many recreation and fitness facilities such as indoor heated swimming pool, gym, aerobics classroom, table tennis room, and badminton court for recreations or activities with colleagues.
- (2) For the sake of employees' safety, the Company implements not only Labor Insurance and National Health Insurance, but also accident and injury

insurance, medical insurance and so forth for those on overseas business trips and overseas dispatch.

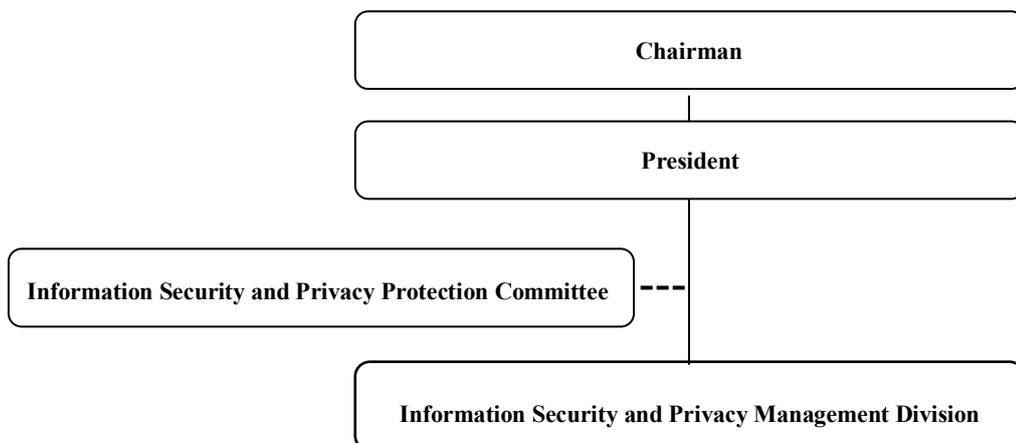
- (3)The Company sets up Clinic Div. to regularly arrange health check, medical consultation and interview, and the rest to ensure employees' health.
- (4)We have established the Occupational Safety & Health Div., and formulated safety and health work rules. We hold occupational safety and health committee meetings at least once every three months, and handle occupational accident investigation reports and analyze statistics.
- (5)The Company executes inspection of fire security and public facilities on a regular time schedule to safeguard environment safety.
- (6)The Company conducts occupational safety and health educational training for new employees and annual safety and health educational training for existing employees, with additional fire-fighting lectures and practical training held periodically.

5.6 Information Security Management

5.6.1 Information security management strategy and framework

A. Information security risk management framework

The Company has long been committed to the establishment of information security systems and compliance with laws and regulations. In order to ensure independent supervision and checks and balances of information security governance, the Company established its “Information Security and Privacy Management Division”, which is dedicated to the management and supervision of information security and privacy protection. The “Information Security and Privacy Protection Committee” was set up to balance risk control and business development.

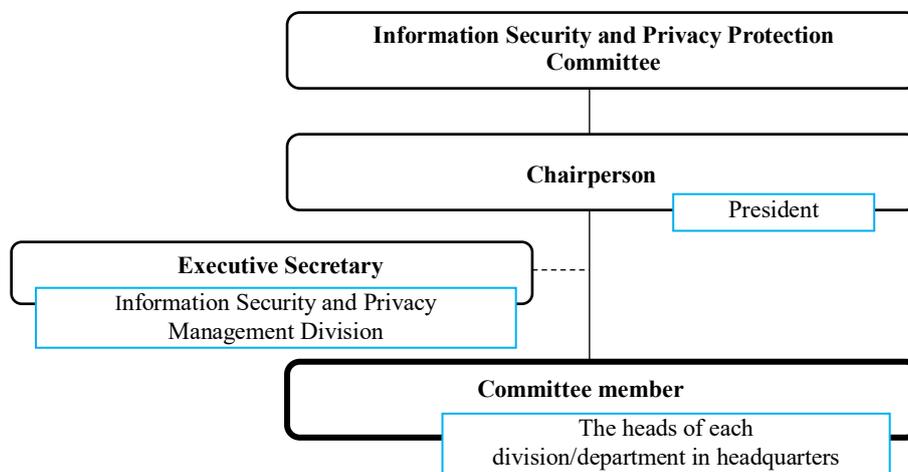


(1) Information Security and Privacy Management Division

It is responsible for the planning and management of information security and privacy protection policy making, promotion of laws and regulations, operation of information security management system, prevention and response to information security incidents, and training, advocacy and promotion sessions, etc., implement to all business responsible units to formulate the enforcement rules according to their respective attributes, and improve the information security management mechanism by reviewing the effectiveness assessment. The Information Security and Privacy Management Division is headed by the Chief Information Security Officer, who oversees the promotion of information security and privacy policies, and resource scheduling and allocation, and reports to the Board of Directors every year on performance and planning of information security governance.

(2) Information Security and Privacy Protection Committee

In response to the trend of information security and privacy protection development and to shape awareness and culture of the organization, the Company established its “Information Security and Privacy Protection Committee” in 2022 and meetings are held on a bi-annually basis. Through the participation of the senior management and senior executives of each department by reviewing information security and privacy-related policies, development planning and implementation effectiveness, implement information security governance and privacy protection regulations and maintaining the continuity and resilience of the management system. In addition, the Committee continues to ensure the confidentiality, integrity and availability of the Company’s information assets with the continuity and resilience of the Company’s information security system, and further fulfills its social responsibility to achieve the goal of sustainable operation.



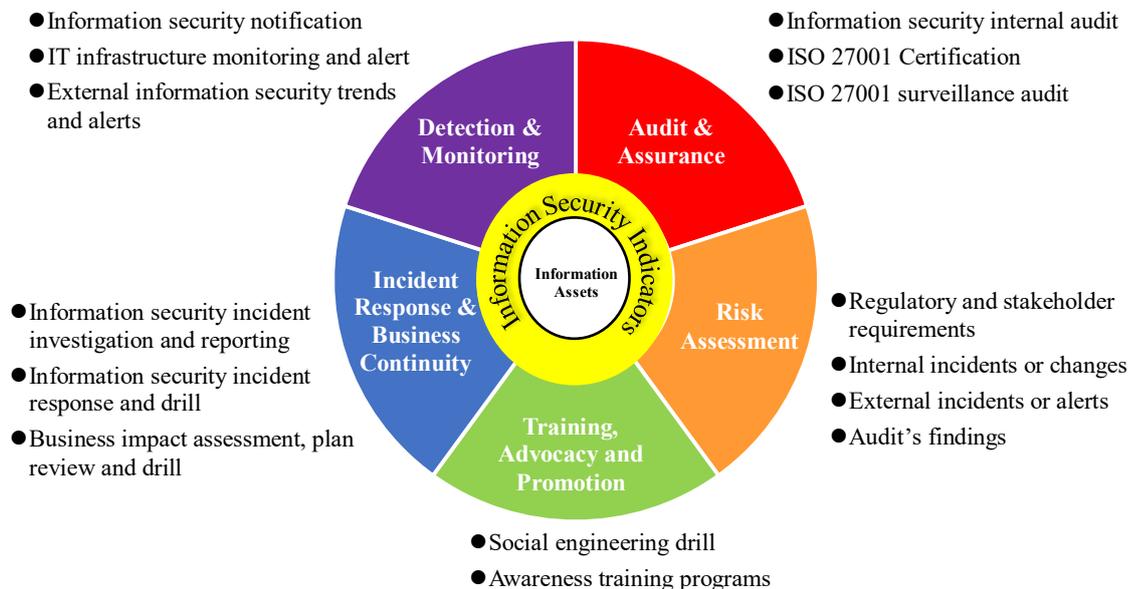
B. Information security policies

In consideration of the Company's business development needs, an information security policy of "Ensuring the confidentiality, integrity, and availability of information assets to protect the Company from internal and external threats, whether it's intentional or accidental" has been established. In addition, all of the Company's employees, companies with whom the Company has business dealings, their employees, temporary workers, and visitors are required to comply with this policy, as well as the regulations and procedures of the related management mechanism. Apart from the above, the information security and privacy protection policy is also disclosed on the Company's official website to demonstrate its commitment to information security and personal data protection.

C. Concrete management programs

(1) Information security management system

The Company has implemented an information security management system based on ISO 27001, the scope of verification covers flight safety, aviation safety, the core business of passengers and cargo, personal data, and information networking infrastructure, etc. In addition, the British Standards Institution (BSI) has also been adopted for verification and regular audit trail reviews to ensure the effectiveness of the information security management system. The certificate remains valid until Oct. 31, 2025.



(2) Information security management and control summary

| Aspect of control | Measures |
|--|---|
| Information security indicators | <ul style="list-style-type: none"> ● Formulate and regularly review key indicators in accordance with the operation and development of information security management system. ● Carry out review and risk handling of information security indicators results. |
| Information security incidents response | <ul style="list-style-type: none"> ● Formulate rules for information security incident reporting, severity, response organizations, and handling procedures. ● Implement regular drills to optimize appropriateness of response procedures. |
| Business continuity management | <ul style="list-style-type: none"> ● Make sure critical services have corresponding business continuity plan against system service interruption; and define activation procedures, roles and responsibilities. ● Implement regular drills to assess operational continuity plan appropriateness, and to mitigate losses caused by incidents. |
| Network security | <ul style="list-style-type: none"> ● Install firewall and IPS (Intrusion Prevention System) to detect and block network attacks. ● Regulate website traffic and performance management to resist Distributed Denial-of-Service (DDoS) attacks. ● Information security log detection and analysis to strengthen the information control of and response to internal and external threats. |
| Endpoint security | <ul style="list-style-type: none"> ● Deploy endpoints by installing security control software to enhance device security. ● Regular software updates, and vulnerability scanning and detection to prevent vulnerabilities and threats. |
| Application system security | <ul style="list-style-type: none"> ● Formulate development processes and design specifications for software and system, and manage version control. ● Perform source code security analysis, penetration testing and security patches installation to prevent vulnerabilities and threats. |
| Data protection | <ul style="list-style-type: none"> ● Implement information asset classification and privacy protection management to protect important company data. ● Perform data encryption and access rights control to ensure data security. ● Formulate a system data backup and restoration strategy to ensure data availability. |
| Supply chain information security requirements | <ul style="list-style-type: none"> ● Formulate rules related to information security that suppliers must abide by, and establish an assessment mechanism to ensure supply chain information security. |

| Aspect of control | Measures |
|-------------------|--|
| Human resources | <ul style="list-style-type: none"> ● Organize social engineering drills to strengthen employees' awareness of information security threats. ● Request that new employees sign confidentiality agreements and explain their responsibilities for information security. ● Organize training courses in accordance to different personnel and suppliers. |

D. Resources devoted to information security management

| | | | |
|--|---|--|--|
| <p>Information Security Simulated Exercise</p> <p>Social Engineering Drill Conducted email social engineering drills for more than 41,000 participants.</p> <p>Information Security Drill Conducted altogether 33 personal data breach drills, information security incident drills, and business continuity drills.</p> | <p>Audit Operations</p> <p>Internal and External Audit The scope of accreditation of ISO 27001 external audit and information security internal audit covered 658 people.</p> <p>Competent Authority & Stakeholder Checks Conducted 7 information security checks with a total of 5 units.</p> | | |
| <p>Training/Advocacy and Promotion</p> <p>All Employees Conducted information security online training programs for all employees, and information security programs for new employees, newly promoted managers and expatriates for more than 12,200 participants.</p> | <p>Information Technology Staff 272 people attended professional information security-related programs for over 544 hours in total.</p> <p>Supplier Suppliers attended information security-related programs for over 2,800 people and 1,600 hours in total.</p> | <p>Information Security Promotion The Information Security and Privacy Protection Committee organizes information security lectures. Besides, information security and privacy protection seminars were organized for middle and junior management positions, providing training for more than 200 attendees.</p> | <p>Information Technology Input More than 19 information security related projects have been implemented, with an investment of more than NT\$60 million.</p> |
| <p>Quantitative evaluations for information security indicators Measurements include eight management objectives: Core system availability management; general system availability management; authority controls; prevention of hacker attacks; information security event management; continuous improvement of information security; human resource security; and supplier security. There are 16 total indicators; the completion rate is 100%.</p> | <p>Information Security Risk Assessment Performed risk assessments and management of more than 12 internal and external information security issues.</p> | <p>Information Security Reporting Management Received more than 127 reportings of suspected information security cases, and further clarified and handled more than 24 cases.</p> | <p>Information Security Management System Documents and Compliance with Laws and Regulations Reviewed information security policy and 54 management system documents, and performed operation on follow-up compliance for 4 newly added laws and regulations.</p> |

5.6.2 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant information security incidents, the possible impacts therefrom, and measures being or to be taken:

None.

5.7 Important Contracts

A. Leasing Contracts, Purchasing Contracts & Conversion Agreement

| Contract Type | Counterparty | Contract Period | Major Contents | Restrictions |
|-------------------|---|-----------------|---------------------|--------------|
| Leasing Contracts | BBAM Freighter B Leane 28 Limited | 2024.03~2030.03 | A321-200 (B-16208) | - |
| | Laf Leasing Ireland 2 Ltd. | 2017.08~2030.11 | A321-200 (B-16209) | - |
| | Zhuoshui Aviation Leasing Ltd. | 2016.06~2024.05 | A321-200 (B-16210) | - |
| | Jackson Square Aviation Ireland Ltd. | 2016.09~2030.07 | A321-200 (B-16211) | - |
| | Jackson Square Aviation Ireland Ltd. | 2016.09~2030.09 | A321-200 (B-16212) | - |
| | Eos Aviation 11 (Ireland) Limited | 2022.07~2030.10 | A321-200 (B-16213) | - |
| | BOC Aviation Ltd. | 2015.03~2031.03 | A321-200 (B-16215) | - |
| | BOC Aviation Ltd. | 2015.04~2031.04 | A321-200 (B-16216) | - |
| | BOC Aviation Ltd. | 2015.05~2031.05 | A321-200 (B-16217) | - |
| | BOC Aviation Ltd. | 2015.06~2031.06 | A321-200 (B-16218) | - |
| | BOC Aviation Ltd. | 2015.07~2031.07 | A321-200 (B-16219) | - |
| | BOC Aviation Ltd. | 2015.08~2031.08 | A321-200 (B-16220) | - |
| | BOC Aviation Ltd. | 2016.01~2032.01 | A321-200 (B-16221) | - |
| | BOC Aviation Ltd. | 2016.02~2032.02 | A321-200 (B-16222) | - |
| | BOC Aviation Ltd. | 2016.04~2032.04 | A321-200 (B-16223) | - |
| | BOC Aviation Ltd. | 2016.05~2032.05 | A321-200 (B-16225) | - |
| | BOC Aviation Ltd. | 2016.09~2032.09 | A321-200 (B-16226) | - |
| | BOC Aviation Ltd. | 2016.10~2032.10 | A321-200 (B-16227) | - |
| | CIT Aerospace International Unlimited Company | 2011.10~2025.08 | A330-300 (B-16331) | - |
| | CIT Aerospace International Unlimited Company | 2011.11~2025.10 | A330-300 (B-16332) | - |
| | CIT Aerospace International Unlimited Company | 2011.12~2025.12 | A330-300 (B-16333) | - |
| | Avation Taiwan Leasing III Pte. Ltd. | 2017.12~2027.11 | A330-300 (B-16335) | - |
| | Wilmington Trust SP Services (Dublin) Limited | 2018.11~2027.12 | A330-300 (B-16336) | - |
| | OAS Aviation (UK) Limited | 2018.09~2029.01 | A330-300 (B-16337) | - |
| | Dadu Aviation Leasing Ltd. | 2018.05~2029.03 | A330-300 (B-16338) | - |
| | BOC Aviation Ltd. | 2017.06~2029.06 | A330-300 (B-16339) | - |
| | BOC Aviation Ltd. | 2017.10~2029.10 | A330-300 (B-16340) | - |
| | KV Aviation UK Ltd. | 2016.11~2024.06 | 777-300ER (B-16703) | - |

| Contract Type | Counterparty | Contract Period | Major Contents | Restrictions |
|----------------------------------|---------------------------------------|----------------------|----------------------|--------------|
| Leasing Contracts | Sprite Aviation Netherlands No.1 B.V. | 2018.05~2026.07 | 777-300ER (B-16712) | - |
| | ALC B773 44554, LLC | 2015.11~2028.06 | 777-300ER (B-16725) | - |
| | ALC B773 44552, LLC | 2016.01~2028.02 | 777-300ER (B-16726) | - |
| | Pegasus Jet Leasing 2 Ltd. | 2019.11~2028.07 | 777-300ER (B-16728) | - |
| | ALC B773 61601, LLC | 2016.09~2028.09 | 777-300ER (B-16729) | - |
| | Celestial Aviation Trading 2 Ltd. | 2016.09~2028.09 | 777-300ER (B-16730) | - |
| | Celestial Aviation Trading 44 Ltd. | 2016.09~2028.09 | 777-300ER (B-16731) | - |
| | Celestial Aviation Trading 43 Ltd. | 2016.10~2028.10 | 777-300ER (B-16732) | - |
| | ALC B773 61600, LLC | 2017.01~2029.02 | 777-300ER (B-16733) | - |
| | BOC Aviation Ltd. | 2017.03~2029.03 | 777-300ER (B-16735) | - |
| | Celestial Aviation Trading 56 Ltd. | 2017.03~2029.03 | 777-300ER (B-16736) | - |
| | BOC Aviation Ltd. | 2017.04~2029.04 | 777-300ER (B-16737) | - |
| | Celestial Aviation Trading 68 Ltd. | 2017.06~2029.06 | 777-300ER (B-16738) | - |
| | ALC B879 72018,LLC | 2018.09~2030.10 | 787-9 (B-17881) | - |
| | ALC B879 102018,LLC | 2018.10~2030.11 | 787-9 (B-17882) | - |
| | ALC B879 22019,LLC | 2019.02~2031.03 | 787-9 (B-17883) | - |
| | ALC B879 42019,LLC | 2019.05~2031.06 | 787-9 (B-17885) | - |
| | ALC B8710 62019,LLC | 2019.07~2031.08 | 787-10 (B-17802) | - |
| | ALC B8710 12020,LLC | 2020.02~2032.03 | 787-10 (B-17806) | - |
| | UNI Airways Corp. | 2019.01~2030.09 | 787-9 (B-17881) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A330-300 (B-16340) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | 777-300ER (B-16707) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A321-200 (B-16213) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A321-200 (B-16219) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A321-200 (B-16220) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A321-200 (B-16221) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A321-200 (B-16222) | - |
| | UNI Airways Corp. | 2022.10~2024.09 | A321-200 (B-16227) | - |
| | Taoyuan International Airport Corp. | 2023.01~2025.12 | Land and House Lease | - |
| | Taoyuan International Airport Corp. | 2015.07~2025.07 | Land and House Lease | - |
| CAA Taipei International Airport | 2023.01~2025.12 | Land and House Lease | - | |

| Contract Type | Counterparty | Contract Period | Major Contents | Restrictions |
|----------------------|---------------------------------------|---------------------------------------|--|--------------|
| Leasing Contracts | CAA Taipei International Airport | 2022.03~2024.08 | Land and House Lease | - |
| | Evergreen Aviation Technologies Corp. | 2014.10~written notice of termination | Bonded Warehouse and Open Platform | - |
| Purchasing Contract | The Boeing Company | Contract Signing Date 2015.11 | 787-10, 787-9 and 777F | - |
| | AIRBUS S.A.S. | Contract Signing Date 2023.12 | A350-1000 and A321neo | - |
| Conversion Agreement | Israel Aerospace Industries Ltd. | Contract Signing Date 2022.03 | Conversion of Boeing 777-300ER from passenger to freighter configuration | - |

B. Loan Contract

| Contract Type | Institution | Loan period | Type of Loans | Restrictions |
|----------------|---|-----------------|--|---------------------------------------|
| Loan Contracts | Cathay United Bank | 2017.09~2029.09 | Secured Loans (Aircraft Type: 777-300ER) | - |
| | Mega International Commercial Bank | 2021.02~2026.02 | | - |
| | E.SUN Bank | 2018.02~2030.02 | Secured Loans (Aircraft Type: 777F) | - |
| | Chang Hwa Commercial Bank | 2018.12~2030.12 | | - |
| | Taiwan Business Bank | 2019.01~2031.01 | | - |
| | Bank of Taiwan | 2019.06~2031.06 | | - |
| | Bank of Taiwan | 2022.02~2034.02 | | - |
| | The Export-Import Bank of the Republic of China | 2022.03~2034.03 | | - |
| | First Commercial Bank | 2023.03~2035.03 | | - |
| | Bank of Taiwan | 2019.08~2031.08 | | Secured Loans (Aircraft Type: 787-10) |
| | Yuanta Commercial Bank | 2019.09~2031.09 | - | |
| | Hua Nan Commercial Bank | 2019.12~2031.12 | - | |
| | Bank of Taiwan | 2024.01~2036.01 | - | |
| | Bank of Taiwan | 2020.09~2027.09 | Secured Loans Land & Buildings | |
| | KGI Bank | 2020.12~2027.12 | | - |

| Contract Type | Institution | Loan period | Type of Loans | Restrictions |
|----------------|---|-----------------|-----------------|--------------|
| Loan Contracts | Mega International Commercial Bank | 2021.03~2026.03 | Unsecured Loans | - |
| | First Commercial Bank | 2021.12~2026.12 | | - |
| | Taishin International Bank | 2022.02~2025.02 | | - |
| | Cathay United Bank | 2023.02~2028.02 | | - |
| | Bank of Communications | 2023.04~2025.12 | | - |
| | Yuanta Commercial Bank | 2023.10~2026.10 | | - |
| | The Export-Import Bank of the Republic of China | 2023.12~2028.12 | | - |

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheets – Based on IFRS (Consolidated)

Unit: NT\$ thousands

| Item | | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------------|-------------|-------------|-------------|-------------|-----------------------|
| Current Assets | | 77,199,776 | 55,932,512 | 65,182,413 | 84,726,886 | 86,586,382 |
| Property, Plant and Equipment | | 138,646,890 | 133,221,419 | 136,413,683 | 123,604,287 | 135,811,698 |
| Intangible Assets | | 1,977,277 | 1,700,564 | 1,408,660 | 1,204,884 | 1,039,030 |
| Other Assets | | 138,427,751 | 138,712,760 | 122,309,294 | 109,995,730 | 106,745,197 |
| Total Assets | | 356,251,694 | 329,567,255 | 325,314,050 | 319,531,787 | 330,182,307 |
| Current Liabilities | Before Distribution | 82,441,715 | 45,433,155 | 46,637,622 | 77,623,220 | 86,278,593 |
| | After Distribution | 83,655,107 | 45,433,155 | 49,800,955 | 81,913,530 | (Note) 95,999,393 |
| Non-current Liabilities | | 195,667,963 | 207,474,571 | 185,969,070 | 145,668,529 | 126,883,575 |
| Total Liabilities | Before Distribution | 278,109,678 | 252,907,726 | 232,606,692 | 223,291,749 | 213,162,168 |
| | After Distribution | 279,323,070 | 252,907,726 | 235,770,025 | 227,582,059 | (Note) 222,882,968 |
| Equity Attributable to Owners of Parent | | 71,252,182 | 70,797,388 | 85,657,277 | 87,936,555 | 106,983,677 |
| Common Stock | | 48,535,695 | 48,535,695 | 51,385,387 | 53,581,255 | 54,004,443 |
| Capital Collected In Advance | | - | - | 480,312 | 20,634 | - |
| Capital Surplus | | 7,849,700 | 7,985,673 | 10,678,743 | 12,912,298 | 13,860,196 |
| Retained Earnings | Before Distribution | 12,117,248 | 7,827,138 | 14,503,880 | 20,610,902 | 37,590,051 |
| | After Distribution | 10,903,856 | 7,827,138 | 11,340,547 | 16,320,592 | (Note) 27,869,251 |
| Other Equity | | 2,749,539 | 6,448,882 | 8,608,955 | 811,466 | 1,528,987 |
| Treasury Stock | | - | - | - | - | - |
| Non-controlling Interests | | 6,889,834 | 5,862,141 | 7,050,081 | 8,303,483 | 10,036,462 |
| Total Equity | Before Distribution | 78,142,016 | 76,659,529 | 92,707,358 | 96,240,038 | 117,020,139 |
| | After Distribution | 76,928,624 | 76,659,529 | 89,544,025 | 91,949,728 | (Note) 107,299,339 |

Note: As of the publication date of this annual report, the Board of Directors resolved the 2023 cash dividends on Mar. 13, 2024 while the 2023 earnings distribution is pending for shareholders' approval.

Above annual information was based on the audited consolidated financial statements.

6.1.2 Condensed Statements of Comprehensive Income – Based on IFRS (Consolidated)

Unit: NT\$ thousands (Except EPS: NT\$)

| Item | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------|-------------|-------------|-------------|-------------|
| Operating Revenue | 181,275,258 | 89,048,776 | 103,872,359 | 138,068,607 | 200,356,523 |
| Gross Profit | 22,827,135 | 8,557,105 | 19,324,624 | 19,711,890 | 43,276,873 |
| Operating Income (Loss) | 9,442,727 | (827,124) | 10,357,844 | 9,797,991 | 29,566,265 |
| Non-operating Income and Expenses | (3,384,378) | (3,491,812) | (2,555,355) | (329,425) | (726,510) |
| Profit (Loss) Before Tax | 6,058,349 | (4,318,936) | 7,802,489 | 9,468,566 | 28,839,755 |
| Profit (Loss) | 4,851,875 | (3,276,719) | 6,680,261 | 7,823,616 | 23,103,254 |
| Other Comprehensive Income (Loss), Net of Tax | 1,800,103 | 4,020,120 | 2,222,183 | (5,462,661) | 285,517 |
| Comprehensive Income (Loss) | 6,651,978 | 743,401 | 8,902,444 | 2,360,955 | 23,388,771 |
| Profit or Loss Attribute to : | | | | | |
| Owners of Parent | 3,982,467 | (3,361,639) | 6,608,496 | 7,091,299 | 21,594,425 |
| Non-controlling Interests | 869,408 | 84,920 | 71,765 | 732,317 | 1,508,829 |
| Comprehensive Income or Loss Attribute to: | | | | | |
| Owners of Parent | 5,838,155 | 622,625 | 8,826,408 | 1,468,161 | 21,986,245 |
| Non-controlling Interests | 813,823 | 120,776 | 76,036 | 892,794 | 1,402,526 |
| Basic Earnings (Loss) per Share (Note) | 0.83 | (0.69) | 1.31 | 1.34 | 4.01 |

Note: The earnings (losses) per share have been trace-back adjusted by stock dividends.

Above annual information was based on the audited consolidated financial statements.

6.1.3 Condensed Balance Sheets – Based on IFRS (The Company)

Unit: NT\$ thousands

| Item | | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------|---------------------|-------------|-------------|-------------|-------------|--------------------|
| Current Assets | | 52,700,839 | 41,203,094 | 51,559,537 | 71,832,756 | 72,638,817 |
| Property, Plant and Equipment | | 120,612,684 | 115,493,154 | 120,601,224 | 108,744,867 | 121,291,893 |
| Intangible Assets | | 642,155 | 547,836 | 414,396 | 341,620 | 244,560 |
| Other Assets | | 147,907,655 | 144,992,825 | 125,643,454 | 113,129,692 | 111,436,367 |
| Total Assets | | 321,863,333 | 302,236,909 | 298,218,611 | 294,048,935 | 305,611,637 |
| Current Liabilities | Before Distribution | 73,188,121 | 41,251,262 | 42,724,931 | 73,551,849 | 82,772,361 |
| | After Distribution | 74,401,513 | 41,251,262 | 45,888,264 | 77,842,159 | (Note) 92,493,161 |
| Non-current Liabilities | | 177,423,030 | 190,188,259 | 169,836,403 | 132,560,531 | 115,855,599 |
| Total Liabilities | Before Distribution | 250,611,151 | 231,439,521 | 212,561,334 | 206,112,380 | 198,627,960 |
| | After Distribution | 251,824,543 | 231,439,521 | 215,724,667 | 210,402,690 | (Note) 208,348,760 |
| Common Stock | | 48,535,695 | 48,535,695 | 51,385,387 | 53,581,255 | 54,004,443 |
| Capital Collected In Advance | | - | - | 480,312 | 20,634 | - |
| Capital Surplus | | 7,849,700 | 7,985,673 | 10,678,743 | 12,912,298 | 13,860,196 |
| Retained Earnings | Before Distribution | 12,117,248 | 7,827,138 | 14,503,880 | 20,610,902 | 37,590,051 |
| | After Distribution | 10,903,856 | 7,827,138 | 11,340,547 | 16,320,592 | (Note) 27,869,251 |
| Other Equity | | 2,749,539 | 6,448,882 | 8,608,955 | 811,466 | 1,528,987 |
| Treasury Stock | | - | - | - | - | - |
| Total Equity | Before Distribution | 71,252,182 | 70,797,388 | 85,657,277 | 87,936,555 | 106,983,677 |
| | After Distribution | 70,038,790 | 70,797,388 | 82,493,944 | 83,646,245 | (Note) 97,262,877 |

Note: As of the publication date of this annual report, the Board of Directors resolved the 2023 cash dividends on Mar. 13, 2024 while the 2023 earnings distribution is pending for shareholders' approval.

Above information was based on the audited parent-company-only financial statements.

6.1.4 Condensed Statements of Comprehensive Income -Based on IFRS (The Company)

Unit: NT\$ thousands (Except: EPS NT\$)

| Item | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------|-------------|-------------|-------------|-------------|
| Operating Revenue | 135,621,151 | 79,602,529 | 95,331,905 | 127,142,232 | 187,812,709 |
| Gross Profit | 18,143,869 | 6,513,825 | 17,690,065 | 17,028,465 | 37,904,072 |
| Operating Income (Loss) | 6,116,866 | (1,854,164) | 9,595,671 | 8,146,909 | 25,649,349 |
| Non-operating Income and Expenses | (1,588,738) | (2,562,120) | (1,896,752) | 148,488 | 837,742 |
| Profit (Loss) before Tax | 4,528,128 | (4,416,284) | 7,698,919 | 8,295,397 | 26,487,091 |
| Profit (Loss) | 3,982,467 | (3,361,639) | 6,608,496 | 7,091,299 | 21,594,425 |
| Other Comprehensive Income (Loss), Net of Tax | 1,855,688 | 3,984,264 | 2,217,912 | (5,623,138) | 391,820 |
| Comprehensive Income (Loss) | 5,838,155 | 622,625 | 8,826,408 | 1,468,161 | 21,986,245 |
| Basic Earnings (Loss) per Share (Note) | 0.83 | (0.69) | 1.31 | 1.34 | 4.01 |

Note: The earnings (losses) per share have been trace-back adjusted by stock dividends.
Above information was based on the audited parent-company-only financial statements.

6.1.5 Auditors' Opinions from 2019 to 2023

| Year | CPA | Audit Opinion |
|------|-------------------------------|------------------------|
| 2019 | Tang, Chia-Chien ; Su, Yen-Ta | An Unqualified Opinion |
| 2020 | Tang, Chia-Chien ; Su, Yen-Ta | |
| 2021 | Tang, Chia-Chien ; Su, Yen-Ta | |
| 2022 | Tang, Chia-Chien ; Su, Yen-Ta | |
| 2023 | Chen, Ya-Ling ; Su, Yen-Ta | |

6.2 Five-Year Financial Analysis

A. Financial Analysis – Based on IFRS (Consolidated)

| Item | | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|---|--------|---------|--------|--------|----------|
| Financial Structure (%) | Debt-Asset Ratio | 78.07 | 76.74 | 71.50 | 69.88 | 64.56 |
| | Ratio of Long-Term Capital To Property, Plant And Equipment | 197.49 | 213.28 | 204.29 | 195.71 | 179.59 |
| Solvency (%) | Current Ratio | 93.64 | 123.11 | 139.76 | 109.15 | 100.36 |
| | Quick Ratio | 87.34 | 112.67 | 131.50 | 103.82 | 94.82 |
| | Interest Coverage Ratio | 246.38 | 16.69 | 363.59 | 431.59 | 1,110.70 |
| Operating Ability | Receivables Turnover Rate (Times)(Note1) | - | - | - | - | - |
| | Average Collection Days for Receivables (Note1) | - | - | - | - | - |
| | Inventory Turnover Rate (Times)(Note1) | - | - | - | - | - |
| | Payables Turnover Rate (Times)(Note1) | - | - | - | - | - |
| | Average Days for Sale (Note1) | - | - | - | - | - |
| | Property, Plant and Equipment Turnover Rate (Times) | 1.28 | 0.66 | 0.77 | 1.06 | 1.54 |
| | Total Assets Turnover Rate (Times) | 0.61 | 0.26 | 0.32 | 0.43 | 0.62 |
| Profitability | Return on Assets (%) | 3.07 | 0.22 | 3.02 | 3.37 | 7.97 |
| | Return on Equity (%) | 6.55 | (4.23) | 7.89 | 8.28 | 21.67 |
| | Ratio of Income Before Tax to Paid-In Capital (%) (Note 7) | 12.48 | (8.90) | 15.04 | 17.66 | 53.40 |
| | Profit Margin before Tax (%) | 2.68 | (3.68) | 6.43 | 5.67 | 11.53 |
| | Earnings (Loss) Per Share (NT\$) (Note) | 0.83 | (0.69) | 1.31 | 1.34 | 4.01 |
| Cash Flow (%) | Cash Flows Ratio | 45.07 | 11.82 | 74.99 | 81.36 | 79.05 |
| | Cash Flow Adequacy Ratio | 105.76 | 100.62 | 120.26 | 202.26 | 236.48 |
| | Cash Flow Reinvestment Ratio | 15.87 | 1.69 | 13.20 | 23.77 | 23.76 |
| Leverage | Operating Leverage | 6.02 | (53.32) | 5.40 | 6.17 | 3.14 |
| | Financial Leverage | 2.34 | 0.14 | 1.63 | 1.63 | 1.13 |

Analysis of variation of 2023 vs. 2022 over 20%:

1. Property, plant and equipment turnover rate and total assets turnover rate: The operating revenue increased in 2023 that result in increase of the turnover rate.
2. Interest coverage ratio and profitability: The profit increased significantly in 2023 that result in increase of various ratio.
3. Leverage: The operating income of year 2023 increased significantly compared to that of year 2022 which resulted in decrease of the leverage.

Note: The earnings (losses) per share have been trace-back adjusted by stock dividends.
Above annual information was based on the audited consolidated financial statements.

B. Financial Analysis – Based on IFRS (The Company)

| Item | | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|---|--------|---------|--------|--------|----------|
| Financial Structure (%) | Debt-Asset Ratio | 77.86 | 76.58 | 71.28 | 70.09 | 64.99 |
| | Ratio of Long-Term Capital To Property, Plant And Equipment | 206.18 | 225.97 | 211.85 | 202.77 | 183.72 |
| Solvency (%) | Current Ratio | 72.01 | 99.88 | 120.68 | 97.66 | 87.76 |
| | Quick Ratio | 67.86 | 93.64 | 116.86 | 95.69 | 85.42 |
| | Interest Coverage Ratio | 221.70 | 9.31 | 377.28 | 415.75 | 1,118.66 |
| Operating Ability | Receivables Turnover Rate (Times)(Note1) | - | - | - | - | - |
| | Average Collection Days for Receivables (Note1) | - | - | - | - | - |
| | Inventory Turnover Rate (Times)(Note1) | - | - | - | - | - |
| | Payables Turnover Rate (Times)(Note1) | - | - | - | - | - |
| | Average Days for Sale (Note1) | - | - | - | - | - |
| | Property, Plant and Equipment Turnover Rate (Times) | 1.10 | 0.67 | 0.81 | 1.11 | 1.63 |
| | Total Assets Turnover Rate (Times) | 0.51 | 0.26 | 0.32 | 0.43 | 0.63 |
| Profitability | Return on Assets (%) | 3.03 | 0.15 | 3.21 | 3.36 | 8.06 |
| | Return on Equity (%) | 5.91 | (4.73) | 8.45 | 8.17 | 22.16 |
| | Ratio of Income Before Tax to Paid-In Capital (%) (Note 7) | 9.33 | (9.10) | 14.84 | 15.48 | 49.05 |
| | Profit Margin before Tax (%) | 2.94 | (4.22) | 6.93 | 5.58 | 11.50 |
| | Earnings (Loss) Per Share (NT\$) (Note) | 0.83 | (0.69) | 1.31 | 1.34 | 4.01 |
| Cash Flow (%) | Cash Flow Ratio | 40.77 | (7.69) | 77.45 | 83.14 | 77.21 |
| | Cash Flow Adequacy Ratio | 106.06 | 90.63 | 110.86 | 191.56 | 223.29 |
| | Cash Flow Reinvestment Ratio | 14.78 | (2.06) | 14.26 | 26.34 | 25.28 |
| Leverage | Operating Leverage | 7.88 | (19.79) | 5.13 | 6.33 | 2.89 |
| | Financial Leverage | 6.03 | 0.28 | 1.66 | 1.78 | 1.14 |

Analysis of variation of 2023 vs. 2022 over 20%:

1. Property, plant and equipment turnover rate and total assets turnover rate: The operating revenue increased in 2023 that result in increase of the turnover rate.
2. Interest coverage ratio and profitability: The profit increased significantly in 2023 that result in increase of various ratio.
3. Leverage: The operating income of year 2023 increased significantly compared to that of year 2022 which resulted in decrease of the leverage.

Note: The earnings (losses) per share have been trace-back adjusted by stock dividends.

Above information was based on the audited parent-company-only financial statements.

Note 1: Not applicable due to industry characteristics.

Note 2: A company that is listed on the TWSE or traded at the place of business of a securities firm shall include in its analysis, the then current financial data up to and until the quarter immediately preceding the printing date of the annual report' publication date.

Note 3: The calculations of the above financial ratios utilize the formulas listed below.

1. Financial structure

(1) Debt-asset ratio = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days for receivables = 365 / receivables turnover rate

(3) Inventory turnover rate = cost of sales / average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average days of sale = 365 / inventory turnover rate

(6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment

(7) Total asset turnover rate = net sales / average total assets

4. Profitability

(1) Return on assets = [net income + interest expenses X (1- tax rate)] / average total assets

(2) Return on equity = net income / average total equity

(3) Profit margin before tax = net income / net sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)

(3) Cash Flow Reinvestment Ratio = (net cash flows from operating activities – cash dividends) / (gross property, plant and equipment value + long-term investments + other non-current assets + working capital) (Note 5)

6. Leverage

(1) Operating Leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6)

(2) Financial Leverage = operating income / (operating income – interest expenses)

Note 4: When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 5: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintain consistency.

Note 7: In the case of a company whose shares have no par value or have a par value other than NT\$10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.3 Audit Committees' Report for the Most Recent Year

To: 2024 Annual General Shareholders' Meeting

EVA Airways Corporation (EVA)

The Board of Directors has prepared the Company's 2023 business report, financial report and proposal for distribution of earnings. The CPA firm of KPMG, Taiwan has audited the financial report and issued the audit report. The above business report, financial report, and proposal for distribution of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members of EVA. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

EVA Airways Corporation

Convener of the Audit Committee: Hsu, Shun-Hsiung

March 13, 2024

6.4 Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Please refer to pages 200 to 294 Appendix 1.

6.5 The Parent-Company-Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Please refer to pages 295 to 386 Appendix 2.

6.6 If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the printing date of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status (Consolidated)

Unit: NT\$ thousands

| Item | Year | | Difference | |
|---|--------------------|--------------------|---------------------|---------------|
| | 2023 | 2022 | Amount | % |
| Current Assets | 86,586,382 | 84,726,886 | 1,859,496 | 2.19 |
| Property, Plant and Equipment | 135,811,698 | 123,604,287 | 12,207,411 | 9.88 |
| Intangible Assets | 1,039,030 | 1,204,884 | (165,854) | (13.77) |
| Other Assets | 106,745,197 | 109,995,730 | (3,250,533) | (2.96) |
| Total Assets | 330,182,307 | 319,531,787 | 10,650,520 | 3.33 |
| Current Liabilities | 86,278,593 | 77,623,220 | 8,655,373 | 11.15 |
| Non-current Liabilities | 126,883,575 | 145,668,529 | (18,784,954) | (12.90) |
| Total Liabilities | 213,162,168 | 223,291,749 | (10,129,581) | (4.54) |
| Equity Attributable to Owners of Parent | 106,983,677 | 87,936,555 | 19,047,122 | 21.66 |
| Capital Stock | 54,004,443 | 53,581,255 | 423,188 | 0.79 |
| Capital Collected In Advance | - | 20,634 | (20,634) | (100.00) |
| Capital Surplus | 13,860,196 | 12,912,298 | 947,898 | 7.34 |
| Retained Earnings | 37,590,051 | 20,610,902 | 16,979,149 | 82.38 |
| Other Equity | 1,528,987 | 811,466 | 717,521 | 88.42 |
| Non-controlling Interests | 10,036,462 | 8,303,483 | 1,732,979 | 20.87 |
| Total Equity | 117,020,139 | 96,240,038 | 20,780,101 | 21.59 |

Analysis of deviation:

- (1) Retained Earnings: Mainly due to the higher profit in 2023.
- (2) Other Equity: Mainly due to the unrealized gains arising from financial assets measured at fair value through other comprehensive income and hedging instruments.

Future response action: The above deviation has no significant impact on the Company and its subsidiaries.

7.2 Analysis of Financial Performance (Consolidated)

Unit: NT\$ thousands

| Item | Year | | Increase (Decrease) Amount | Change (%) |
|-----------------------------------|-------------|-------------|----------------------------------|---------------|
| | 2023 | 2022 | | |
| Operating Revenue | 200,356,523 | 138,068,607 | 62,287,916 | 45.11 |
| Operating Cost | 157,079,650 | 118,356,717 | 38,722,933 | 32.72 |
| Gross Profit | 43,276,873 | 19,711,890 | 23,564,983 | 119.55 |
| Operating Expenses | 13,710,608 | 9,913,899 | 3,796,709 | 38.30 |
| Operating Income(Loss) | 29,566,265 | 9,797,991 | 19,768,274 | 201.76 |
| Non-operating Income and Expenses | (726,510) | (329,425) | (397,085) | (120.54) |
| Profit(Loss) before Tax | 28,839,755 | 9,468,566 | 19,371,189 | 204.58 |
| Income Tax Benefit (Expenses) | (5,736,501) | (1,644,950) | (4,091,551) | (248.73) |
| Profit(Loss) | 23,103,254 | 7,823,616 | 15,279,638 | 195.30 |

Analysis of deviation:

- (1) Operating revenue, costs, gross profit, expenses, profit before tax and profit:
Benefiting from strong tourism demand in 2023, the availability of airline seats fell short of demand, resulting in a significant growth in passenger revenue, and operating costs and expenses also increased accordingly.
- (2) Increase in non-operating expenses: Mainly due to increases in foreign currency exchange losses.
- (3) Increase in income tax expenses: Due to the higher profit in 2023.

7.3 Analysis of Cash Flow (Consolidated)

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

| Item | Year | 2023 | 2022 | Increase (Decrease) Amount | Change (%) |
|--|--|--------------|--------------|----------------------------------|---------------|
| | Cash and cash equivalents at the beginning of year | | 67,410,754 | 48,256,204 | 19,154,550 |
| Net cash flows from (used in) operating activities | | 68,204,840 | 63,151,601 | 5,053,239 | 8.00 |
| Net cash flows from (used in) investing activities | | (21,834,296) | 957,798 | (22,792,094) | (2,379.63) |
| Net cash flows from (used in) financing activities | | (46,978,936) | (44,979,439) | (1,999,497) | (4.45) |
| Effect of exchange rate changes | | 2,708 | 24,590 | (21,882) | (88.99) |
| Cash and cash equivalents at the end of year | | 66,805,070 | 67,410,754 | (605,684) | (0.90) |

Analysis of deviation:

A. Investing activities: Mainly due to the purchase of aircraft in 2023.

B. Effect of exchange rate changes: Due to the exchange rate fluctuations.

Remedy Measures of Inadequate Liquidity: Not required.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

| Cash and Cash Equivalents at Beginning of Year (1) | Estimated Net Cash Flow from Operating Activities (2) | Estimated Cash Outflow (3) | Cash Surplus (1)+(2)-(3) | Preparation for Liquidity Shortfall | |
|---|--|----------------------------------|-----------------------------|--|--------------------|
| | | | | Investment Plans | Financing Plans |
| 66,805,070 | 51,532,883 | 44,210,193 | 74,127,760 | - | - |

Analysis of cash flow deviation of year 2024:

A. Operating activities: The estimated net cash generated by operating activities.

B. Investing activities: Primarily for purchase of aircraft and business facilities.

C. Financing activities: The cash flow used in financing activities mainly for redemption of bank borrowings and distribution of cash dividends.

Leverage of Cash Deficit: Not applicable.

7.4 Major Capital Expenditure Items (The Parent-Company-Only)

- A. 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 and March 2023, the Company entered into an additional aircraft purchase contracts with Boeing Company for one Boeing 777 freighter and five Boeing 787-9 aircraft, respectively. The total contract price is US\$8.64 billion. As of December 31, 2023, twelve Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of NT\$9.39 billion.
- B. 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 million. As of December 31, 2023, three converted freighters had not yet been delivered by Israel Aerospace Industries Ltd. The Company has partially prepaid the price of NT\$286 million.
- C. In December 2023, the Company entered into aircraft purchase contracts with Airbus S.A.S. for eighteen A350-1000 aircraft and fifteen A321neo aircraft. The total contract price is US\$10.1 billion. As of December 31, 2023, all aircraft had not yet been delivered by Airbus S.A.S. The Company has partially prepaid the price of NT\$2.32 billion.
- D. The purchase of five Trent XWB97 spare engines with Rolls-Royce PLC was approved at the Board meeting on December 2023. The total contract price is US\$282 million.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The Company's reinvested companies are mainly in aviation-related industries, including maintenance, manufacturing of aircraft, parts and engines, ground handling services, air cargo entrepot, in-flight catering services, food manufacturing and processing, aviation flight school, travel agency, etc. so as to ensure the competitive advantage of a complete service chain for the aviation business, and to seek the maximum benefits for the Company and shareholders. In the year 2023, the total recognized investment income from subsidiaries and associates was NT\$2,011 million, and the recognized investment income from associates by the consolidated company was NT\$346 million in the same period.

7.6 The evaluation of risks by the Company in recent year and by the printed date of annual report

- A. Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

As for interest rate, the Company and its subsidiaries periodically and flexibility evaluate the financing interest rate, by issuing fixed rate corporate bond, acquiring fixed rate loan or buying fixed interest rate swap to lock in interest rates for some loans within a reasonable

range. If the interest rate increases (decreases) by 1% with all other factors that remain constant, the profit before tax of the Company and its subsidiaries would have changed NT\$486 million in 2023.

As for exchange rate, the Company and its subsidiaries operating revenue are mainly from international transportation income. In principle, foreign currency income is sufficient to cover the demand for foreign currency expenditures, thus achieving a natural hedging effect. Additional USD positions are monitored for exchange rate fluctuations and trends, and adjustments are made by buying or selling USD in the spot market to regulate USD positions, or by engaging in foreign exchange derivative transactions to mitigate risks. A strengthening (weakening) of 1% of the TWD against USD, EUR, JPY, CNY and HKD as of December 31, 2023 with all other factors remaining constant, the Company and its subsidiaries' financial assets or liabilities affected by exchange rate fluctuations would have changed the profit before tax by NT\$54 million.

In the first half of the year, the global economy continued to suffer from weak growth resulting from major central banks' continued-high interest rates. Looking ahead, there is hope that economic growth will be boosted by interest rate cuts by major central banks and the recovery of end-market demand. The Company continues to stay on top of domestic and international economic and financial situations, and takes timely and appropriate hedging measures to mitigate the impact of interest rates, exchange rates, and inflation on our finances and operations.

B. Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

- (1) The Company does not engage in any high-risk or high-leveraged investments.
- (2) The Company does not provide any lending or endorsement guarantees. The related procedures are based on the Company's policy "Procedure for Funds Lending, Endorsement and Guarantee".
- (3) The Company chooses derivative products, such as fuel swap, option agreement and forward exchange contracts, to avoid market risks. Each transaction is followed the Company's "Procedures for Transaction of Derivative Products" to evaluate risks and performance so as to reach the goal of risk management control.

C. Future research & development projects and estimated budget:

- (1) Next generation online ticketing system rollout project
- (2) Global corporate membership system deployment project
- (3) Next generation customer service robot deployment project
- (4) Office smart assistance system rollout project
- (5) Terminal device software auditing automation project
- (6) Information security protection tools establishment and rollout project

(7) Taiwan region network structure adjustment and replacement project

(8) International network structure and security control project

It is budgeted to spend NT\$268 million for the projects.

D. Effects of and response to changes in policies and regulations relating to corporate finance and sales:

Each responsible unit of the Company effectively monitors and adheres to significant policy and legal changes both domestically and internationally, promptly implementing necessary measures. In 2023 and by the printed date of this annual report, important changes in domestic and foreign policies and laws have no significant impact on the Company's finances and operations.

E. Effects of and response to changes in technology (including information security risks) and the industry relating to corporate finance and sales:

The Company adopts a proactive strategy and approach to prevent and deal with looming potential information security threats in today's business environment. In addition to the multi-layered protection by contemporary technology, an adequate information security management system (ISMS) is implemented and maintained to discover, assess and mitigate potential risks. However, attacks from external forces are inevitable as these information security threats are constantly evolving. To reduce the impact of information security incidents on the Company's operations, the Company has established a business continuity plan as well as the information security incident reporting and response mechanism, and drills are regularly conducted to optimize efficiency and suitability. Resilience derived from the ISMS framework will be able to cope with information security risks, mitigate the effect of business interruption and ensure sustainability of the Company.

F. The impact of changes in corporate image on corporate risk management, and the Company's response measures:

The Company upholds its corporate spirit of "Challenge, Innovation and Teamwork", insisting on rigorous aviation safety management and service quality, and formulates sustainable development strategies in conjunction with ESG based on its core values of "Safety, Service, and Sustainability". Our active efforts in the fields of corporate governance, environment, and society have been recognized by many domestic and international awards. Under effective internal control systems, solid emergency response plans are established. Through regular simulation drills, it is confirmed that the crisis management procedures are robust enough to respond to various emergencies. If major negative news or events that would affect the Company's image occur, relevant departments are able to promptly initiate response measures as soon as possible. The Public Relations Division takes charge of external explanations, issuing material information or holding press conferences in accordance with regulations to reduce negative effects. As of the printed date of this annual report, no incidents have occurred that would endanger or change the Company's corporate image.

G. Expected benefits from, risks relating to and response to merger and acquisition plans: None.

H. Expected benefits from, risks relating to and response to factory expansion plans: None.

I. Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration:

The Company has no related risks to excessive concentration of purchasing sources and excessive customer concentration.

J. Effects of risks relating to and response to large share transfers or changes in shareholdings by directors or shareholders with shareholdings of over 10%:

Evergreen Marine Corp. (Taiwan) Ltd., the juristic-person director of the Company, transferred the Company's shares in accordance with its investment plan. After the disposal, its shareholding was reduced to 401,139,111 shares (shareholding ratio of 7.43%). This transfer of shares does not have any impact on the Company's finances and operations.

K. Effects of risks relating to and response to the changes in management rights: None.

L. Litigation or non-litigation matters:

There is no material litigation, non-litigation and administrative litigation cases which have been decided or are still pending of the Company that may have a significant impact on shareholders' equity or securities prices.

M. Other major risks and responses:

(1)The evaluation of credit risks and responses:

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The Company manages the credit risk by evaluating each customer's financial situation and requiring them to provide collaterals. Moreover, the Company only trades with financial institutions and entities with well credit quality to ensure the low credit risk of accounts receivable or investments.

(2)The evaluation of liquidity risks and responses:

With the principle of steady operation and healthy financial status, the Company periodically arranges short-term and long-term operating funds and applies for financing from financial institutions. Meanwhile, depending on capital market conditions, the Company evaluates to have cash subscription, issue domestic ordinary corporate bond, and convertible bond for the major capital expenditure and redeem loans to improve the financial structure. Therefore, the Company's assets and operating funds are sufficient to execute all contracts.

(3)The evaluation of operating risks and responses:

EVA Safety Promotion Committee (SPC) serves as the highest authority for safety decision-making and supervision. Its primary responsibilities are to ensure the performance of the Company's safety management system and the achievement of

safety goals, and to manage corporate safety risks, including the assessment and mitigation of emerging safety risks.

Under this committee, there are eight Safety Management System (SMS) action teams established according to department function of the company, these teams operate the system using a Data-Driven, Evidence-Based and Systematic Approach with a proactive and forward-thinking approach. They also incorporate intelligent analytics and artificial intelligence applications to recognize the operational risks of the company, thus developing optimal risk mitigations to ensure flight safety and hoping to meet passengers' safety requirements for every takeoff and landing of each flight.

(4) Assessment on and response strategies for emerging risks:

With the increasing regulatory requirements of global aviation authorities, climate change, information security, political influence, the rapid development of emerging technologies, etc., the risks faced by enterprises are accompanied by uncertainties. Furthermore, “emerging risks” are undoubtedly one of the important issues that require airlines to be cautious with the assessment, which needs further identification, analysis, and formulation of response measures in order to respond to new forms of potential risks as well as to reduce the impact on operations.

With reference to the “The Global Risks Report” published by the World Economic Forum (WEF) at the beginning of each year, the sub-committee of the Corporate Sustainability Committee (CSC) of the Company will identify possible emerging risks. In the first quarter of each year, a risk factor survey will be conducted for each department to establish risk mitigating actions, and the results will be reported regularly to the Sustainability Committee and the Board of Directors.

a. Emerging risk identification process

| Step 1 | Step 2 | Step 3 | Step 4 |
|--|---|---|---|
| Initiate emerging risk assessment procedures | Identify emerging risks by each sub-committee | Identify and screen emerging risks by the CSC | Report to the Sustainability Committee and the Board of Directors, and formulate mitigating actions |

b. For emerging risk identification results, please refer to chapter 4 of the 2023 Sustainability Report for details.

N. Risk Management Teams and Units-In-Charge

In order to improve and implement the risk management mechanism, the Company has formulated the “Risk Management Policies and Procedures” by reference to the “TWSE/TPEX Listed Companies Risk Management Best Practice Principles”, to carry out risk management aimed at uncertain factors that may threaten the Company's operations, improve the efficiency in division of labor in risk management, and ensure the achievement of the Company’s operational goals.

The Board of Directors is the highest supervisory unit for risk management, and continues to supervise the effective operation of the risk management mechanism in accordance with the overall operational strategy and operational environment. The Company understands the mutual influence of risk factors, and the “Corporate Sustainability Committee” is to be responsible for implementing risk management related matters, supervising the implementation of risk management policies as well as the implementation and improvement progress of risk control by various competent departments in quarterly meetings, and reporting the operational status to the Sustainability Committee and the Board of Directors on a regular basis every year. According to the principle of materiality, risk scope identification, evaluation, management, and disclosure are carried out for the risks that may be faced during business operation in terms of the environment, society, economy (including corporate governance) and material projects. Each responsible unit identifies its possible risk factors and assessment methods to implement risk management, proposes the mitigation and response plans, and regularly reports risks and response plans to the Corporate Sustainability Committee. The risk categories faced by the Company include the five major categories as follows:

| Risk Categories | Description |
|------------------|--|
| Strategic Risk | Include the operational risks that may bring to the Company due to changes of external environment in the international political and economic situation, trends in industrial development, market competition, brand image, intellectual capital, etc. |
| Operational Risk | Include possible impact on operations, such as market changes, flight safety, information security, privacy protection, labor relations, legal compliance, supply chain management, and other operational risks that may cause negative impact to the Company. |
| Financial Risk | Foreign exchange risk, investment risk, capital risk, liquidity risk, credit risk, hedging operations, etc., that may cause possible losses. |

| Risk Categories | Description |
|-------------------------------------|--|
| Environmental Risk | Include risks related to issues of greenhouse gas emission management, carbon credits, energy management, biodiversity, natural resources and others derived from the theme of coping with climate change and natural disasters, as well as environmental risks of the need to conform to international and local environmental protection laws and regulations or environmental assessment requirements, etc. |
| Medium- and Long-Term Emerging Risk | Emerging risks that may have a certain degree of impact on aspects such as the Company's management, operations and strategy in the next three to five years. |

7.7 Other Important Items: None.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Basic Information of Affiliated Companies

A. Affiliated Companies Chart (As of Dec 31, 2023)

| EVA Airways Corp. | |
|---|---|
| Evergreen Aviation Technologies Corp. 55.05% | |
| Numbers of the Shares held : 206,189,241 | |
| Evergreen Airline Services Corp. 56.33% | |
| Numbers of the Shares held : 36,183,106 | |
| Evergreen Sky Catering Corp. 49.80% | |
| Numbers of the Shares held : 76,557,790 | Everfamily International Foods Corp. 55.00% |
| Evergreen Air Cargo Services 60.625% | Numbers of the Shares held : 16,500,000 |
| Numbers of the Shares held : 72,750,000 | |
| Hsiang-Li Investment Corp. 100.00% | |
| Numbers of the Shares held : 2,680,000 | |
| Sky Castle Investment Ltd. 100.00% | |
| Numbers of the Shares held : 5,500,000 | |
| Evergreen Airways Service (Macau) Ltd. 99.00% | |
| The shares are not issued. | |
| PT Perdana Andalan Air Service 51.00% | |
| Numbers of the Shares held : 40,800 | |
| EVA Flight Training Academy 100.00% | |
| Numbers of the Shares held : 10,000,000 | |

B. Basic Information of Affiliated Companies

As of DEC 31, 2023

| Company | Date Founded | Location | Capital | Principal Activities |
|--|--------------|-------------------|-------------------|---|
| Evergreen Aviation Technologies Corp. | Nov.10.1997 | Taiwan | NT\$3.7 billion | Maintenance, manufacturing, procession and sale of aircraft, parts and engine |
| Evergreen Airline Services Corp. | Oct.17.1990 | Taiwan | NT\$642.3 million | Ground handling |
| Evergreen Sky Catering Corp. | Oct.20.1993 | Taiwan | NT\$1.5 billion | Airline catering |
| Evergreen Air Cargo Services Corp. | Mar.03.2000 | Taiwan | NT\$1.2 billion | Cargo terminal operation |
| Hsiang-Li Investment Corp. | Jan.18.2001 | Taiwan | NT\$26.8 million | Investment business |
| Everfamily International Foods Corp. | Aug.24.2022 | Taiwan | NT\$300 million | Food manufacturing |
| Sky Castle Investment Ltd. | Feb.02.2005 | Samoa | US\$5.5 million | Investment business |
| Evergreen Airways Service (Macau) Ltd. | Dec.05.1994 | Macau | US\$12,488 | Investment business |
| PT Perdana Andalan Air Service | May.01.1991 | Indonesia | IDR1.6 billion | Travel business |
| EVA Flight Training Academy | Feb.11.2013 | The United States | US\$30 million | Flight training academy |

Note: The affiliates listed above are mean companies in which the Company has owned more than half of the voting rights or has substantive control over the subsidiaries directly or indirectly.

C. The industries covered by the business operated by the affiliates overall:

The main businesses engaged by the Company and the affiliates are set out as below:

EVA Airways Corp.: Periodically and non-periodically international air transportation of passenger and cargo.

Evergreen Aviation Technologies Corp.: Maintenance, manufacturing, procession and sale of aircraft, parts and engine.

Evergreen Airline Services Corp.: Ground service at airport.

Evergreen Sky Catering Corp.: In-flight meals in sky catering and the sales of food.

Evergreen Air Cargo Services Corp.: Air cargo entrepot.

D. The Directors, Supervisors and President of Affiliated Companies

As of DEC 31, 2023

Unit: Shares, %

| Company | Title | Name and Representative | Shares Holding | |
|---------------------------------------|----------------------|------------------------------------|----------------|--------|
| | | | Shares | % |
| Evergreen Aviation Technologies Corp. | Chairman | EVA Airways Corp. | 206,189,241 | 55.05% |
| | | Representative : Huang, Nan-Horang | 45,000 | 0.01% |
| | Director | EVA Airways Corp. | 206,189,241 | 55.05% |
| | | Representative : Lin, Bou-Shiu | -- | -- |
| | Director | EVA Airways Corp. | 206,189,241 | 55.05% |
| | | Representative : Sun, Chia-Ming | 1,679 | 0.00% |
| | Director | UNI Airways Corp. | 50,847,721 | 13.57% |
| | | Representative : Cheng, Ching-Fen | -- | -- |
| | Director | UNI Airways Corp. | 50,847,721 | 13.57% |
| | | Representative : Yeh, Jia-Chyuan | 28,005 | 0.01% |
| | Director | SHUN AN Enterprise Corp. | 50,000 | 0.01% |
| | | Representative : Chen, Cheng-Pang | -- | -- |
| | Independent Director | Hsu, Miao-Chiu | -- | -- |
| Independent Director | Teng, Yean-Sen | -- | -- | |
| Independent Director | Chou, Yon-Chun | -- | -- | |
| President | Lee, Wei-Chang | 50,000 | 0.01% | |
| Evergreen Airline Services Corp. | Chairman | EVA Airways Corp. | 36,183,106 | 56.33% |
| | | Representative : Chen, Yeou-Yuh | -- | -- |
| | Director | EVA Airways Corp. | 36,183,106 | 56.33% |
| | | Representative : Lin, Bou-Shiu | 153,598 | 0.24% |
| | Director | EVA Airways Corp. | 36,183,106 | 56.33% |
| | | Representative : Lin, Ta-Yuan | -- | -- |
| | Director | Evergreen International Corp. | 12,846,229 | 20.00% |
| | | Representative : Chang, Ming-Yuh | -- | -- |
| | Director | SATS Ltd. | 12,846,229 | 20.00% |
| Representative : Kuah Boon Kiam | | -- | -- | |
| Supervisor | Ko, Lee-Ching | -- | -- | |
| President | Lin, Ta-Yuan | -- | -- | |

| Company | Title | Name and Representative | Shares Holding | |
|---------------------------------------|--------------------------------|-----------------------------------|----------------|---------|
| | | | Shares | % |
| Evergreen Sky Catering Corp. | Chairman | EVA Airways Corp. | 76,557,790 | 49.80% |
| | | Representative : Kou, Jin-Cheng | -- | -- |
| | Director | EVA Airways Corp. | 76,557,790 | 49.80% |
| | | Representative : Lin, Bou-Shiu | -- | -- |
| | Director | EVA Airways Corp. | 76,557,790 | 49.80% |
| | | Representative : Tai, Jiin-Chyuan | -- | -- |
| | Director | Evergreen International Corp. | 38,432,625 | 25.00% |
| | | Representative : Chang, Ming-Yuh | -- | -- |
| | Director | Evergreen International Corp. | 38,432,625 | 25.00% |
| | | Representative : Chang, Li-Chiu | -- | -- |
| | Director | SATS Ltd. | 38,432,625 | 25.00% |
| | | Representative : Tan Chuan Lye | -- | -- |
| | Director | SATS Ltd. | 38,432,625 | 25.00% |
| Representative : Goh Yuen Por Stanley | | -- | -- | |
| Supervisor | Ko, Lee-Ching | -- | -- | |
| Supervisor | Tsai, Ta-Wei | -- | -- | |
| President | Kuo, Hou-Li | -- | -- | |
| Evergreen Air Cargo Services Corp. | Chairman | EVA Airways Corp. | 72,750,000 | 60.625% |
| | | Representative : Li, Shyh-Liang | -- | -- |
| | Director | EVA Airways Corp. | 72,750,000 | 60.625% |
| | | Representative : Lin, Bou-Shiu | -- | -- |
| | Director | EVA Airways Corp. | 72,750,000 | 60.625% |
| | | Representative : Sun, Chia-Ming | -- | -- |
| | Director | EVA Airways Corp. | 72,750,000 | 60.625% |
| | | Representative : Lin, Tsung-Yen | -- | -- |
| | Director | SATS Ltd. | 30,000,000 | 25.00% |
| | | Representative : Kuah Boon Kiam | -- | -- |
| Supervisor | Evergreen Logistics Corp. | 2,400,000 | 2.00% | |
| | Representative : Ko, Lee-Ching | -- | -- | |
| President | Lin, Tsung-Yen | -- | -- | |
| Hsiang-Li Investment Corp. | Chairman | EVA Airways Corp. | 2,680,000 | 100% |
| | | Representative : Lin, Bou-Shiu | -- | -- |

| Company | Title | Name and Representative | Shares Holding | |
|--|-----------------|---------------------------------|----------------|--------|
| | | | Shares | % |
| Hsiang-Li Investment Corp. | Director | EVA Airways Corp. | 2,680,000 | 100% |
| | | Representative : Sun, Chia-Ming | -- | -- |
| | Director | EVA Airways Corp. | 2,680,000 | 100% |
| | | Representative : Tsai, Ta-Wei | -- | -- |
| | Supervisor | EVA Airways Corp. | 2,680,000 | 100% |
| | | Representative : Wu, Kuang-Hui | -- | -- |
| Everfamily International Foods Corp. | Chairman | Evergreen Sky Catering Corp. | 16,500,000 | 55% |
| | | Representative : Kou, Jin-Cheng | -- | -- |
| | Director | Evergreen Sky Catering Corp. | 16,500,000 | 55% |
| | | Representative : Kuo, Hou-Li | -- | -- |
| | Director | Evergreen Sky Catering Corp. | 16,500,000 | 55% |
| | | Representative : Yang, I-Teng | -- | -- |
| | Director | Taiwan FamilyMart Co., Ltd. | 13,500,000 | 45% |
| | | Representative : Yeh, Jung-Ting | -- | -- |
| | Director | Taiwan FamilyMart Co., Ltd. | 13,500,000 | 45% |
| | | Representative : Hsueh, Tung-Tu | -- | -- |
| | Supervisor | Yeh, Li-Yu | -- | -- |
| Supervisor | Wu, Sheng-Fu | -- | -- | |
| President | Huang, Kuo-Lung | -- | -- | |
| Sky Castle Investment Ltd. | Director | Lin, Bou-Shiu | -- | -- |
| | Director | Sun, Chia-Ming | -- | -- |
| Evergreen Airways Service (Macau) Ltd. | Director | Lin, Bou-Shiu | -- | -- |
| | Director | Sun, Chia-Ming | -- | -- |
| PT Perdana Andalan Air Service | Chairman | Mohamad Feriansyah Permadi | 6,272 | 7.84% |
| | Director | Lin, Bou-Shiu | -- | -- |
| | Director | Sun, Chia-Ming | -- | -- |
| | Supervisor | Tsai, Ta-Wei | -- | -- |
| | Supervisor | Gunadi Widjaja | 32,928 | 41.16% |
| EVA Flight Training Academy | Chairman | Lin, Bou-Shiu | -- | -- |
| | Director | Sun, Chia-Ming | -- | -- |
| | Director | Tsai, Ta-Wei | -- | -- |

E. The Operating Overviews of Affiliated Companies

As of DEC 31, 2023

Unit: NT\$ thousands

| Company | Capital | Total Assets | Total Liabilities | Total Equity | Operating Revenue | Operating Income (Loss) | Profit (Loss) | EPS (Dollars) |
|--|-----------|--------------|-------------------|--------------|-------------------|-------------------------|---------------|---------------|
| Evergreen Aviation Technologies Corp. | 3,745,709 | 23,009,141 | 10,050,217 | 12,958,924 | 14,781,798 | 1,918,246 | 1,833,032 | 4.95 |
| Evergreen Airline Services Corp. | 642,312 | 5,373,301 | 3,470,890 | 1,902,411 | 3,670,765 | 473,352 | 366,564 | 5.71 |
| Evergreen Sky Catering Corp. | 1,537,305 | 6,323,707 | 1,918,512 | 4,405,195 | 4,454,578 | 1,222,957 | 926,913 | 6.03 |
| Evergreen Air Cargo Services Corp. | 1,200,000 | 3,737,533 | 970,581 | 2,766,952 | 1,949,231 | 407,190 | 340,670 | 2.84 |
| Hsiang-Li Investment Corp. | 26,800 | 70,243 | 458 | 69,785 | - | (334) | (211) | (0.08) |
| Everfamily International Foods Corp. | 300,000 | 1,418,760 | 1,282,835 | 135,925 | 393,879 | (155,559) | (161,912) | (5.40) |
| Sky Castle Investment Ltd. | 179,173 | 407,831 | 721 | 407,110 | 25,081 | 24,435 | 18,810 | 3.42 |
| Evergreen Airways Service (Macau) Ltd. | 327 | 184,107 | 936 | 183,171 | 87,819 | 87,107 | 89,001 | - |
| PT Perdana Andalan Air Service | 5,280 | 62,781 | 28,598 | 34,183 | 28,782 | 8,440 | 7,101 | 88.76 |
| EVA Flight Training Academy | 932,050 | 692,094 | 81,905 | 610,189 | 143,975 | (19,163) | (9,356) | (0.94) |

8.1.2 Affiliated Companies Consolidated Financial Statements

Information required to be disclosed regarding affiliated companies consolidated financial statements is included in Appendix 1 Consolidated Financial Statements. The Company will no longer prepare a separate consolidated financial statement of affiliated companies.

8.1.3 Relationship Report

EVA Airways Corp. is not the subsidiary of any company, so a relationship report is not required.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed by Subsidiaries in the Most Recent Years: None.

8.4 Other Supplementary Information to be Disclosed: None.

8.5 Until the Printing Date of the Annual Report, the Items That Have Great Impact on the Company's Shareholders' Interests or Stock Prices Which Related to Securities and Exchange Act Article 36 Paragraph 3 Section 2: None.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended
December 31, 2023 and 2022**

Address: No. 376, Sec. 1, Hsin-nan Road, Luchu Dist., Taoyuan City, Taiwan
Telephone: 886-3-351-5151

Representation Letter

The entities that are required to be included in the combined financial statements of EVA Airways Corp. and subsidiaries as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, EVA Airways Corp. and subsidiaries do not prepare a separate set of combined financial statements.

Company name: EVA Airways Corp.

Chairman: Bou-Shiu Lin

Date: March 13, 2024



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of EVA Airways Corp.:

Opinion

We have audited the consolidated financial statements of EVA Airways Corp. and subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Recognition of passenger revenue

Please refer to note 4(q) and note 6(x) for "Revenue recognition" and "Revenue from contracts with customers", respectively.

Description of key audit matter:

The Group's operating revenue is mainly derived from the passenger revenue, which is made up of a high volume of homogeneous low-value transaction. The amount of passenger revenue to be recognized relies on automatic information technology systems. Therefore, recognition of passenger revenue is the key judgmental area for our audit.



How the matter was addressed in our audit:

- Understanding and testing the design and implementation of internal controls of sales and cash collection process for passenger revenue.
- Engaging internal specialists to examine relevant automatic control over passenger revenue on financial reporting.
- Analyzing the top 10 clients and comparing their related differences to evaluate any significant outliers.
- Checking samples of passenger revenue transactions to ensure they are consistent with the underlying records including evidence of collection and flight records to assess the existence and accuracy of the revenue recognized.

Other Matter

EVA Airways Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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 Ya-Ling Chen and Yen-Ta Su.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | 2023.12.31 | | 2022.12.31 | | 2023.12.31 | | 2022.12.31 | |
|--|-----------------------|------------|--------------------|------------|-------------|----|-------------|----|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| 1100 Cash and cash equivalents (note 6(a)) | \$ 66,805,070 | 20 | 67,410,754 | 21 | \$ 220,000 | - | 300,000 | - |
| 1110 Financial assets at fair value through profit or loss—current (note 6(b)) | 709,173 | - | 731,486 | - | 11,596,033 | 4 | 13,084,120 | 4 |
| 1136 Financial assets at amortized cost—current (note 6(b)) | 1,334,588 | 1 | 1,115,094 | 1 | 28,912,363 | 9 | 21,125,312 | 7 |
| 1140 Contract assets—current (note 6(x)) | 368,221 | - | 423,089 | - | 10,084,613 | 3 | 8,477,328 | 3 |
| 1150 Notes receivable, net (note 6(d)) | 889,039 | - | 294,488 | - | 133,808 | - | 52,979 | - |
| 1160 Notes receivable—related parties (notes 6(d) and 7) | 129,010 | - | 27,149 | - | 10,674,815 | 3 | 7,852,419 | 2 |
| 1170 Accounts receivable, net (note 6(d)) | 10,452,962 | 3 | 9,768,024 | 3 | 5,390,397 | 2 | 2,269,398 | 1 |
| 1180 Accounts receivable—related parties (notes 6(d) and 7) | 467,558 | - | 331,496 | - | 380,944 | - | 301,826 | - |
| 1220 Current tax assets | 50,712 | - | 47,480 | - | 8,227,091 | 3 | 13,955,388 | 4 |
| 130x Inventories (note 6(f)) | 4,095,995 | 1 | 3,676,304 | 1 | 10,658,529 | 3 | 10,204,450 | 3 |
| 1470 Other current assets (notes 6(e), 6(n) and 7) | 1,284,054 | 1 | 901,522 | - | 86,278,593 | 27 | 77,623,220 | 24 |
| Total current assets | 86,586,382 | 26 | 84,726,886 | 26 | | | | |
| Non-current assets: | | | | | | | | |
| 1510 Financial assets at fair value through profit or loss—non-current (notes 6(b) and 6(o)) | - | - | 4,641 | - | 53,020,278 | 16 | 57,352,309 | 18 |
| 1517 Financial assets at fair value through other comprehensive income—non-current (note 6(b)) | - | - | - | - | 3,469,538 | 1 | 1,426,556 | 1 |
| 1550 Investments accounted for using equity method (notes 6(g) and 7) | 2,365,311 | 1 | 1,900,527 | 1 | - | - | 718,559 | - |
| 1600 Property, plant and equipment (notes 6(i), 7 and 8) | 2,626,135 | 1 | 2,470,953 | 1 | 40,231,019 | 12 | 61,345,829 | 19 |
| 1755 Right-of-use assets (notes 6(k), 6(q) and 7) | 135,811,698 | 41 | 123,604,287 | 38 | 2,345,179 | 1 | 79,498 | - |
| 1760 Investment property, net (notes 6(l), 6(r), 7 and 8) | 77,247,172 | 23 | 82,146,610 | 25 | 4,011,430 | 1 | 4,185,326 | 1 |
| 1780 Intangible assets (notes 6(m) and 7) | 1,456,670 | 1 | 1,517,420 | 1 | 1,296,183 | - | 1,228,721 | 1 |
| 1840 Deferred tax assets (note 6(t)) | 1,039,030 | - | 1,204,884 | 1 | 22,509,948 | 7 | 19,331,731 | 6 |
| 1975 Net defined benefit asset, non-current (note 6(s)) | 6,991,913 | 2 | 5,081,483 | 2 | 126,883,575 | 38 | 145,668,529 | 46 |
| 1990 Other non-current assets (notes 6(n), 7, 8 and 9) | 15,941,300 | 5 | 16,706,395 | 5 | 213,162,168 | 65 | 223,291,749 | 70 |
| Total non-current assets | 243,595,925 | 74 | 234,804,901 | 74 | | | | |
| Total assets | \$ 330,182,307 | 100 | 319,531,787 | 100 | | | | |
| Liabilities and Equity | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Short-term borrowings (notes 6(o) and 8) | | 2100 | | | | | | |
| Financial liabilities for hedging—current (notes 6(c), 6(p) and 7) | | 2126 | | | | | | |
| Contract liabilities—current (note 6(x)) | | 2130 | | | | | | |
| Notes and accounts payable | | 2170 | | | | | | |
| Accounts payable—related parties (note 7) | | 2180 | | | | | | |
| Other payables (notes 6(y), 7 and 9) | | 2200 | | | | | | |
| Current tax liabilities | | 2230 | | | | | | |
| Lease liabilities—current (notes 6(p) and 7) | | 2280 | | | | | | |
| Current portion of long-term liabilities (notes 6(o) and 8) | | 2320 | | | | | | |
| Other current liabilities (note 6(q)) | | 2399 | | | | | | |
| Total current liabilities | | | | | | | | |
| Non-current liabilities: | | | | | | | | |
| Financial liabilities for hedging—non-current (notes 6(c), 6(p) and 7) | | 2511 | | | | | | |
| Contract liabilities—non-current (note 6(x)) | | 2527 | | | | | | |
| Bonds payable (note 6(o)) | | 2530 | | | | | | |
| Long-term borrowings (notes 6(o) and 8) | | 2540 | | | | | | |
| Deferred tax liabilities (note 6(t)) | | 2570 | | | | | | |
| Lease liabilities—non-current (notes 6(p) and 7) | | 2580 | | | | | | |
| Net defined benefit liabilities—non-current (note 6(s)) | | 2640 | | | | | | |
| Other non-current liabilities (note 6(q)) | | 2670 | | | | | | |
| Total non-current liabilities | | | | | | | | |
| Total liabilities | | | | | | | | |
| Equity (notes 6(b), 6(c), 6(h), 6(o), 6(s), 6(t), 6(u) and 6(v)): | | | | | | | | |
| Ordinary share | | 3110 | | | | | | |
| Advance receipts for share capital | | 3140 | | | | | | |
| Capital surplus | | 3200 | | | | | | |
| Retained earnings | | 3300 | | | | | | |
| Other equity interest | | 3400 | | | | | | |
| Total equity attributable to owners of parent | | 36XX | | | | | | |
| Non-controlling interests (notes 6(h), 6(i) and 6(u)) | | | | | | | | |
| Total equity | | | | | | | | |
| Total liabilities and equity | | | | | | | | |
| | \$ 330,182,307 | 100 | 319,531,787 | 100 | | | | |

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

| | 2023 | | 2022 | |
|--|---------------|------|---------------|------|
| | Amount | % | Amount | % |
| 4000 Operating revenue (notes 6(x) and 7) | \$200,356,523 | 100 | 138,068,607 | 100 |
| 5000 Operating costs (notes 6(f), 6(j), 6(k), 6(m), 6(p), 6(s), 6(v), 6(y), 7 and 9) | (157,079,650) | (78) | (118,356,717) | (86) |
| 5900 Gross profit from operations | 43,276,873 | 22 | 19,711,890 | 14 |
| 6000 Operating expenses (notes 6(d), 6(j), 6(k), 6(l), 6(m), 6(p), 6(s), 6(v), 6(y) and 7) | (13,710,608) | (7) | (9,913,899) | (7) |
| 6900 Net operating income (loss) | 29,566,265 | 15 | 9,797,991 | 7 |
| 7000 Non-operating income and expenses (notes 6(c), 6(g), 6(l), 6(p), 6(q), 6(r), 6(z) and 7): | | | | |
| 7010 Other income | 2,451,280 | 1 | 1,140,811 | 1 |
| 7020 Other gains and losses | (53,989) | - | 2,119,073 | 2 |
| 7050 Finance costs | (3,469,322) | (2) | (3,794,951) | (3) |
| 7060 Share of profit of associates accounted for using equity method | 345,521 | - | 205,642 | - |
| Total non-operating income and expenses | (726,510) | (1) | (329,425) | - |
| 7900 Profit (loss) before tax | 28,839,755 | 14 | 9,468,566 | 7 |
| 7950 Income tax benefit (expenses) (note 6(t)) | (5,736,501) | (2) | (1,644,950) | (1) |
| 8200 Profit (loss) | 23,103,254 | 12 | 7,823,616 | 6 |
| 8300 Other comprehensive income (notes 6(b), 6(c), 6(g), 6(s), 6(t) and 6(u)): | | | | |
| 8310 Components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| 8311 Remeasurements of defined benefit plans | (541,894) | - | 1,533,210 | 1 |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 464,785 | - | (309,461) | - |
| 8320 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (3,994) | - | 19,857 | - |
| 8349 Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss | 108,318 | - | (303,180) | - |
| Total components of other comprehensive income that will not be reclassified to profit or loss | 27,215 | - | 940,426 | 1 |
| 8360 Components of other comprehensive income that will be reclassified to profit or loss | | | | |
| 8361 Exchange differences on translation of foreign financial statements | (7,436) | - | 90,880 | - |
| 8368 Gains (losses) on hedging instruments | 331,723 | - | (8,187,525) | (6) |
| 8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | 360 | - | 56,053 | - |
| 8399 Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss | (66,345) | - | 1,637,505 | 1 |
| Total components of other comprehensive income that will be reclassified to profit or loss | 258,302 | - | (6,403,087) | (5) |
| 8300 Other comprehensive income, net of tax | 285,517 | - | (5,462,661) | (4) |
| 8500 Total comprehensive income | \$ 23,388,771 | 12 | 2,360,955 | 2 |
| Profit (loss), attributable to: | | | | |
| 8610 Owners of parent | \$ 21,594,425 | 11 | 7,091,299 | 5 |
| 8620 Non-controlling interests | 1,508,829 | 1 | 732,317 | 1 |
| | \$ 23,103,254 | 12 | 7,823,616 | 6 |
| Comprehensive income attributable to: | | | | |
| 8710 Owners of parent | \$ 21,986,245 | 11 | 1,468,161 | 1 |
| 8720 Non-controlling interests | 1,402,526 | 1 | 892,794 | 1 |
| | \$ 23,388,771 | 12 | 2,360,955 | 2 |
| Earnings per share (note 6(w)) | | | | |
| 9750 Basic earnings per share (in New Taiwan Dollars) | \$ 4.01 | | 1.34 | |
| 9850 Diluted earnings per share (in New Taiwan Dollars) | \$ 3.99 | | 1.32 | |

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | Attributable to owners of parent | | | | | | | | | | | | |
|---|----------------------------------|------------------------------------|-----------------|---------------|----------------------------------|-----------------------|---|---|---------------------------------------|-------------|---|---------------------------|--------------|
| | 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 attributable to owners of parent | Non-controlling interests | Total equity |
| Balance on January 1, 2022 | \$ 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 | 7,050,081 | 92,707,358 |
| Due to donated assets received | - | - | 24,489 | - | - | - | - | - | - | - | 24,489 | - | 24,489 |
| Appropriation of prior year's earnings: | - | - | - | 667,674 | (667,674) | - | - | - | - | - | - | - | - |
| Legal reserve appropriated | - | - | - | - | (3,163,333) | (3,163,333) | - | - | - | - | (3,163,333) | - | (3,163,333) |
| Cash dividends of ordinary share | - | - | - | - | 7,091,299 | 7,091,299 | - | - | - | - | 7,091,299 | 732,317 | 7,823,616 |
| Profit (loss) | - | - | - | - | 1,084,554 | 1,084,554 | 123,491 | (281,163) | (6,550,020) | (6,707,692) | (5,623,138) | 160,477 | (5,462,661) |
| Other comprehensive income | - | - | - | - | 8,175,853 | 8,175,853 | 123,491 | (281,163) | (6,550,020) | (6,707,692) | 1,468,161 | 892,794 | 2,360,955 |
| Total comprehensive income | - | - | - | - | (459,678) | 1,413,847 | - | - | - | - | 3,150,037 | - | 3,150,037 |
| Conversion of convertible bonds | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | 795,198 | - | - | - | - | - | - | - | 795,198 | 636,948 | 1,432,146 |
| Changes in equity of associates accounted for using equity method | - | - | 21 | - | - | - | 4,705 | - | - | 4,705 | 4,726 | (4,705) | 21 |
| 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) | - | - | - |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (271,635) | (271,635) |
| 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 | 8,303,483 | 96,240,038 |
| Due to donated assets received | - | - | 25,117 | - | - | - | - | - | - | - | 25,117 | - | 25,117 |
| Appropriation of prior year's earnings: | - | - | - | - | (927,036) | - | - | - | - | - | - | - | - |
| Legal reserve appropriated | - | - | - | - | (4,290,310) | (4,290,310) | - | - | - | - | (4,290,310) | - | (4,290,310) |
| Cash dividends of ordinary share | - | - | - | - | 21,594,425 | 21,594,425 | - | - | - | - | 21,594,425 | 1,508,829 | 23,103,254 |
| Profit (loss) | - | - | - | - | (335,123) | (335,123) | (7,621) | 469,186 | 265,378 | 726,943 | 391,820 | (106,303) | 285,517 |
| Other comprehensive income | - | - | - | - | 21,259,302 | 21,259,302 | (7,621) | 469,186 | 265,378 | 726,943 | 21,986,245 | 1,402,526 | 23,388,771 |
| Total comprehensive income | - | - | - | - | - | - | - | - | - | - | 719,901 | - | 719,901 |
| Conversion of convertible bonds | - | (20,634) | 317,347 | - | - | - | - | - | - | - | - | - | - |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | (3,872) | - | - | - | - | - | - | - | (3,872) | - | (3,872) |
| Changes in equity of associates accounted for using equity method | - | - | (160) | - | - | - | 735 | - | - | 735 | 575 | (735) | (160) |
| Changes in ownership interests in subsidiaries | - | - | 609,466 | - | - | - | - | - | - | - | 609,466 | 1,178,630 | 1,788,096 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 10,157 | - | - | (10,157) | - | (10,157) | - | (102) | (102) |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (847,340) | (847,340) |
| Balance on December 31, 2023 | \$ 54,004,443 | - | 13,860,196 | 4,168,712 | 33,421,339 | 37,590,051 | (27,020) | 1,371,066 | 184,941 | 1,528,987 | 106,983,677 | 10,036,462 | 117,020,139 |

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|----------------------|-------------------|
| Cash flows from (used in) operating activities: | | |
| Profit (loss) before tax | \$ 28,839,755 | 9,468,566 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Expected credit loss (gain) | 80,542 | (90,543) |
| Depreciation expense | 29,263,092 | 29,166,661 |
| Amortization expense | 293,631 | 331,340 |
| Net losses (gains) on financial assets or liabilities at fair value through profit or loss | (7,985) | (9,622) |
| Interest expense | 3,469,322 | 3,794,951 |
| Interest income | (2,346,270) | (901,105) |
| Dividend income | (59,282) | (209,010) |
| Share-based payments | 82,906 | - |
| Share of profit of associates accounted for using equity method | (345,521) | (205,642) |
| Losses (gains) on disposal of property, plant and equipment | 4,878 | (38,095) |
| Losses (gains) on disposal of non-current assets classified as held for sale | - | (87,596) |
| Losses (gains) on disposal of investments | - | (76,931) |
| Unrealized foreign exchange losses (gains) | (45,539) | 1,321,540 |
| Others | 22,091 | (283,148) |
| Total adjustments to reconcile profit (loss) | 30,411,865 | 32,712,800 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Contract assets | 54,868 | 4,345 |
| Notes receivable, net | (594,551) | (287,679) |
| Notes receivable—related parties | (101,861) | (27,149) |
| Accounts receivable, net | (765,483) | 77,699 |
| Accounts receivable—related parties | (136,059) | (16,460) |
| Inventories | (436,939) | (428,188) |
| Other current assets | (495,062) | 29,568 |
| Total changes in operating assets | (2,475,087) | (647,864) |
| Changes in operating liabilities: | | |
| Contract liabilities | 9,830,086 | 16,397,379 |
| Notes payable—related parties | - | (826) |
| Notes and accounts payable | 1,607,296 | 3,671,502 |
| Accounts payable—related parties | 80,829 | 4,775 |
| Other payables | 3,037,452 | 550,778 |
| Other current liabilities | (503,301) | 2,470,088 |
| Net defined benefit liabilities—non-current | (423,427) | (588,355) |
| Other non-current liabilities | 20,880 | 4,207 |
| Total changes in operating liabilities | 13,649,815 | 22,509,548 |
| Total changes in operating assets and liabilities | 11,174,728 | 21,861,684 |
| Total adjustments | 41,586,593 | 54,574,484 |
| Cash inflow (outflow) generated from operations | 70,426,348 | 64,043,050 |
| Income taxes paid | (2,221,508) | (891,449) |
| Net cash flows from (used in) operating activities | 68,204,840 | 63,151,601 |

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|----------------------|---------------------|
| Cash flows from (used in) investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | - | 1,964,502 |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | - | 3,344 |
| Acquisition of financial assets at amortized cost | (1,150,363) | (808,411) |
| Proceeds from disposal of financial assets at amortised cost | 930,869 | 311,220 |
| Acquisition of financial assets at fair value through profit or loss | (1,680,000) | (50,000) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 1,712,339 | 995,765 |
| Acquisition of investments accounted for using equity method | - | (116,919) |
| 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 |
| Acquisition of property, plant and equipment | (17,810,542) | (562,384) |
| Proceeds from disposal of property, plant and equipment | 50,998 | 884,803 |
| Acquisition of intangible assets | (196,075) | (126,282) |
| Proceeds from disposal of intangible assets | - | 320 |
| Acquisition of investment properties | - | (54,393) |
| Decrease (increase) in other non-current assets | (1,255,961) | 46,232 |
| Decrease (increase) in prepayments for business facilities | (5,192,020) | (3,042,160) |
| Interest received | 2,405,620 | 710,153 |
| Dividends received | 350,839 | 270,360 |
| Net cash flows from (used in) investing activities | (21,834,296) | 957,798 |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term borrowings | 702,000 | 300,000 |
| Decrease in short-term borrowings | (782,000) | - |
| Repayments of bonds payable | (200) | - |
| Proceeds from long-term borrowings | 10,708,335 | 13,382,700 |
| Repayments of long-term borrowings | (37,551,442) | (40,946,563) |
| Payments of lease liabilities | (13,745,817) | (12,739,774) |
| Increase (decrease) in other non-current liabilities | 10,585 | 76,032 |
| Cash dividends paid | (4,290,310) | (3,163,333) |
| Disposal of ownership interests in subsidiaries (without losing control) | - | 1,431,840 |
| Interest paid | (2,908,883) | (3,073,195) |
| Changes in non-controlling interests | 853,679 | (271,635) |
| Other financing activities | 25,117 | 24,489 |
| Net cash from (used in) financing activities | (46,978,936) | (44,979,439) |
| Effect of exchange rate changes on cash and cash equivalents | 2,708 | 24,590 |
| Net increase (decrease) in cash and cash equivalents | (605,684) | 19,154,550 |
| Cash and cash equivalents at beginning of period | 67,410,754 | 48,256,204 |
| Cash and cash equivalents at end of period | \$ 66,805,070 | 67,410,754 |

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(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 business activities of the Company and its subsidiaries (together referred to as the “Group” and individually as Group “entities”) are

- (a) civil aviation transportation and general aviation business;
- (b) wholesale and retail sale of medical devices;
- (c) maintenance, manufacture, processing and sale of aircraft, parts and engine;
- (d) ground service at airports;
- (e) catering service and food manufacturing;
- (f) air cargo entrepot;
- (g) to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

The details are disclosed in note 14.

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

These consolidated financial statements were authorized for issue by the Company’s Board of Directors as of March 13, 2024.

(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 Group has initially adopted the following new amendments, which do not have a material impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a material impact on its consolidated 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated 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”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRSs endorsed by FSC”).

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

The consolidated 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 (assets) 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 each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements:

| Name of Investor | Name of Investee | Principal activity | Shareholding percentage | | Note |
|------------------------------|--|---|-------------------------|------------|--------|
| | | | 2023.12.31 | 2022.12.31 | |
| The Company | Evergreen Aviation Technologies Corp. | Maintenance, manufacture, processing and sale of aircraft, parts and engine | 55.05 % | 58.44 % | Note 1 |
| The Company | Evergreen Airline Services Corp. | Ground service at airport | 56.33 % | 56.33 % | - |
| The Company | Evergreen Sky Catering Corp. | Catering service | 49.80 % | 49.80 % | Note 2 |
| The Company | Evergreen Air Cargo Services Corp. | Air cargo entrepot | 60.625 % | 60.625 % | - |
| The Company | Hsiang Li Investment Corp. | Investing business | 100.00 % | 100.00 % | - |
| The Company | Sky Castle Investment Ltd. | Investing business | 100.00 % | 100.00 % | - |
| The Company | Evergreen Airways Service (Macau) Ltd. | Investing business | 99.00 % | 99.00 % | - |
| The Company | PT Perdana Andalan Air Service | Traveling agency | 51.00 % | 51.00 % | - |
| The Company | EVA Flight Training Academy | Flight training | 100.00 % | 100.00 % | - |
| Evergreen Sky Catering Corp. | Everfamily International Foods Corp. | Food manufacturing | 55.00 % | 55.00 % | Note 3 |

Note 1: Evergreen Aviation Technologies Corp. has issued new shares by cash in the first quarter of 2023. Please refer to note 6(h) of the consolidated financial statements.

Note 2: The Company did not own more than half of the voting rights of the subsidiaries directly or indirectly. However, the Company has substantive control over the subsidiaries, these subsidiaries are deemed to be a subsidiary of the Company.

Note 3: On July 28, 2022, the Board of Directors of Evergreen Sky Catering Corp. resolved to establish a subsidiary, Everfamily International Foods Corp., at a capital of \$300,000, with Evergreen Sky Catering Corp. acquired 55% shares in cash for \$165,000 in August 2022.

(iii) Subsidiaries excluded the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(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 Group 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 Group 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.

(e) 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 Group 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.

(f) 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 Group 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.

(g) 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 Group 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

On initial recognition of an equity investment that is not held for trading, the Group 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 Group'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 Group 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and contract assets.

The Group 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.

Loss allowance for trade receivables and contract assets are 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 Group 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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EVA AIRWAYS CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

At each reporting date, the Group 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 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;
- 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 Group 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 Group 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 Group'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 Group transfers substantially all the risks and rewards of ownership of the financial assets or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group 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.

3) Compound financial instruments

Compound financial instruments issued by the Group 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial liabilities

The Group 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 Group 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.

(iii) Derivative financial instruments and hedge accounting

The Group 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 Group 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 Group documents the risk management objectives and strategy for undertaking the hedge. The Group 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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 Group 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.

(h) 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, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(i) 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 Group’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.

(j) Investment in associates

Associates are those entities in which the Group 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 consolidated financial statements include the Group’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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group'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 Group'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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(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 Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(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 | 6 to 55 years |
| Others | 4 to 35 years |
- 3) Machinery and equipment:

| | |
|------------------------------|---------------|
| Electro-mechanical equipment | 2 to 18 years |
| Others | 2 to 32 years |
- 4) Aircraft:

| | |
|-----------------|----------|
| Airframes | 18 years |
| Aircraft cabins | 12 years |
| Engines | 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease

At inception of a contract, the Group 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.

(i) As a lessee

The Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group'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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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.

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

As a practical expedient, the Group elects not to assess whether 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 that resulted 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.

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group 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 Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

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

(n) Impairment of non-financial assets

The Group 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 Group 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 Group 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.

(o) Provision

A provision is recognized if, as a result of a past event, the Group 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 Group's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group 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.

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(p) Intangible assets

The Group entered into contracts with the government to provide public service in infrastructure. The Group is obliged to construct the public sector asset and provide operation service for 30 years since the public sector asset was contracted. At the end of the operating period, the public sector asset should be returned to the government for no incremental consideration. Based on the IFRIC 12 "Service Concession Arrangements", the Group allocates the consideration received by reference to the relative fair values of the construction and operation services delivered. Subsequently, the Group recognizes and measures revenue in accordance with IFRS 15 "Revenue from Contracts with Customers". The fair value of the services is determined as intangible assets or financial assets, by the nature of the consideration given by the grantor to the operator and by reference to the contract terms.

Intangible assets that are acquired by the Group 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 intangible assets, other than goodwill and intangible assets with indefinite useful lives, from the date that they are available for use. The estimated useful lives were as follows:

- (i) Operating concession: 18 to 30 years
- (ii) Computer software: 3 to 10 years
- (iii) Specialized technology: 5 years

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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group'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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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2) Customer loyalty program

The Group 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) Maintenance services

The Group provides maintenance services, wherein the fees vary depending on the agreement with each customer prior to service delivery. The Group also adjusts the maintenance items based on actual on-site inspections, with each maintenance service fee being negotiated independently at market prices prevailing at the time. Revenue is recognized upon satisfying each performance obligation identified in customer contracts. Revenue related to the provision of maintenance services is recognized when the service is provided. These services rely on the input of technical personnel, and progress is measured based on the proportion of costs incurred to the estimated total costs, with revenue and contract assets recognized accordingly. Contract assets are then reclassified as accounts receivable upon completion of the maintenance as agreed with the customer.

4) Sale of goods

The Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

5) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(ii) Contract costs

- Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(r) Government grants

The Group recognizes an unconditional government grant related COVID-19 as reduction of expenses when the grant becomes receivable. Grants that compensate the Group 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.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group'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 Group'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 Group, 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 Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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 Group recognizes the amounts in retained earnings.

The Group 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 Group 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) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment transaction awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(u) 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits(losses) and does not give rise to equal taxable and deductible temporary differences.
- (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 Group 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.

(v) Earnings per share (EPS)

The Group 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated 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.

The Group likely to be facing economic uncertainties, such as natural disasters, international political uncertainties and inflation. Those events may have a material impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies do not have material effects on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties do not have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

The accounting policy and disclosure of the Group include measuring the financial assets, non-financial assets and financial liabilities at fair value. The accounting department of the Group 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 Group 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 Group 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 Group 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(l) and 6(aa).

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

| | 2023.12.31 | 2022.12.31 |
|---|----------------------|-------------------|
| Cash on hand | \$ 83,516 | 81,229 |
| Cash in bank | 66,541,554 | 67,329,525 |
| Repurchase agreements collateralized by bonds | 180,000 | - |
| | \$ 66,805,070 | 67,410,754 |

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

(b) Financial assets

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

| | 2023.12.31 | 2022.12.31 |
|--|-------------------|-------------------|
| Financial assets mandatorily measured at fair value through profit or loss: | | |
| Money market funds | \$ 709,173 | 731,486 |
| Convertible bonds with embedded derivatives | - | 4,641 |
| | \$ 709,173 | 736,127 |

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

(ii) Financial assets at amortized cost – current

| | 2023.12.31 | 2022.12.31 |
|---------------------------------|---------------------|-------------------|
| Time deposits over three months | \$ 1,334,588 | 1,115,094 |

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

| | 2023.12.31 | 2022.12.31 |
|---|---------------------|-------------------|
| Equity investments at fair value through other comprehensive income: | | |
| Publicly traded stocks | \$ 1,328,929 | 1,075,695 |
| Non-publicly traded stocks | 1,036,382 | 824,832 |
| | \$ 2,365,311 | 1,900,527 |

The Group 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 Group intends to hold for long-term for strategic purposes.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the year of 2022, the Group 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 the Group recognized a gains of \$1,094,502, which was accounted for as other equity. The gains has been transferred to retained earnings. There was no such transaction in 2023.

(iv) For credit risk and market risk, please refer to note 6(aa).

(v) The aforementioned financial assets were not pledged.

(c) Financial liabilities for hedging

The details of financial liabilities for hedging were as follows:

| | 2023.12.31 | 2022.12.31 |
|--|-----------------------------|--------------------------|
| Financial liabilities for hedging: | | |
| Foreign currency component of non-derivative lease liabilities | \$ <u>64,616,311</u> | <u>70,436,429</u> |
| Current | \$ 11,596,033 | 13,084,120 |
| Non-current | <u>53,020,278</u> | <u>57,352,309</u> |
| | <u>\$ 64,616,311</u> | <u>70,436,429</u> |

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

The Group 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, 2023 and 2022, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

| | | Lease liabilities of assigned hedging instrument | | Period when cash flows are expected to occur | Period when profit or loss is affected |
|---------------------------------------|---------------------------------------|---|--------------------------|---|---|
| Hedged item | Hedging instrument | 2023.12.31 | 2022.12.31 | | |
| Foreign currency of operating revenue | Foreign currency of lease liabilities | <u>\$ 64,616,311</u> | <u>70,436,429</u> | 2022~2032 | 2022~2032 |

(ii) The details arising from cash flow hedges for the years ended December 31, 2023 and 2022, were as follows:

| Account Item | 2023 | 2022 |
|--|-------------------|--------------------|
| Recognized in other comprehensive income during the period | \$ <u>331,723</u> | <u>(8,187,525)</u> |
| Reclassification from equity to exchange losses (gains) for the period | \$ <u>177,832</u> | <u>(521,671)</u> |

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Notes and accounts receivable

| | 2023.12.31 | 2022.12.31 |
|---|----------------------|-------------------|
| Notes receivable (including related parties) | \$ 1,018,049 | 321,637 |
| Accounts receivable (including related parties) | 11,038,798 | 10,142,317 |
| Less: allowance for impairment | (118,278) | (42,797) |
| | \$ 11,938,569 | 10,421,157 |

The Group 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 receivable 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:

| | 2023.12.31 | | |
|---|--|--|---|
| | Notes and accounts receivable (including related parties) carrying amount | Weighted- average loss rate | Loss allowance provision |
| Not overdue | \$ 11,858,713 | 0.00% | 48 |
| Overdue within 30 days | 81,788 | 0.00%~2.33% | 590 |
| Overdue 31~60 days | 6,019 | 0.00%~33.89% | 1,067 |
| Overdue over 60 days but less than one year | 104,779 | 0.56%~100% | 104,416 |
| Overdue more than one year | 5,548 | 100% | 5,548 |
| | \$ 12,056,847 | | 111,669 |
| | 2022.12.31 | | |
| | Notes and accounts receivable (including related parties) carrying amount | Weighted- average loss rate | Loss allowance provision |
| Not overdue | \$ 10,298,159 | 0.00%~0.03% | 732 |
| Overdue within 30 days | 106,166 | 0.00%~100% | 6,748 |
| Overdue 31~60 days | 17,128 | 0.00%~3.45% | 562 |
| Overdue over 60 days but less than one year | 35,048 | 0.00%~100% | 26,129 |
| Overdue more than one year | 7,453 | 100% | 7,453 |
| | \$ 10,463,954 | | 41,624 |

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

| | 2023 | 2022 |
|---|-------------------|---------------|
| Balance on January 1 | \$ 42,797 | 140,940 |
| Impairment losses recognized (reversed) | 80,542 | (90,543) |
| Amounts written off | (5,061) | (7,600) |
| Balance on December 31 | \$ 118,278 | 42,797 |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(e) Other receivables

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-------------------------------------|-------------------|-------------------|
| Other receivables — related parties | \$ 316,976 | 237,636 |
| Others | 339,008 | 249,011 |
| Less: allowance for impairment | <u>(145)</u> | <u>(145)</u> |
| | <u>\$ 655,839</u> | <u>486,502</u> |

There was no change on the movement in the allowance for impairment of other receivables for the year ended December 31, 2023 and 2022.

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

(f) Inventories

(i) The components were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|---------------------|-------------------|
| Aircraft spare parts | \$ 1,068,172 | 933,878 |
| Consumables for use and merchandise for in-flight sales | 1,090,194 | 883,558 |
| Aircraft components and others | <u>1,937,629</u> | <u>1,858,868</u> |
| | <u>\$ 4,095,995</u> | <u>3,676,304</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>2023</u> | <u>2022</u> |
|---|-------------------|----------------|
| Losses on (gains on reversal) valuation of inventories and obsolescence | \$ (120,732) | (25,932) |
| Unallocated fixed manufacturing overhead | 277,001 | 216,591 |
| Losses (gains) on inventory count | 10 | (7) |
| Proceeds from disposal of scraps | <u>(6,161)</u> | <u>(7,696)</u> |
| Total | <u>\$ 150,118</u> | <u>182,956</u> |

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

As of December 31, 2023 and 2022, these inventories were not pledged.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(g) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

| | | |
|------------|---------------------|-------------------|
| | 2023.12.31 | 2022.12.31 |
| Associates | \$ 2,626,135 | 2,470,953 |

In 2022, the Group subscribed the new shares contributed by Spirit Evergreen Aftermarket Solutions Co., Ltd. for \$97,857 in cash based on the percentage of its shareholding.

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

(i) Associate which is material to the Group consisted of the followings:

| Name of the associate | Nature of relationship with the Group | Principal place of business or country of incorporation of the associate | The proportion of shareholding and voting rights | |
|--|---|--|--|------------|
| | | | 2023.12.31 | 2022.12.31 |
| GE Evergreen Engine Services Corp. | Maintenance, manufacturing, and sales of aircraft, engine and engine components | Taiwan | 49.00 % | 49.00 % |

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

The summarized financial information of GE Evergreen Engine Services Corp. was listed as follows:

| | | |
|--------------------------------------|---------------------|-------------------|
| | 2023.12.31 | 2022.12.31 |
| Current assets | \$ 5,064,881 | 6,323,491 |
| Non-current assets | 3,393,456 | 3,490,839 |
| Current liabilities | 3,003,625 | 4,438,283 |
| Non-current liabilities | 712,531 | 716,605 |
| Net assets | \$ 4,742,181 | 4,659,442 |
| Net assets attributable to the Group | \$ 2,323,665 | 2,283,125 |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|-------------------|
| Operating revenues | \$ <u>21,809,874</u> | <u>18,517,186</u> |
| Profit (loss) | \$ 464,183 | 409,144 |
| Other comprehensive income | (13,254) | 139,820 |
| Comprehensive income | \$ <u>450,929</u> | <u>548,964</u> |
| Comprehensive income attributable to the Group | \$ <u>220,955</u> | <u>268,993</u> |

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|------------------|
| Share of net assets of the associate as of January 1 | \$ 2,283,125 | 2,045,682 |
| Comprehensive income attributable to the Group | 220,955 | 268,993 |
| Dividends received from the associate | (180,415) | (31,550) |
| Share of net assets of the associate as of December 31 | 2,323,665 | 2,283,125 |
| Less: downstream transaction unrealized gain | (403,958) | (467,591) |
| Carrying amount of the associate equity as of December 31 | \$ <u>1,919,707</u> | <u>1,815,534</u> |

- (ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|--|-------------------|-------------------|
| Carrying amount of individually insignificant associates' equity | \$ <u>706,428</u> | <u>655,419</u> |
| | <u>2023</u> | <u>2022</u> |
| Attributable to the Group: | | |
| Profit (loss) | \$ 118,071 | 5,161 |
| Other comprehensive income | 2,861 | 7,398 |
| Comprehensive income | \$ <u>120,932</u> | <u>12,559</u> |

- (iii) The aforementioned investments accounted for using equity method were not pledged.

- (h) Changes in ownership in subsidiaries

In order to prepare for the listing of the consolidated 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 year 2022, the Company has disposed of 22,796 thousand shares of EGAT with a total selling price of \$1,431,840. Therefore, the Company recognized a gain of \$802,579, which was accounted for capital surplus. There was no such transaction in 2023.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

EGAT, the consolidated subsidiary, has issued new shares by cash in the first quarter of 2023, wherein the Company failed to subscribe proportionately, resulting in the Company's shareholding percentage in EGAT to decrease from 58.44% to 55.05%. The Company recognized \$605,413 under capital surplus due to abovementioned transaction.

(i) Subsidiaries with material non-controlling interests

The subsidiaries that have non-controlling interests which are material to the Group were listed as follows:

| <u>Name of the subsidiary</u> | <u>Principal place of business or country of incorporation of the subsidiary</u> | <u>The proportion of ownership interests and voting rights held by non-controlling interests</u> | |
|---|--|--|-------------------|
| | | <u>2023.12.31</u> | <u>2022.12.31</u> |
| Evergreen Sky Catering Corp. and its subsidiary | Taiwan | 50.2 % | 50.2 % |
| Evergreen Aviation Technologies Corp. | Taiwan | 44.95 % | 41.56 % |

The summarized financial information of the abovementioned subsidiaries is as follows. The financial information has been prepared in accordance with the IFRS endorsed by the FSC. The amounts included in the IFRS financial statements of the associate have been adjusted to reflect the adjustments made by the entity when using the equity method, such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies. The amounts in the summarized financial information shall be the amounts before the inter-company eliminations.

(i) The summarized financial information of Evergreen Sky Catering Corp. and its subsidiary was listed as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|--|---------------------|-------------------|
| Current assets | \$ 1,435,126 | 1,181,385 |
| Non-current assets | 5,402,831 | 5,388,047 |
| Current liabilities | 1,102,612 | 1,012,666 |
| Non-current liabilities | <u>1,268,983</u> | <u>1,919,631</u> |
| Net assets | <u>\$ 4,466,362</u> | <u>3,637,135</u> |
| Carrying amounts of non-controlling interests | <u>\$ 2,272,575</u> | <u>1,892,587</u> |
| | <u>2023</u> | <u>2022</u> |
| Operating revenues | <u>\$ 4,789,927</u> | <u>1,542,360</u> |
| Profit (loss) | \$ 854,053 | (231,772) |
| Other comprehensive income | <u>(24,826)</u> | <u>30,133</u> |
| Comprehensive income | <u>\$ 829,227</u> | <u>(201,639)</u> |
| Profit (loss) attributable to non-controlling interests | <u>\$ 392,450</u> | <u>(116,835)</u> |
| Comprehensive income attributable to non-controlling interests | <u>\$ 379,988</u> | <u>(101,708)</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|------------------|
| Cash flows from (used in) operating activities | \$ 1,279,399 | (324,433) |
| Cash flows from (used in) investing activities | (508,593) | 33,005 |
| Cash flows from (used in) financing activities | <u>(893,571)</u> | <u>81,250</u> |
| Net increase (decrease) in cash and cash equivalents | <u>\$ (122,765)</u> | <u>(210,178)</u> |
| Dividend paid for non-controlling interests | <u>\$ -</u> | <u>-</u> |

- (ii) The summarized financial information of Evergreen Aviation Technologies Corp. was listed as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|----------------------|-------------------|
| Current assets | \$ 11,396,805 | 9,648,531 |
| Non-current assets | 11,612,336 | 12,126,172 |
| Current liabilities | 3,305,694 | 3,281,919 |
| Non-current liabilities | <u>6,744,523</u> | <u>7,580,598</u> |
| Net assets | <u>\$ 12,958,924</u> | <u>10,912,186</u> |
| Carrying amounts of non-controlling interests | <u>\$ 5,825,036</u> | <u>4,535,105</u> |

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|-------------------|
| Operating revenues | <u>\$ 14,781,798</u> | <u>11,847,386</u> |
| Profit (loss) | \$ 1,833,032 | 1,581,224 |
| Other comprehensive income | <u>(72,037)</u> | <u>307,239</u> |
| Comprehensive income | <u>\$ 1,760,995</u> | <u>1,888,463</u> |
| Profit (loss) attributable to non-controlling interests | <u>\$ 817,792</u> | <u>653,411</u> |
| Comprehensive income attributable to non-controlling interests | <u>\$ 785,580</u> | <u>781,100</u> |

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|--------------------|
| Cash flows from (used in) operating activities | \$ 2,063,525 | 1,237,572 |
| Cash flows from (used in) investing activities | 61,134 | (187,364) |
| Cash flows from (used in) financing activities | <u>(1,036,340)</u> | <u>(2,817,547)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>\$ 1,088,319</u> | <u>(1,767,339)</u> |
| Dividend paid for non-controlling interests | <u>\$ 673,527</u> | <u>293,235</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

The movements of the Group'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>Unfinished construction</u> | <u>Total</u> |
|---|---------------------|--------------------------------|--------------------------------|----------------------------|--------------------|--------------------------------|--------------------|
| Cost: | | | | | | | |
| Beginning balance as of January 1, 2023 | \$ 4,990,493 | 23,611,890 | 31,486,324 | 1,478,393 | 158,094,037 | 31,161 | 219,692,298 |
| Additions | 11,191 | 144 | 1,159,918 | 15,225 | 16,218,365 | 355,555 | 17,760,398 |
| Disposals | - | (16,481) | (1,138,080) | (152,118) | - | - | (1,306,679) |
| Reclassification (Note) | - | 60,083 | 646,411 | 3,019 | 6,670,995 | (63,901) | 7,316,607 |
| Effect of exchange rate changes | - | (64) | (85) | - | - | (5) | (154) |
| Balance as of December 31, 2023 | <u>\$ 5,001,684</u> | <u>23,655,572</u> | <u>32,154,488</u> | <u>1,344,519</u> | <u>180,983,397</u> | <u>322,810</u> | <u>243,462,470</u> |
| Beginning balance as of January 1, 2022 | \$ 5,037,225 | 23,573,276 | 32,131,917 | 1,629,832 | 159,312,933 | 33,291 | 221,718,474 |
| Additions | - | - | 542,681 | 915 | - | 11,406 | 555,002 |
| Disposals | (46,732) | (590) | (1,226,466) | (159,477) | (1,218,896) | - | (2,652,161) |
| Reclassification (Note) | - | 620 | 23,047 | 7,123 | - | (16,444) | 14,346 |
| Effect of exchange rate changes | - | 38,584 | 15,145 | - | - | 2,908 | 56,637 |
| Balance as of December 31, 2022 | <u>\$ 4,990,493</u> | <u>23,611,890</u> | <u>31,486,324</u> | <u>1,478,393</u> | <u>158,094,037</u> | <u>31,161</u> | <u>219,692,298</u> |
| Accumulated depreciation: | | | | | | | |
| Beginning balance as of January 1, 2023 | \$ - | 10,286,052 | 18,881,245 | 1,141,904 | 65,778,810 | - | 96,088,011 |
| Depreciation expense | - | 768,605 | 2,063,193 | 107,445 | 9,876,798 | - | 12,816,041 |
| Disposals | - | (16,077) | (1,082,927) | (151,799) | - | - | (1,250,803) |
| Reclassification (Note) | - | - | (2,112) | - | - | - | (2,112) |
| Effect of exchange rate changes | - | (266) | (99) | - | - | - | (365) |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>11,038,314</u> | <u>19,859,300</u> | <u>1,097,550</u> | <u>75,655,608</u> | <u>-</u> | <u>107,650,772</u> |
| Beginning balance as of January 1, 2022 | \$ - | 9,474,601 | 17,938,917 | 1,181,078 | 56,710,195 | - | 85,304,791 |
| Depreciation expense | - | 804,546 | 2,117,473 | 120,269 | 9,546,545 | - | 12,588,833 |
| Disposals | - | (590) | (1,167,490) | (159,443) | (477,930) | - | (1,805,453) |
| Reclassification (Note) | - | - | (15,897) | - | - | - | (15,897) |
| Effect of exchange rate changes | - | 7,495 | 8,242 | - | - | - | 15,737 |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>10,286,052</u> | <u>18,881,245</u> | <u>1,141,904</u> | <u>65,778,810</u> | <u>-</u> | <u>96,088,011</u> |
| Carrying amounts: | | | | | | | |
| Balance as of December 31, 2023 | <u>\$ 5,001,684</u> | <u>12,617,258</u> | <u>12,295,188</u> | <u>246,969</u> | <u>105,327,789</u> | <u>322,810</u> | <u>135,811,698</u> |
| Balance as of December 31, 2022 | <u>\$ 4,990,493</u> | <u>13,325,838</u> | <u>12,605,079</u> | <u>336,489</u> | <u>92,315,227</u> | <u>31,161</u> | <u>123,604,287</u> |
| Balance as of January 1, 2022 | <u>\$ 5,037,225</u> | <u>14,098,675</u> | <u>14,193,000</u> | <u>448,754</u> | <u>102,602,738</u> | <u>33,291</u> | <u>136,413,683</u> |

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) In 2015, the consolidated subsidiary, Evergreen Aviation Technologies Corp., (hereinafter refer to as EGAT), purchased a piece of agricultural land on Puxin, Dayuan Dist., Taoyuan City for car park lot connecting road amounting to \$60,558. The purchase was in the name of EGAT's director. The Group has implemented mortgage right as adequate safeguard procedures for the agricultural land mentioned above.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Pledge

As of December 31, 2023 and 2022, the Group's property, plant and equipment were used as pledge for long-term borrowings and lines of credit, and they are disclosed in note 8.

(iii) For the years ended December 31, 2023 and 2022, the Group capitalized the interest expenses amounting to \$227,943 and \$166,572, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.15%~0.18% and 0.09%~0.14%, respectively.

(k) Right-of-use assets

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

| | <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, 2023 | \$ 5,111,390 | 2,043,132 | 143,011,660 | 145,362 | 150,311,544 |
| Additions | 61,157 | 565,227 | 10,875,791 | 88,157 | 11,590,332 |
| Decrease | (64,486) | (37,277) | (4,065,463) | (31,148) | (4,198,374) |
| Effect of exchange rate changes | (10) | (277) | - | (41) | (328) |
| Balance as of December 31, 2023 | <u>\$ 5,108,051</u> | <u>2,570,805</u> | <u>149,821,988</u> | <u>202,330</u> | <u>157,703,174</u> |
| Beginning balance as of January 1, 2022 | \$ 5,051,914 | 1,742,088 | 141,135,084 | 114,047 | 148,043,133 |
| Additions | 81,301 | 433,077 | 2,572,445 | 51,959 | 3,138,782 |
| Decrease | (23,571) | (132,033) | (695,869) | (20,679) | (872,152) |
| Effect of exchange rate changes | 1,746 | - | - | 35 | 1,781 |
| Balance as of December 31, 2022 | <u>\$ 5,111,390</u> | <u>2,043,132</u> | <u>143,011,660</u> | <u>145,362</u> | <u>150,311,544</u> |
| Accumulated depreciation: | | | | | |
| Beginning balance as of January 1, 2023 | \$ 939,572 | 1,495,265 | 65,655,277 | 74,820 | 68,164,934 |
| Depreciation expense | 250,508 | 423,536 | 15,717,397 | 40,686 | 16,432,127 |
| Decrease | (13,813) | (32,033) | (4,065,463) | (29,631) | (4,140,940) |
| Effect of exchange rate changes | (6) | (98) | - | (15) | (119) |
| Balance as of December 31, 2023 | <u>\$ 1,176,261</u> | <u>1,886,670</u> | <u>77,307,211</u> | <u>85,860</u> | <u>80,456,002</u> |
| Beginning balance as of January 1, 2022 | \$ 716,346 | 1,211,200 | 50,526,872 | 62,536 | 52,516,954 |
| Depreciation expense | 246,786 | 415,118 | 15,824,274 | 30,967 | 16,517,145 |
| Decrease | (23,571) | (131,053) | (695,869) | (18,687) | (869,180) |
| Effect of exchange rate changes | 11 | - | - | 4 | 15 |
| Balance as of December 31, 2022 | <u>\$ 939,572</u> | <u>1,495,265</u> | <u>65,655,277</u> | <u>74,820</u> | <u>68,164,934</u> |
| Carrying amount: | | | | | |
| Balance as of December 31, 2023 | <u>\$ 3,931,790</u> | <u>684,135</u> | <u>72,514,777</u> | <u>116,470</u> | <u>77,247,172</u> |
| Balance as of December 31, 2022 | <u>\$ 4,171,818</u> | <u>547,867</u> | <u>77,356,383</u> | <u>70,542</u> | <u>82,146,610</u> |
| Balance as of January 1, 2022 | <u>\$ 4,335,568</u> | <u>530,888</u> | <u>90,608,212</u> | <u>51,511</u> | <u>95,526,179</u> |

The estimated recovery costs incurred by leasing aircraft are recognized as right-of-use assets. 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Investment property

Investment property comprises land and plants that are held for profit from capital appreciation, as well as leases that are leased under operating leases, including properties that are owned by the Group.

The leases of investment properties contain an initial non-cancellable lease term of 10 years. The leases provide the lessees with options to extend at the end of the term. For all investment property leases, the rental income is fixed under the contracts.

The movements of Group's investment property were as follows:

| | <u>Land</u> | <u>Buildings and structures</u> | <u>Total</u> |
|---|-------------------|-------------------------------------|---------------------|
| Cost: | | | |
| Beginning balance as of January 1, 2023 | \$ 409,633 | 1,216,158 | 1,625,791 |
| Transferred to non-current assets classified as held for sale | - | - | - |
| Balance as of December 31, 2023 | <u>\$ 409,633</u> | <u>1,216,158</u> | <u>1,625,791</u> |
| Beginning balance as of January 1, 2022 | \$ 435,713 | 1,360,998 | 1,796,711 |
| Additions | - | 54,393 | 54,393 |
| Transferred to non-current assets classified as held for sale | (26,080) | (199,233) | (225,313) |
| Balance as of December 31, 2022 | <u>\$ 409,633</u> | <u>1,216,158</u> | <u>1,625,791</u> |
| Accumulated depreciation: | | | |
| Beginning balance as of January 1, 2023 | \$ - | 108,371 | 108,371 |
| Depreciation expense | - | 60,750 | 60,750 |
| Transferred to non-current assets classified as held for sale | - | - | - |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>169,121</u> | <u>169,121</u> |
| Beginning balance as of January 1, 2022 | \$ - | 59,371 | 59,371 |
| Depreciation expense | - | 60,683 | 60,683 |
| Transferred to non-current assets classified as held for sale | - | (11,683) | (11,683) |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>108,371</u> | <u>108,371</u> |
| Carrying amounts: | | | |
| Balance as of December 31, 2023 | <u>\$ 409,633</u> | <u>1,047,037</u> | <u>1,456,670</u> |
| Balance as of December 31, 2022 | <u>\$ 409,633</u> | <u>1,107,787</u> | <u>1,517,420</u> |
| Balance as of January 1, 2022 | <u>\$ 435,713</u> | <u>1,301,627</u> | <u>1,737,340</u> |
| Fair value amount: | | | |
| Balance as of December 31, 2023 | | | <u>\$ 2,176,814</u> |
| Balance as of December 31, 2022 | | | <u>\$ 2,137,670</u> |
| Balance as of January 1, 2022 | | | <u>\$ 2,241,800</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

As of December 31, 2023 and 2022, the Group's investment property of the pledged disclosure please refer to note 8.

(m) Intangible assets

The movements of Group's intangible assets were as follows:

| | <u>Operating concession</u> | <u>Computer software</u> | <u>Specialized technology</u> | <u>Total</u> |
|---|---------------------------------|------------------------------|-----------------------------------|------------------|
| Cost: | | | | |
| Beginning balance as of January 1, 2023 | \$ 3,423,792 | 1,036,874 | - | 4,460,666 |
| Additions | - | 174,935 | 21,140 | 196,075 |
| Disposals | - | (242,595) | - | (242,595) |
| Reclassification | - | (68,298) | - | (68,298) |
| Balance as of December 31, 2023 | <u>\$ 3,423,792</u> | <u>900,916</u> | <u>21,140</u> | <u>4,345,848</u> |
| Beginning balance as of January 1, 2022 | \$ 3,423,792 | 1,075,647 | - | 4,499,439 |
| Additions | - | 126,282 | - | 126,282 |
| Disposals | - | (166,619) | - | (166,619) |
| Reclassification | - | 1,564 | - | 1,564 |
| Balance as of December 31, 2022 | <u>\$ 3,423,792</u> | <u>1,036,874</u> | <u>-</u> | <u>4,460,666</u> |
| Accumulated amortization: | | | | |
| Beginning balance as of January 1, 2023 | \$ 2,588,062 | 667,720 | - | 3,255,782 |
| Amortization expense | 96,476 | 192,927 | 4,228 | 293,631 |
| Disposals | - | (242,595) | - | (242,595) |
| Balance as of December 31, 2023 | <u>\$ 2,684,538</u> | <u>618,052</u> | <u>4,228</u> | <u>3,306,818</u> |
| Beginning balance as of January 1, 2022 | \$ 2,472,675 | 618,104 | - | 3,090,779 |
| Amortization expense | 115,387 | 215,953 | - | 331,340 |
| Disposals | - | (166,337) | - | (166,337) |
| Balance as of December 31, 2022 | <u>\$ 2,588,062</u> | <u>667,720</u> | <u>-</u> | <u>3,255,782</u> |
| Carrying amounts: | | | | |
| Balance as of December 31, 2023 | <u>\$ 739,254</u> | <u>282,864</u> | <u>16,912</u> | <u>1,039,030</u> |
| Balance as of December 31, 2022 | <u>\$ 835,730</u> | <u>369,154</u> | <u>-</u> | <u>1,204,884</u> |
| Balance as of January 1, 2022 | <u>\$ 951,117</u> | <u>457,543</u> | <u>-</u> | <u>1,408,660</u> |

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Amortization

For the years ended December 31, 2023 and 2022, the amortization of intangible assets is included under operating costs and operating expenses in the consolidated 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 Group's other current assets were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|---------------------|-------------------|
| Prepaid expense | \$ 424,121 | 282,066 |
| Other receivables (including related parties) | 655,839 | 486,502 |
| Others | <u>204,094</u> | <u>132,954</u> |
| Total | <u>\$ 1,284,054</u> | <u>901,522</u> |

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

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-------------------------------------|----------------------|-------------------|
| Prepayments for business facilities | \$ 13,321,673 | 15,342,713 |
| Refundable deposits | 2,404,156 | 1,092,939 |
| Pledged time deposits | 212,495 | 253,055 |
| Others | <u>2,976</u> | <u>17,688</u> |
| Total | <u>\$ 15,941,300</u> | <u>16,706,395</u> |

(o) Short-term borrowings, long-term borrowings and bonds payable

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

| | <u>2023.12.31</u> | | | |
|----------------------------|-------------------|----------------------|-----------------------|----------------------|
| | <u>Currency</u> | <u>Interest rate</u> | <u>Maturity date</u> | <u>Amount</u> |
| Unsecured short-term loans | TWD | 1.95%~2.00% | 2024/02/16~2024/02/26 | \$ 120,000 |
| Secured short-term loans | TWD | 1.68% | 2024/02/07 | <u>100,000</u> |
| Subtotal | | | | <u>\$ 220,000</u> |
| Unsecured loans | TWD | 1.60%~2.13% | 2024/01/02~2030/10/19 | \$ 10,699,889 |
| Secured loans | TWD | 1.65%~2.05% | 2024/01/02~2037/04/25 | <u>37,758,221</u> |
| Subtotal | | | | 48,458,110 |
| Less: Current portion | | | | <u>(8,227,091)</u> |
| Total | | | | <u>\$ 40,231,019</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| 2022.12.31 | | | | |
|--|----------|---------------|-----------------------|----------------------|
| | Currency | Interest rate | Maturity date | Amount |
| Secured short-term loans | TWD | 1.76% | 2023/03/15 | \$ <u>300,000</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%~ 1.93% | 2023/01/01~2027/06/20 | \$ 17,907,243 |
| Secured loans | TWD | 0.97%~2.06 % | 2023/01/17~2037/04/25 | 57,393,974 |
| Subtotal | | | | 75,301,217 |
| Less: Current portion | | | | (13,955,388) |
| Total | | | | \$ <u>61,345,829</u> |

The details of convertible bonds were as follows:

| | 2023.12.31 | 2022.12.31 |
|--|-------------------|----------------|
| Total convertible bonds issued | \$ 5,000,000 | 5,000,000 |
| Less: Unamortized discounted bonds payable | - | (29,941) |
| Cumulative converted amount | (4,999,800) | (4,251,500) |
| Cumulative call amount | (200) | - |
| Convertible bonds issued balance | \$ <u>-</u> | <u>718,559</u> |
| Embedded derivatives – put/call options (included in financial assets /(liabilities) at fair value through profit or loss) | \$ <u>-</u> | <u>4,641</u> |
| Equity components – conversion options (included in capital surplus – share options) | \$ <u>363,724</u> | <u>401,999</u> |

Please refer to note 6(z) 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 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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.
- (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.
- (x) Others: The Company exercised redemption rights and terminated OTC trading of fifth domestic unsecured convertible bonds in August 2023, with the conversion price amounted to \$18.5 per share. As of December 31, 2023 and 2022, the corporate bonds, with the face value of \$4,999,800 and \$4,251,500, had been converted into 261,906 and 221,650 thousand ordinary shares, respectively, and had been called \$200 and \$0, respectively.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2023, the details of the future repayment periods and amounts of the Group's long-term borrowings were as follows:

| <u>Year due</u> | <u>Amount</u> |
|-------------------------|-----------------------------|
| 2024.1.1~2024.12.31 | \$ 8,227,091 |
| 2025.1.1~2028.12.31 | 27,960,950 |
| 2029.1.1 and thereafter | <u>12,270,069</u> |
| | <u>\$ 48,458,110</u> |

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

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of December 31, 2023 and 2022, the unused credit lines for short-term and long-term borrowings amounted to \$13,164,138 and \$8,073,719, respectively.

(iii) Guarantee from the government for loans

As of December 31, 2023 and 2022, the Group applied to different financial institutions for its project loans amounting to \$0 and \$241,800, 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 credit lines amounting to \$0 and \$241,800, respectively. The guarantee loans shall be repaid within two to five years from their initial withdrawal.

For the year ended December 31, 2023, the Group applied for government project loans to different financial institutions, at the amount of \$35,000, which shall be repaid five years from their initial withdrawal, in accordance with the "Revitalization Project Loan for Assisting Small and Medium Entities After the COVID-19 Pandemic" endorsed by the Ministry of Economic Affairs, wherein the outstanding credit lines amounting to \$35,000. There was no such transaction in 2022.

(p) Lease liabilities

The components of lease liabilities were as follow:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|----------------------|-------------------|
| Financial liabilities for hedging — current | <u>\$ 11,596,033</u> | <u>13,084,120</u> |
| Financial liabilities for hedging — non-current | <u>\$ 53,020,278</u> | <u>57,352,309</u> |
| Lease liabilities — current | <u>\$ 380,944</u> | <u>301,826</u> |
| Lease liabilities — non-current | <u>\$ 4,011,430</u> | <u>4,185,326</u> |

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|------------------|
| Interest on lease liabilities | \$ <u>1,706,822</u> | <u>1,929,897</u> |
| Variable lease payments not included in the measurement of lease liabilities | \$ <u>25,373</u> | <u>10,175</u> |
| Revenue of subleasing right-of-use assets | \$ <u>39</u> | <u>47</u> |
| Expenses relating to short-term leases | \$ <u>159,636</u> | <u>141,571</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>7,082</u> | <u>6,059</u> |
| COVID-19-related rent concessions | \$ <u>-</u> | <u>188,878</u> |

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

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|----------------------|-------------------|
| Total cash outflow for leases | \$ <u>15,644,730</u> | <u>14,803,985</u> |

The Group 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 Group'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 Group 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 Group 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 Group 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>2023</u> | <u>2022</u> |
|-----------------------------------|----------------------|-------------------|
| Beginning balance as of January 1 | \$ 23,854,647 | 21,326,586 |
| Additions | 4,353,425 | 3,343,621 |
| Decreases | (3,295,035) | (2,661,469) |
| Effect of exchange rate changes | <u>(223,371)</u> | <u>1,845,909</u> |
| Balance as of December 31 | \$ <u>24,689,666</u> | <u>23,854,647</u> |

The estimated recovery costs are incurred through the lease of aircraft. The Group's restoration obligations are based on necessary maintenance expenses under the lease contracts of the aircraft, in which the Group expects all of the maintenance expenses to be reimbursed when the Group 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 Group's restoration obligations are included in other current liabilities and other non-current liabilities.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Operating leases

The investment properties leased out by the Group were classified as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Please refer to note 6(l) for investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, is as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-----------------------------------|-------------------|-------------------|
| Less than one year | \$ 20,428 | 18,656 |
| One to two years | 20,616 | 18,843 |
| Two to three years | 20,806 | 19,031 |
| Three to four years | 20,998 | 19,222 |
| Four to five years | 21,193 | 19,414 |
| More than five years | <u>318,206</u> | <u>280,019</u> |
| Total undiscounted lease payments | <u>\$ 422,247</u> | <u>375,185</u> |

(s) 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>2023.12.31</u> | <u>2022.12.31</u> |
|---|---------------------|---------------------|
| Total present value of defined benefit obligations | \$ 11,560,410 | 11,256,674 |
| Fair value of plan assets | <u>(10,380,923)</u> | <u>(10,195,654)</u> |
| | <u>\$ 1,179,487</u> | <u>1,061,020</u> |
| Recognized assets of net defined benefit obligations | \$ (116,696) | (167,701) |
| Recognized liabilities of net defined benefit obligations | <u>1,296,183</u> | <u>1,228,721</u> |
| | <u>\$ 1,179,487</u> | <u>1,061,020</u> |

The Group 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 Group 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's labor pension reserve account balance in Bank of Taiwan amounted to \$10,210,272 as of December 31, 2023. 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>2023</u> | <u>2022</u> |
|--|----------------------|-------------------|
| Defined benefit obligations as of January 1 | \$ 11,256,674 | 12,375,151 |
| Benefits paid by the plan | (649,723) | (584,384) |
| Current service costs and interest | 380,922 | 297,920 |
| Net remeasurements of defined benefit liabilities | | |
| — Experience adjustments | 854,131 | 91,916 |
| — Actuarial losses (gains) arising from changes in demographic assumptions | (2,017) | 68,576 |
| — Actuarial losses (gains) arising from changes in financial assumptions | (276,409) | (992,505) |
| Gains and losses on settlement | (3,132) | - |
| Effect of movement in exchange rates | (36) | - |
| Defined benefit obligations as of December 31 | <u>\$ 11,560,410</u> | <u>11,256,674</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>2023</u> | <u>2022</u> |
|--|----------------------|-------------------|
| Fair value of plan assets as of January 1 | \$ 10,195,654 | 9,192,566 |
| Contributions from plan participants | 597,256 | 733,369 |
| Benefits paid by the plan | (619,169) | (488,170) |
| Expected return on plan assets | 176,184 | 56,692 |
| Net remeasurements of defined benefit liabilities (assets) | | |
| — Return on plan assets (excluding the amounts included in net interest expense) | 33,811 | 701,197 |
| Gain and losses on settlement | (2,813) | - |
| Fair value of plan assets as of December 31 | <u>\$ 10,380,923</u> | <u>10,195,654</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|-----------------------|
| Current services costs | \$ 190,931 | 222,497 |
| Net interest on the net defined benefit liabilities (assets) | 13,807 | 18,731 |
| Gains and losses on settlement | <u>(319)</u> | <u>-</u> |
| | <u>\$ 204,419</u> | <u>241,228</u> |
| Operating costs | \$ 175,167 | 201,673 |
| Operating expenses | <u>29,252</u> | <u>39,555</u> |
| | <u>\$ 204,419</u> | <u>241,228</u> |

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

The Group's remeasurements of the net defined benefit liabilities(assets) recognized in other comprehensive income were as follows:

| | <u>2023</u> | <u>2022</u> |
|---|------------------------------|---------------------------|
| Accumulated losses as of January 1 | \$ (4,384,454) | (5,917,664) |
| Gains (losses) recognized during the period | <u>(541,894)</u> | <u>1,533,210</u> |
| Accumulated losses as of December 31 | <u>\$ (4,926,348)</u> | <u>(4,384,454)</u> |

6) Actuarial assumptions

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

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-------------------------|-------------------|-------------------|
| Discount rate | 1.25%~6.87% | 1.42%~7.69% |
| Future salary increases | 1.73%~8% | 1.71%~8% |

The Group expects to make contributions of \$584,017 to the defined benefit plans in the next year starting from December 31, 2023.

The weighted average of the defined benefit plans is 9~18.32 years.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 | |
| | 2023.12.31 | 2022.12.31 | 2023.12.31 | 2022.12.31 |
| Discount rate (0.25%) | 223,436 | 311,728 | 230,761 | 322,136 |
| Future salary increases (0.25%) | 212,966 | 300,317 | 218,790 | 308,659 |

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/assets).

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

(ii) Defined contribution plans

The domestic entities of the Group 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 domestic Group entities set aside a fixed amount to contribute to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The foreign entities of the Group are in accordance with local regulations.

The Group set aside \$794,748 and \$731,413 as pension costs under the defined contribution plans for the years ended December 31, 2023 and 2022, respectively.

(t) Income tax

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

| | 2023 | 2022 |
|---------------------------------|-----------------------|--------------------|
| Current tax benefit (expenses) | \$ (5,339,277) | (2,315,552) |
| Deferred tax benefit (expenses) | (397,224) | 670,602 |
| Income tax benefit (expenses) | \$ (5,736,501) | (1,644,950) |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

| | <u>2023</u> | <u>2022</u> |
|---|--------------------|------------------|
| Components of other comprehensive income that will not be reclassified to profit or loss: | | |
| Remeasurements of defined benefit plans | \$ 108,378 | (306,696) |
| Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income | <u>(60)</u> | <u>3,516</u> |
| | <u>\$ 108,318</u> | <u>(303,180)</u> |
| Components of other comprehensive income that will be reclassified to profit or loss: | | |
| Gains or losses on hedging instruments | <u>\$ (66,345)</u> | <u>1,637,505</u> |

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

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|--------------------|
| Profit (loss) before tax | <u>\$ 28,839,755</u> | <u>9,468,566</u> |
| Income tax using the Company's domestic tax rate | \$ (5,767,951) | (1,893,713) |
| Exempt income | 414,224 | 460,100 |
| Additional tax on undistributed earnings | - | (142,836) |
| Others | <u>(382,774)</u> | <u>(68,501)</u> |
| Total | <u>\$ (5,736,501)</u> | <u>(1,644,950)</u> |

- (iii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

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

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|-------------------|-------------------|
| Unrecognized deferred tax assets: | | |
| The carryforward of unused tax losses | \$ 32,815 | 433 |
| Investment loss of foreign operations accounted for using equity method | 61,419 | 59,547 |
| Restoration obligations | <u>-</u> | <u>33,484</u> |
| Total | <u>\$ 94,234</u> | <u>93,464</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

According to the R.O.C. Income Tax Act., the net loss as assessed by the tax authorities can be carry forward for use as a deduction from taxable income over a period of ten years. As of December 31, 2023, the Group's loss carry-forward recognized and unrecognized as deferred tax assets and the expiry year were as follows:

| <u>Filing year</u> | <u>Recognized un-deducted loss</u> | <u>Unrecognized un-deducted loss</u> | <u>Total</u> | <u>Expiry year</u> |
|--------------------|--|--|------------------|--------------------|
| 2020 | \$ 206,413 | - | 206,413 | 2030 |
| 2021 | 851,638 | - | 851,638 | 2031 |
| 2022 | 358,367 | 2,163 | 360,530 | 2032 |
| 2023 | - | 161,912 | 161,912 | 2033 |
| | <u>\$ 1,416,418</u> | <u>164,075</u> | <u>1,580,493</u> | |

The Group has no unrecognized deferred tax liabilities as of December 31, 2023 and 2022.

2) Recognized deferred tax assets and liabilities

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

| | <u>Loss carryforwards</u> | <u>Loss on valuation of inventories</u> | <u>Defined benefit plans</u> | <u>Restoration obligations</u> | <u>Mileage revenue</u> | <u>Unrealized foreign exchange losses</u> | <u>Others</u> | <u>Total</u> |
|--|-------------------------------|---|--------------------------------------|------------------------------------|----------------------------|---|----------------|------------------|
| Deferred tax assets: | | | | | | | | |
| Beginning balance as of January 1, 2023 | \$ 617,804 | 185,811 | 277,249 | 2,491,212 | 868,086 | 242,122 | 399,199 | 5,081,483 |
| Recognized in profit or loss | (334,520) | (30,437) | (83,463) | 2,391,378 | (78,262) | (58,605) | 62,306 | 1,868,397 |
| Recognized in other comprehensive income | - | - | 108,378 | - | - | (66,345) | - | 42,033 |
| Balance as of December 31, 2023 | <u>\$ 283,284</u> | <u>155,374</u> | <u>302,164</u> | <u>4,882,590</u> | <u>789,824</u> | <u>117,172</u> | <u>461,505</u> | <u>6,991,913</u> |
| Beginning balance as of January 1, 2022 | \$ 587,779 | 214,307 | 700,300 | 2,320,981 | 688,330 | 5,321 | 394,701 | 4,911,719 |
| Recognized in profit or loss | 30,025 | (28,496) | (116,355) | 170,231 | 179,756 | 216,692 | 4,498 | 456,351 |
| Recognized in other comprehensive income | - | - | (306,696) | - | - | 20,109 | - | (286,587) |
| Balance as of December 31, 2022 | <u>\$ 617,804</u> | <u>185,811</u> | <u>277,249</u> | <u>2,491,212</u> | <u>868,086</u> | <u>242,122</u> | <u>399,199</u> | <u>5,081,483</u> |

| | <u>Unrealized foreign exchange gains</u> | <u>Investment gains of foreign operations accounted for using equity method</u> | <u>Right-of-use assets</u> | <u>Others</u> | <u>Total</u> |
|--|--|---|--------------------------------|---------------|------------------|
| Deferred tax liabilities: | | | | | |
| Beginning balance as of January 1, 2023 | \$ - | 79,185 | - | 313 | 79,498 |
| Recognized in profit or loss | - | 5,087 | 2,260,534 | - | 2,265,621 |
| Recognized in other comprehensive income | - | - | - | 60 | 60 |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>84,272</u> | <u>2,260,534</u> | <u>373</u> | <u>2,345,179</u> |
| Beginning balance as of January 1, 2022 | \$ 1,839,565 | 71,267 | - | 3,829 | 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>79,185</u> | <u>-</u> | <u>313</u> | <u>79,498</u> |

(iv) The Company's income tax returns for all years through 2021 were assessed by the local tax authorities.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Capital and other equity

As of December 31, 2023 and 2022, 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 \$54,004,443 and \$53,581,255, respectively, were issued.

(i) Ordinary shares

For the years ended December 31, 2023 and 2022, the convertible bonds issued by the Company amounting to \$402,554 and \$1,736,190, respectively, were converted into 40,256 and 173,619 thousand ordinary shares, respectively. A portion of the issued bonds amounting to \$0 and \$20,634, respectively, were recorded as advance receipts for share capital because the registration process has yet to be completed.

(ii) Capital surplus

The details of capital surplus were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</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 | 4,323,048 | 3,967,426 |
| Additional paid-in capital from conversion option | 363,724 | 401,999 |
| Changes in equity of subsidiaries and associates accounted for using equity method | 612,397 | 3,091 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 2,660,267 | 2,664,139 |
| Due to donated assets received | <u>84,335</u> | <u>59,218</u> |
| | <u>\$ 13,860,196</u> | <u>12,912,298</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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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.

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.

(iv) Earnings distribution

The appropriation of 2023 earnings was approved at the Board meeting on March 13, 2024. The cash dividends were amounting to \$9,720,800, and the dividend per share is \$1.8.

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 \$0.79907052.

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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) 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 | Non-controlling interests | Total |
|---|---|--|---|------------------------------|------------------|
| Balance as of January 1, 2023 | \$ (20,134) | 912,037 | (80,437) | 4,410 | 815,876 |
| Exchange differences on translation of foreign financial statements | (7,651) | - | - | 215 | (7,436) |
| Changes in equity of associates accounted for using equity method | 735 | - | - | (735) | - |
| Exchange differences on associates accounted for using equity method | 30 | - | - | 330 | 360 |
| Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | - | 469,186 | - | (1,600) | 467,586 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income, associates accounted for using equity method | - | (10,157) | - | (102) | (10,259) |
| Changes in fair value of hedging instrument | - | - | 123,112 | - | 123,112 |
| Changes in fair value of hedging instrument reclassified to profit or loss | - | - | 142,266 | - | 142,266 |
| Balance as of December 31, 2023 | \$ (27,020) | 1,371,066 | 184,941 | 2,518 | 1,531,505 |
| Balance as of January 1, 2022 | \$ (148,330) | 2,287,702 | 6,469,583 | 3,056 | 8,612,011 |
| Exchange differences on translation of foreign financial statements | 90,734 | - | - | 146 | 90,880 |
| Exchange differences on associates accounted for using equity method | 32,757 | - | - | 23,296 | 56,053 |
| Disposal of shares in subsidiary | 4,705 | - | - | (4,705) | - |
| Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | - | (281,163) | - | (17,383) | (298,546) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | (1,094,502) | - | - | (1,094,502) |
| 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 | \$ (20,134) | 912,037 | (80,437) | 4,410 | 815,876 |

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Share-based payment transactions

As of December 31, 2023, the consolidated subsidiary, Evergreen Aviation Technologies Corp., (hereinafter refer to as EGAT) had share-based payment agreements as follows:

| | <u>Equity-settled</u> <u>Cash-settled share-based</u> <u>payment plan (reserved</u> <u>for employees to</u> <u>subscribe)</u> |
|--------------------|---|
| Grant date | February 24, 2023 |
| Grant amount | 3,264,000 |
| Recipients | Employee of EGAT |
| Vesting Conditions | Immediately vested |

There was no such transaction in 2022.

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

| | <u>2023</u> <u>Cash capital increase</u> <u>reserved for employee</u> <u>subscription</u> |
|--|--|
| Fair value at grant date (in dollars) | 25.40 |
| Stock price at grant date (in dollars) | 93.40 |
| Exercise price (in dollars) | 68.00 |
| Expected life | - |
| Risk-free interest rate(%) | 1.0143 |
| Stock Return Volatility(%) | 25.47 |

The costs and expenses in connection with share-based payments for the year ended December 31, 2023 incurred by the Group were as follows:

| | <u>2023</u> |
|---|------------------|
| Costs and expenses incurred in connection with the cash capital increase allocated to EGAT's employee subscriptions | <u>\$ 82,906</u> |

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

| | | 2023 | | | |
|----------------------------------|-----------|---------------------------------------|---|-------------------------|---------------------------|
| | | Aviation transportation segment | Aircraft maintenance and manufacture segment | Other segments | Total |
| Primary geographical markets: | | | | | |
| Taiwan | \$ | 62,176,453 | 1,843,806 | 2,429,784 | 66,450,043 |
| Asia | | 50,794,523 | 2,251,790 | 3,446 | 53,049,759 |
| Europe | | 11,407,875 | 589,921 | - | 11,997,796 |
| North America | | 62,319,646 | 5,342,348 | 5,961 | 67,667,955 |
| Others | | <u>1,014,202</u> | <u>176,768</u> | <u>-</u> | <u>1,190,970</u> |
| | \$ | <u>187,712,699</u> | <u>10,204,633</u> | <u>2,439,191</u> | <u>200,356,523</u> |
| Major products / services lines: | | | | | |
| Revenue from passenger services | \$ | 135,792,149 | - | - | 135,792,149 |
| Revenue from cargo services | | 41,381,246 | - | - | 41,381,246 |
| Services revenue | | - | 6,809,938 | 1,563,712 | 8,373,650 |
| Others | | <u>10,539,304</u> | <u>3,394,695</u> | <u>875,479</u> | <u>14,809,478</u> |
| | \$ | <u>187,712,699</u> | <u>10,204,633</u> | <u>2,439,191</u> | <u>200,356,523</u> |
| | | 2022 | | | |
| | | Aviation transportation segment | Aircraft maintenance and manufacture segment | Other segments | Total |
| Primary geographical markets: | | | | | |
| Taiwan | \$ | 35,865,255 | 1,382,999 | 2,273,047 | 39,521,301 |
| Asia | | 59,390,320 | 1,689,533 | 472 | 61,080,325 |
| Europe | | 5,714,776 | 903,675 | - | 6,618,451 |
| North America | | 25,559,906 | 4,604,914 | 2,953 | 30,167,773 |
| Others | | <u>536,055</u> | <u>144,702</u> | <u>-</u> | <u>680,757</u> |
| | \$ | <u>127,066,312</u> | <u>8,725,823</u> | <u>2,276,472</u> | <u>138,068,607</u> |
| Major products / services lines: | | | | | |
| Revenue from passenger services | \$ | 31,875,006 | - | - | 31,875,006 |
| Revenue from cargo services | | 90,298,142 | - | - | 90,298,142 |
| Services revenue | | - | 6,117,043 | 1,783,602 | 7,900,645 |
| Others | | <u>4,893,164</u> | <u>2,608,780</u> | <u>492,870</u> | <u>7,994,814</u> |
| | \$ | <u>127,066,312</u> | <u>8,725,823</u> | <u>2,276,472</u> | <u>138,068,607</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

| | <u>2023.12.31</u> | <u>2022.12.31</u> | <u>2022.1.1</u> |
|--|----------------------|-------------------|------------------|
| Contract assets-maintenance services | \$ <u>368,221</u> | <u>423,089</u> | <u>427,434</u> |
| Contract liabilities-tickets services, customer loyalty programs, etc. | \$ <u>32,381,901</u> | <u>22,551,868</u> | <u>6,154,128</u> |

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities balances at the beginning of the period were \$17,830,156 and \$2,028,284, respectively.

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

The contract liabilities primarily relate to 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 assets and 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>2023</u> | <u>2022</u> |
|---|-----------------------------|-----------------------------|
| | <u>Contract liabilities</u> | <u>Contract liabilities</u> |
| Changes in an estimate of the transaction price | \$ <u>422,306</u> | <u>434,394</u> |

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2023 and 2022, the amounts allocated to the customer loyalty program were \$3,949,123 and \$4,340,431, 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.

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

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

(y) 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.

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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, 2023 and 2022, the Company accrued and recognized its employees' remuneration of \$1,130,000 and \$280,000, respectively, and the directors' remuneration of \$9,500 and \$8,884, 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, 2023 and 2022. The related information can be found on Market Observation Post System website.

(z) Non-operating income and expenses

(i) Other income

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|----------------------------|-------------------------|
| Dividend income | \$ 59,282 | 204,077 |
| Interest income | | |
| Interest income from bank deposits | 2,317,670 | 891,544 |
| Other interest | <u>28,600</u> | <u>9,561</u> |
| Total interest income | 2,346,270 | 901,105 |
| Others | <u>45,728</u> | <u>35,629</u> |
| | <u><u>\$ 2,451,280</u></u> | <u><u>1,140,811</u></u> |

(ii) Other gains and losses

| | <u>2023</u> | <u>2022</u> |
|---|---------------------------|-------------------------|
| Gains (losses) on disposal of property, plant and equipment | \$ (4,878) | 38,095 |
| Gains (losses) on disposal of investments | - | 76,931 |
| Foreign exchange gains (losses) | (251,315) | 1,667,604 |
| Gains (losses) on financial assets (liabilities) at fair value through profit or loss | 7,985 | 9,622 |
| Gains on disposal of non-current assets classified as held for sale | - | 87,596 |
| Others gains and losses | <u>194,219</u> | <u>239,225</u> |
| | <u><u>\$ (53,989)</u></u> | <u><u>2,119,073</u></u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

| | 2023 | 2022 |
|----------------------------|---------------------|------------------|
| Interest expense | | |
| Bank borrowings | \$ 1,132,192 | 1,172,449 |
| Bonds Payable | 4,135 | 18,590 |
| Lease liabilities | 1,706,822 | 1,929,897 |
| Others | 854,116 | 840,587 |
| Less: capitalized interest | (227,943) | (166,572) |
| | \$ 3,469,322 | 3,794,951 |

(aa) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

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(g).

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The followings 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, 2023 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term and long-term borrowings (including current portion of long-term liabilities) | \$ 48,678,110 | 51,846,038 | 9,288,755 | 29,786,067 | 12,771,216 |
| Lease liabilities and financial liabilities for hedging | 69,008,685 | 75,860,251 | 13,913,688 | 47,813,400 | 14,133,163 |
| Notes and accounts payable (including related parties) | 10,218,421 | 10,218,421 | 10,218,421 | - | - |
| Other payables (including related parties) | <u>10,674,815</u> | <u>10,674,815</u> | <u>10,674,815</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 138,580,031</u> | <u>148,599,525</u> | <u>44,095,679</u> | <u>77,599,467</u> | <u>26,904,379</u> |
| As of December 31, 2022 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Short-term and long-term borrowings (including current portion of long-term liabilities) | \$ 75,601,217 | 80,105,554 | 15,501,806 | 47,486,241 | 17,117,507 |
| Bonds payable | 718,559 | 748,500 | - | 748,500 | - |
| Lease liabilities and financial liabilities for hedging | 74,923,581 | 80,716,663 | 15,033,362 | 47,112,948 | 18,570,353 |
| Notes and accounts payable (including related parties) | 8,530,307 | 8,530,307 | 8,530,307 | - | - |
| Other payables (including related parties) | <u>7,852,419</u> | <u>7,852,419</u> | <u>7,852,419</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 167,626,083</u> | <u>177,953,443</u> | <u>46,917,894</u> | <u>95,347,689</u> | <u>35,687,860</u> |

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

| | 2023.12.31 | | | 2022.12.31 | | | | |
|------------------------------|------------------|---------------|--------|----------------------|---------------|----------|--------|----------------------|
| | Foreign Currency | Exchange rate | TWD | Foreign Currency | Exchange rate | TWD | | |
| <u>Financial assets</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD | \$ 800,129 | USD/TWD= | 30.71 | 24,567,957 | \$ 1,353,679 | USD/TWD= | 30.71 | 41,571,485 |
| EUR | 12,510 | EUR/TWD= | 33.98 | 425,102 | 10,922 | EUR/TWD= | 32.72 | 357,359 |
| JPY | 1,557,211 | JPY/TWD= | 0.2172 | 338,226 | 1,338,718 | JPY/TWD= | 0.2324 | 311,118 |
| HKD | 225,030 | HKD/TWD= | 3.9290 | 884,142 | 174,976 | HKD/TWD= | 3.9380 | 689,057 |
| CNY | 624,097 | CNY/TWD= | 4.3270 | <u>2,700,468</u> | 245,643 | CNY/TWD= | 4.4080 | <u>1,082,797</u> |
| | | | | <u>\$ 28,915,895</u> | | | | <u>\$ 44,011,816</u> |
| <u>Non-monetary items</u> | | | | | | | | |
| USD | \$ 101,558 | USD/TWD= | 30.71 | 3,118,346 | \$ 97,842 | USD/TWD= | 30.71 | 3,004,737 |
| CNY | 80,625 | USD/CNY= | 7.0961 | 401,402 | 74,917 | USD/CNY= | 6.9669 | 382,778 |
| IDR | 8,716,745 | IDR/TWD= | 0.0020 | 17,433 | 10,998,409 | IDR/TWD= | 0.0020 | 21,997 |
| MOP | 32,922 | USD/MOP= | 8.0488 | <u>125,592</u> | 25,721 | USD/MOP= | 8.0291 | <u>98,378</u> |
| | | | | <u>\$ 3,662,773</u> | | | | <u>\$ 3,507,890</u> |
| <u>Financial liabilities</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD | \$ 2,804,758 | USD/TWD= | 30.71 | 86,120,107 | \$ 2,898,578 | USD/TWD= | 30.71 | 89,015,336 |
| EUR | 9,197 | EUR/TWD= | 33.98 | 312,519 | 18,643 | EUR/TWD= | 32.72 | 610,008 |
| JPY | 2,804,889 | JPY/TWD= | 0.2172 | 609,222 | 1,428,358 | JPY/TWD= | 0.2324 | 331,950 |
| HKD | 45,466 | HKD/TWD= | 3.9290 | 178,637 | 32,798 | HKD/TWD= | 3.9380 | 129,158 |
| CNY | 178,782 | CNY/TWD= | 4.3270 | <u>773,589</u> | 167,124 | CNY/TWD= | 4.4080 | <u>736,681</u> |
| | | | | <u>\$ 87,994,074</u> | | | | <u>\$ 90,823,133</u> |

2) Sensitivity analysis

The Group'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 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, 2023 and 2022, would have changed the profit (loss) before tax by \$54,263 and \$235,222 and the equity by \$645,044 and \$703,335 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023 and 2022.

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Due to the variety of the Group's functional currency, the Group discloses its exchange gains and losses of monetary items collectively. For the years ended December 31, 2023 and 2022, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$(251,315) and \$1,667,604, respectively.

(iv) Interest rate risk

The interest rate exposure of the Group's financial liabilities are illustrated in notes for 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 Group's internal department reported the increases/decreases in the interest rates and the exposure to changes in interest rates by 1% to the Group'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 Group would have changed \$485,581 and \$756,012 for the years ended December 31, 2023 and 2022, respectively due to the Group'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 | 2023 | | 2022 | |
|--|--|-----------------|--|-----------------|
| | Other Comprehensive Income, net of tax | | Other Comprehensive Income, net of tax | |
| | | Profit (losses) | | Profit (losses) |
| increase 5% | \$ 118,158 | - | 94,922 | - |
| decrease 5% | \$ (118,158) | - | (94,922) | - |

(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 Group'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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EVA AIRWAYS CORP. AND SUBSIDIARIES
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| | 2022.12.31 | | | | |
|---|-----------------------|------------|----------------|----------|----------------|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities for hedging – non-derivatives | \$ 70,436,429 | - | - | - | - |
| Financial liabilities measured at amortized cost | | | | | |
| Short-term and long-term borrowings (including current portion of long-term liabilities) | 75,601,217 | - | - | - | - |
| Bonds payable | 718,559 | - | 698,500 | - | 698,500 |
| Lease liabilities | 4,487,152 | - | - | - | - |
| Notes and accounts payable (including related parties) | 8,530,307 | - | - | - | - |
| Other payables (including related parties) | 7,852,419 | - | - | - | - |
| Subtotal | <u>97,189,654</u> | <u>-</u> | <u>698,500</u> | <u>-</u> | <u>698,500</u> |
| Total | <u>\$ 167,626,083</u> | <u>-</u> | <u>698,500</u> | <u>-</u> | <u>698,500</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. AND SUBSIDIARIES
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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 Group 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

For the years ended December 31, 2023 and 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:

| | Fair value through other comprehensive income |
|--|--|
| | Unquoted equity instruments |
| Balance as of January 1, 2023 | \$ 824,832 |
| Total gains or losses: | |
| Recognized in other comprehensive income | 211,550 |
| Balance as of December 31, 2023 | <u>\$ 1,036,382</u> |
| Balance as of January 1, 2022 | \$ 628,051 |
| Total gains or losses: | |
| Recognized in other comprehensive income | 196,781 |
| Balance as of December 31, 2022 | <u>\$ 824,832</u> |

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, 2023 and 2022, the assets which were still held by the Group were as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income) | \$ 211,550 | 196,781 |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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- 5) Quantitative information about the significant unobservable inputs used in the fair value measurements categorized within Level 3

The Group 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:

| Items | Valuation techniques | Significant unobservable inputs | Relationship between significant unobservable inputs and fair value |
|---|--|--|---|
| 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, 2023 and 2022 were 1.48~3.97 and 0.90~3.66, respectively) • Market liquidity discount rate (as of December 31, 2023 and 2022 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 Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of December 31, 2023 and 2022, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

| Inputs | Increase (decrease) | Effects of changes in fair value on other comprehensive income | | | |
|--------------------------------|------------------------|--|------------|-------------|------------|
| | | Favorable | | Unfavorable | |
| | | 2023.12.31 | 2022.12.31 | 2023.12.31 | 2022.12.31 |
| Price-book ratio | 5% | 50,615 | 36,804 | (52,269) | (44,415) |
| Market liquidity discount rate | 5% | 50,615 | 36,804 | (52,269) | (44,415) |

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.

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(ab) Management of financial risk

(i) The Group 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 Group's objective, policies and process for managing risks have been stated below. Further quantitative disclosures have been disclosed as notes to the consolidated financial statements.

(ii) Risk management framework

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group's supervisors and Audit Committee oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Group's supervisors and Audit Committee are 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 supervisors and Audit Committee.

(iii) Credit risk

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

1) Notes and accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. In accordance with the Group'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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The transaction amount of the majority of the Group's customers is not significant, leading to an insignificant influence of loss from credit risk arising from single customer on the Group. The Group 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 Group's finance department. Since the Group'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, 2023, the Group did not provide endorsements and guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's 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 Group's reputation.

The Group's finance department monitors the needs for cash flows, and plans optional return from investments of idle capital. The Group 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 Group'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.

1) Currency risk

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

The Group 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 Group 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES

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The Group 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 Group 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 Group'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 Group 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 Group 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 Group 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.

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

- the effect of the counterparty and the Group'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 Group 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 Group 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.

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(ac) 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 Group 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, other equity and non-controlling interests) and net debt.

As of December 31, 2023, there were no changes in the Group's approach to capital management.

(ad) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

| | <u>2023.1.1</u> | <u>Cash flows</u> | <u>Non-cash changes</u> | | | <u>2023.12.31</u> |
|---|------------------------------|----------------------------|-------------------------|----------------------------------|-------------------------|---------------------------|
| | | | <u>Interest expense</u> | <u>Foreign exchange movement</u> | <u>Other</u> | |
| Short-term borrowings | \$ 300,000 | (80,000) | - | - | - | 220,000 |
| Bonds payable | 718,559 | (200) | 4,135 | - | (722,494) | - |
| Long-term borrowings | 75,301,217 | (26,843,107) | - | - | - | 48,458,110 |
| Lease liabilities and financial liabilities for hedging | <u>74,923,581</u> | <u>(13,745,817)</u> | <u>1,706,822</u> | <u>177,832</u> | <u>5,946,267</u> | <u>69,008,685</u> |
| Total liabilities from financing activities | <u>\$ 151,243,357</u> | <u>(40,669,124)</u> | <u>1,710,957</u> | <u>177,832</u> | <u>5,223,773</u> | <u>117,686,795</u> |

| | <u>2022.1.1</u> | <u>Cash flows</u> | <u>Non-cash changes</u> | | | <u>2022.12.31</u> |
|---|------------------------------|----------------------------|-------------------------|----------------------------------|-------------------------|---------------------------|
| | | | <u>Interest expense</u> | <u>Foreign exchange movement</u> | <u>Other</u> | |
| Short-term borrowings | \$ - | 300,000 | - | - | - | 300,000 |
| Bonds payable | 3,871,341 | - | 18,590 | - | (3,171,372) | 718,559 |
| Long-term borrowings | 102,865,080 | (27,563,863) | - | - | - | 75,301,217 |
| Lease liabilities and financial liabilities for hedging | <u>79,544,405</u> | <u>(14,646,180)</u> | <u>1,929,897</u> | <u>(521,671)</u> | <u>8,617,130</u> | <u>74,923,581</u> |
| Total liabilities from financing activities | <u>\$ 186,280,826</u> | <u>(41,910,043)</u> | <u>1,948,487</u> | <u>(521,671)</u> | <u>5,445,758</u> | <u>151,243,357</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with the Group

The followings are entities that have transactions with the Group during the periods covered in the consolidated financial statements.

| <u>Names of related parties</u> | <u>Relationship with the Group</u> |
|--|------------------------------------|
| GE Evergreen Engine Services Corp. | Associates |
| EverFun Travel Services Corp. | Associates |
| Arport Air Cargo Terminal (Xiamen) Co., Ltd. | Associates |
| Arport Air Cargo Service (Xiamen) Co., Ltd. | Associates |
| Spirit Evergreen Aftermarket Solutions Co., Ltd. | Associates |
| Ever Superior Technologies Corporation | Associates |
| Menzies Macau Airport Services Ltd. | Associates |
| Evergreen Security Corp. | 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 |
| SATS Ltd. | Other related parties |
| SATS Airport Services Pte. Limited | Other related parties |
| 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 |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| <u>Names of related parties</u> | <u>Relationship with the Group</u> |
|--|------------------------------------|
| 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 |
| STARLUX Airlines Co., Ltd. | Other related parties |
| Round The World Logistics (U.S.A.) Corp. | Other related parties |
| Taiwan FamilyMart Co., Ltd. | Other related parties |
| Taiwan Distribution Center Co., Ltd. | Other related parties |
| FOPi Bakery Co., Ltd. | Other related parties |
| Accudata Research Institute Inc. | Other related parties |
| Jin Shin Food Corp. | Other related parties |
| Evergreen International Logistics (Shanghai) Co., Ltd. | Other related parties |
| Evergreen Shipping Agency (Vietnam) Corp. | Other related parties |

(b) Significant transactions with related parties

(i) Operating revenue

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

| | <u>2023</u> | <u>2022</u> |
|-----------------------|---------------------|------------------|
| Associates | \$ 957,382 | 501,899 |
| Other related parties | <u>2,756,652</u> | <u>2,532,211</u> |
| | <u>\$ 3,714,034</u> | <u>3,034,110</u> |

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

The Group 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 Group received collateralized notes for receivables from aforementioned related party. No expected credit loss was required after the assessment by the management.

The Group provided maintenance and other services to related parties. The transactions with related parties that were made have no significant differences from those of the non-related parties.

The prices for sales to related parties are not materially different from those of the third-parties sales. The payment terms are usually 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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Operating costs

Operating costs from transactions with related parties were as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------|----------------------------|-----------------------|
| Associates | \$ 201,471 | 88,695 |
| Other related parties | <u>955,930</u> | <u>630,745</u> |
| | <u>\$ 1,157,401</u> | <u>719,440</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

Operating expenses from transactions with related parties were as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------|--------------------------|-----------------------|
| Associates | \$ 47,934 | 35,041 |
| Other related parties | <u>276,875</u> | <u>207,418</u> |
| | <u>\$ 324,809</u> | <u>242,459</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.

(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>2023</u> | <u>2022</u> |
|-----------------------|-------------------------|----------------------|
| Associates | \$ - | 302 |
| Other related parties | <u>53,039</u> | <u>29,455</u> |
| | <u>\$ 53,039</u> | <u>29,757</u> |

2) Disposals of property, plant and equipment

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

| | <u>Disposal price</u> | | <u>Gain from disposal</u> | |
|-----------------------|-----------------------|-----------------------|---------------------------|---------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Associates | \$ 100 | 29,295 | 100 | 6,410 |
| UNI Airways Corp. | 278 | 740,966 | 278 | - |
| Other related parties | <u>1</u> | <u>-</u> | <u>1</u> | <u>-</u> |
| | <u>\$ 379</u> | <u>770,261</u> | <u>379</u> | <u>6,410</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Acquisitions of other assets

The prices of intangible assets purchased from related parties were summarized as follows:

| | 2023 | 2022 |
|-----------------------|-------------|-------------|
| Other related parties | \$ - | 892 |

4) Others

Deferred gains from disposal from transactions with related parties were as follows:

| | Deferred gains from disposal | |
|------------------------------------|-------------------------------------|-------------------|
| | 2023.12.31 | 2022.12.31 |
| GE Evergreen Engine Services Corp. | \$ 403,958 | 467,591 |

(v) Construction commitment

In October 2019, EGAT, the consolidated subsidiary, entered into a contract with Ever Accord Construction Corp. amounting to \$370,700 for the purpose of the civil and architectural engineering construction of its component repair shop. The amount of contract price was corrected to \$680,613 due to the electromechanical system demand in May 2022. The aforementioned amount has already been paid.

(vi) Leases

The Group rented its offices from associates and other related enterprise. For the years ended December 31, 2023 and 2022, the Group recognized the amount of \$2,041 and \$1,575, respectively, as interest expense. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$56,224 and \$77,775, respectively.

The consolidated subsidiary, Evergreen Aviation Technologies Corp., leased out plants to its related parties, with monthly rentals based on the market price in the neighboring areas.

The rentals received from related parties were summarized as follows:

| | 2023 | 2022 |
|------------|-------------|-------------|
| Associates | \$ 20,507 | 17,817 |

(vii) Dividends received

Dividends received from related parties were summarized as follows:

| | 2023 | 2022 |
|-----------------------|-------------|-------------|
| Associates | \$ 291,557 | 61,350 |
| Other related parties | 59,282 | 209,010 |
| | \$ 350,839 | 270,360 |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(viii) Receivables from related parties

Receivables from related parties of the Group were as follows:

| <u>Account</u> | <u>Class of related parties</u> | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---------------------|-------------------------------------|-------------------|-------------------|
| Notes receivable | EverFun Travel Service Corp. | \$ 129,010 | 27,149 |
| Accounts receivable | Associates | 129,581 | 74,433 |
| Accounts receivable | Other related parties | <u>337,977</u> | <u>257,063</u> |
| Subtotal | | <u>596,568</u> | <u>358,645</u> |
| Other receivables | Associates | 9,143 | 66,910 |
| | Other related parties | | |
| Other receivables | UNI Airways Corp. | 129,651 | 136,878 |
| Other receivables | Evergreen Insurance Company Limited | 172,317 | 33,830 |
| Other receivables | Other related parties | <u>5,865</u> | <u>18</u> |
| Subtotal | | <u>316,976</u> | <u>237,636</u> |
| Total | | <u>\$ 913,544</u> | <u>596,281</u> |

(ix) Payables to related parties

Payables to related parties of the Group were as follows:

| <u>Account</u> | <u>Class of related parties</u> | <u>2023.12.31</u> | <u>2022.12.31</u> |
|------------------|---------------------------------|-------------------|-------------------|
| Accounts payable | Associates | \$ 36,786 | 4,411 |
| Accounts payable | Other related parties | <u>97,022</u> | <u>48,568</u> |
| Subtotal | | <u>133,808</u> | <u>52,979</u> |
| Other payables | Associates | 1,677 | 8,487 |
| Other payables | Other related parties | <u>62,950</u> | <u>40,826</u> |
| Subtotal | | <u>64,627</u> | <u>49,313</u> |
| Total | | <u>\$ 198,435</u> | <u>102,292</u> |

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------------|----------------|
| Short-term employee benefits | \$ 223,362 | 166,069 |
| Post-employment benefits | 5,861 | 4,746 |
| Share-based payments | <u>1,524</u> | <u>-</u> |
| | <u>\$ 230,747</u> | <u>170,815</u> |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

| <u>Pledged assets</u> | <u>Object</u> | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|--|----------------------|-------------------|
| Property, plant, and equipment | Short-term and long-term borrowings | \$ 55,697,389 | 87,597,989 |
| Investment property | Long-term borrowings | 1,029,594 | 1,075,420 |
| Time deposits— included in other non-current assets | Letters of credit, and contract performance guarantees, etc. | 212,495 | 253,055 |
| | | <u>\$ 56,939,478</u> | <u>88,926,464</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 and March 2023, the Company entered into an additional aircraft purchase contracts with Boeing Company for one Boeing 777 freighter and five Boeing 787-9 aircraft, respectively. The total contract price is US\$8,638,000. As of December 31, 2023, twelve Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of \$9,393,825, 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, 2023, 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) In December 2023, the Company entered into aircraft purchase contracts with Airbus S.A.S. for eighteen A350-1000 aircraft and fifteen A321neo aircraft. The total contract price is US\$10,098,000. As of December 31, 2023, all aircraft had not yet been delivered by Airbus S.A.S. The Company has partially prepaid the price of \$2,317,448, which was included in other non-current assets.
- (iv) The purchase of five Trent XWB97 spare engines with Rolls-Royce PLC was approved at the Board meeting on December 2023. The total contract price is US\$282,000.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Unused letters of credit for the Group were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|--------------------------|---------------------|-------------------|
| Unused letters of credit | <u>\$ 2,355,410</u> | <u>2,454,529</u> |

(vi) The consolidated subsidiary, Evergreen Air Cargo Services Corp. (hereinafter referred to as EGAC), entered into a contract— Contract of Building and Operating Phase II Air Cargo Terminal— with Civil Aeronautics Administration, Ministry of Transportation and Communications (hereinafter referred to as CAA) in 1999 to obtain the right to build and operate phase II of air cargo terminal at Taoyuan International Airport (hereinafter referred to as terminal) during the concession period and to run the business of warehousing of air cargo. Some details of this contract are as follows:

- 1) Concession period
 - a) Building period is less than 3 years starting from the date (i.e. April 1, 2000) when CAA delivered the terminal land to EGAC.
 - b) Operating period is 30 years starting from the initial date of operation (i.e. February 26, 2002) approved by CAA.
- 2) Right to build and operate
 - a) EGAC should complete building terminal and acquire necessary licenses to start operation after obtaining approval from CAA. EGAC has acquired the right to operate since the date of approval of operation and is not allowed to transfer the running of all the business to third-party. However, the running of part of the business can be transferred to third-party if CAA approves.
 - b) EGAC acquired an air cargo entrepot license issued by CAA on February 26, 2002 to obtain the right to operate terminal and start operations officially.
- 3) Royalty

EGAC should pay CAA royalties with the amount of a certain percentage (originally set at 6.00% before being adjusted to 6.10% on July 1, 2005 and adjusted subsequently to 6.00% in October 2008 until December 2026) of operating revenue, plus business tax, for each two-month period during the operating period. At the end of each accounting year, the adjustments will be made based on the differences between the amount of royalties EGAC has to pay, which is calculated as the total revenue (inclusive of operating revenue and non-operating income but exclusive of rental income from subletting operating facilities to Fedex) disclosed in the financial statements audited by the certified public accountants and multiplied by the aforementioned percentage, and adjusted by the amount of royalties EGAC has already paid during the same period. EGAC has to make up for the difference if the amount of royalties EGAC has to pay is more than those already paid; the difference will be deducted from the amount EGAC has to pay in the following period if the situation is the opposite.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Transfer of assets at the end of concession period

At the end of concession period, the lease agreement of the land is terminated and the land has to be returned to the government. EGAC is allowed to transfer with remuneration to the government the operating assets, in their status quo at the end of concession period, whose addition has been approved by CAA during the 5-year period before the expiration of concession period. The operating assets (in their status quo at the end of concession period, and acquired prior to the 5-year period before the expiration of concession period) have to be transferred without remuneration to the government, unless otherwise agreed. The transferred object consists of all the operating assets as well as other assets necessary to operations which were acquired by building and operating in accordance with the concession contract during the concession period.

5) Taoyuan International Airport of Civil Aeronautics Administration of the Ministry of transportation and Communications had been reorganized into Taoyuan International Airport Corporation (hereinafter refer to as TIAC) on November 1, 2010. The contracts that EGAC signed with CAA had been received by TIAC since the establishment. The royalty, penalty, and the commercial paper of land rent of the counterparty had been changed to TIAC. For the year ended December 31, 2023, the estimated royalty amounted to \$122,916, which was recorded as operating costs.

Besides, as of December 31, 2023, the promissory notes for the performance of the concession contract issued by EGAC amounted to \$751,963.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

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

| By function | 2023 | | | 2022 | | |
|----------------------------|-----------------|--------------------|------------|-----------------|--------------------|------------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Personnel expenses | | | | | | |
| Salaries | 17,433,843 | 7,774,515 | 25,208,358 | 13,271,970 | 5,448,997 | 18,720,967 |
| Labor and health insurance | 1,094,229 | 413,487 | 1,507,716 | 948,170 | 367,155 | 1,315,325 |
| Pension | 703,926 | 295,241 | 999,167 | 700,935 | 271,706 | 972,641 |
| Remuneration of directors | - | 64,734 | 64,734 | - | 48,217 | 48,217 |
| Others | 4,525,136 | 603,606 | 5,128,742 | 2,217,954 | 410,293 | 2,628,247 |
| Depreciation (Note) | 28,314,138 | 932,625 | 29,246,763 | 27,946,466 | 1,014,988 | 28,961,454 |
| Amortization | 104,711 | 188,920 | 293,631 | 116,844 | 214,496 | 331,340 |

Note: For the years ended December 31, 2023 and 2022, the depreciation expenses recognized were \$29,263,092 and \$29,166,661, respectively, less deferred gains of \$16,329 and \$16,329, respectively, and subsidy and rent concession of \$0 and \$188,878, respectively.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated 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 Group for the year ended December 31, 2023:

- (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: None.
- (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 3 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 4 attached.
- (ix) Derivative transactions: None.
- (x) Business relationships and significant inter-company transactions: Please see Table 5 attached.

(b) Information on investees:

The followings are the information on investees for the years ended December 31, 2023 (excluding investees in Mainland China): Please see Table 6 attached.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(d) Major shareholders:

(in shares)

| Shareholder's Name | Shareholding | Shares | Percentage |
|--------------------------------------|--------------|-------------|------------|
| Evergreen International Corp. | | 532,296,304 | 9.86 % |
| Evergreen Marine Corp. (Taiwan) Ltd. | | 401,139,111 | 7.43 % |
| Falcon Investment Services Ltd. | | 308,086,482 | 5.70 % |

(14) Segment information

(a) General information

The Group has two reportable segments: aviation transportation segment and the aircraft maintenance, manufacture segment. Aviation transportation segment is involved in aviation transportation of passengers and cargo. The aircraft maintenance and manufacture segment is involved in maintenance, manufacture, processing and sale of aircraft, parts and engine.

Other operating segments are mainly involved in ground handling services, catering services and food manufacturing, travel agency, air cargo service, investment, and flight training. For the years ended December 31, 2023 and 2022, the above segments do not meet the quantitative thresholds to be reportable.

(b) Profit or loss data of the reportable segments, assets and liabilities of the reportable segments, the basis of measurement and the related eliminations.

The Group allocates its resources and evaluates performance based on the internal management report, including profit which is reviewed by chief operating decision maker. The reportable amount is the same as that in the report used by the chief operating decision maker.

The accounting policies of operating segments are the same as those described in note 4 “material accounting policies”.

The Group treats intersegment sales and transfers as third-party transactions, which are measured at market price.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

| | Aviation transportation segment | Aircraft maintenance and manufacture segment | Other segments | Reconciliation and elimination | Total |
|--|---------------------------------------|--|-------------------|-----------------------------------|--------------------|
| For the years ended December 31, 2023 | | | | | |
| Revenue: | | | | | |
| Revenue from external customers | \$ 187,712,699 | 10,204,633 | 2,552,091 | (112,900) | 200,356,523 |
| Intersegment revenue | 100,010 | 4,577,165 | 8,143,488 | (12,820,663) | - |
| Interest income | 2,191,867 | 107,022 | 47,381 | - | 2,346,270 |
| Total revenue | <u>\$ 190,004,576</u> | <u>14,888,820</u> | <u>10,742,960</u> | <u>(12,933,563)</u> | <u>202,702,793</u> |
| Interest expense | <u>\$ (3,216,900)</u> | <u>(149,963)</u> | <u>(102,947)</u> | <u>488</u> | <u>(3,469,322)</u> |
| Depreciation and amortization | <u>\$ 27,966,786</u> | <u>762,569</u> | <u>830,241</u> | <u>(19,202)</u> | <u>29,540,394</u> |
| Share of profit (loss) of associates accounted for using equity method | <u>\$ 2,010,561</u> | <u>212,894</u> | <u>-</u> | <u>(1,877,934)</u> | <u>345,521</u> |
| Reportable segment profit or loss | <u>\$ 25,649,349</u> | <u>1,918,246</u> | <u>2,097,056</u> | <u>(98,386)</u> | <u>29,566,265</u> |
| Assets: | | | | | |
| Investments accounted for using equity method | <u>\$ 13,293,321</u> | <u>2,044,576</u> | <u>526,995</u> | <u>(13,238,757)</u> | <u>2,626,135</u> |
| Capital expenditures of non-current assets | <u>\$ 22,087,337</u> | <u>253,120</u> | <u>858,180</u> | <u>-</u> | <u>23,198,637</u> |
| Reportable segment assets | <u>\$ 305,611,637</u> | <u>23,009,141</u> | <u>17,365,847</u> | <u>(15,804,318)</u> | <u>330,182,307</u> |
| Reportable segment liabilities | <u>\$ 198,627,960</u> | <u>10,050,217</u> | <u>6,925,684</u> | <u>(2,441,693)</u> | <u>213,162,168</u> |
| For the years ended December 31, 2022 | | | | | |
| Revenue: | | | | | |
| Revenue from external customers | \$ 127,066,312 | 8,725,823 | 2,314,424 | (37,952) | 138,068,607 |
| Intersegment revenue | 75,920 | 3,121,563 | 3,553,471 | (6,750,954) | - |
| Interest income | 832,907 | 45,024 | 23,174 | - | 901,105 |
| Total revenue | <u>\$ 127,975,139</u> | <u>11,892,410</u> | <u>5,891,069</u> | <u>(6,788,906)</u> | <u>138,969,712</u> |
| Interest expense | <u>\$ (3,570,657)</u> | <u>(133,599)</u> | <u>(91,117)</u> | <u>422</u> | <u>(3,794,951)</u> |
| Depreciation and amortization | <u>\$ 27,632,651</u> | <u>873,916</u> | <u>804,515</u> | <u>(18,288)</u> | <u>29,292,794</u> |
| Share of profit (loss) of associates accounted for using equity method | <u>\$ 1,100,480</u> | <u>171,316</u> | <u>-</u> | <u>(1,066,154)</u> | <u>205,642</u> |
| Reportable segment profit or loss | <u>\$ 8,146,909</u> | <u>1,399,268</u> | <u>274,468</u> | <u>(22,654)</u> | <u>9,797,991</u> |
| Assets: | | | | | |
| Investments accounted for using equity method | <u>\$ 11,962,571</u> | <u>1,954,959</u> | <u>481,156</u> | <u>(11,927,733)</u> | <u>2,470,953</u> |
| Capital expenditures of non-current assets | <u>\$ 3,323,120</u> | <u>212,984</u> | <u>249,115</u> | <u>-</u> | <u>3,785,219</u> |
| Reportable segment assets | <u>\$ 294,048,935</u> | <u>21,774,703</u> | <u>17,435,832</u> | <u>(13,727,683)</u> | <u>319,531,787</u> |
| Reportable segment liabilities | <u>\$ 206,112,380</u> | <u>10,862,517</u> | <u>7,981,137</u> | <u>(1,664,285)</u> | <u>223,291,749</u> |

For the years ended December 31, 2023 and 2022, reportable segment profit or loss excludes non-operating income and expenses.

(c) Entity-wide information

(i) Information about the products and services

Since the reportable segments of the Group are presented by the products, services and revenue from external customers that are disclosed therefore, information about the products and services will not be disclosed in this paragraph.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets that are based on the geographical location of the assets. For the information on revenue from external customers for the years ended December 31, 2023 and 2022, please refer note 6(x).

Non-current assets:

| <u>Geography</u> | <u>2023.12.31</u> | <u>2022.12.31</u> |
|------------------|-----------------------|--------------------|
| Taiwan | \$ 226,359,552 | 221,257,249 |
| Asia | 363,585 | 390,029 |
| Others | <u>2,154,213</u> | <u>2,183,851</u> |
| | <u>\$ 228,877,350</u> | <u>223,831,129</u> |

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other non-current assets, excluding financial instruments and deferred tax assets.

(iii) Information about revenue from major customers

The Group is involved in international aviation transportation with its major customers being the masses.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 1 Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)
(December 31, 2023)

| Held Company Name | Marketable Securities Type and Name | Relationship with the Company | Financial Statement Account | Ending Balance | | | Highest Shareholding in the Period or Capital Contribution | Notes |
|--|---|-------------------------------|---|----------------|------------------|-------------------------|--|------------|
| | | | | Shares/Units | Book value | Percentage of ownership | | |
| The Company | Taishin 1699 Money Market Fund | None | Financial assets at fair value through profit or loss – current | 50,864,104 | 709,173 | - | 709,173 | 50,864,104 |
| The Company | Shares of Everest Investment Holdings Ltd. | None | Financial assets at fair value through other comprehensive income – non-current | 2,849 | 3,100 | 2.11 | 3,100 | 2,849 |
| The Company | Shares of Trade-Van Information Services Co. | Other related party | Financial assets at fair value through other comprehensive income – non-current | 8,502,418 | 568,812 | 5.67 | 568,812 | 8,502,418 |
| The Company | Shares of Central Reinsurance Corporation | Other related party | Financial assets at fair value through other comprehensive income – non-current | 28,630,008 | 659,922 | 3.58 | 659,922 | 28,630,008 |
| The Company | Shares of UNI Airways Corp. | Other related party | Financial assets at fair value through other comprehensive income – non-current | 37,606,277 | 989,045 | 9.98 | 989,045 | 37,606,277 |
| The Company | Shares of Chung Hwa Express Corp. | Other related party | Financial assets at fair value through other comprehensive income – non-current | 1,000,000 | 36,540 | 10.00 | 36,540 | 1,000,000 |
| The Company | Star Alliance Services GmbH | None | Financial assets at fair value through other comprehensive income – non-current | 1 | 7,620 | 4.55 | 7,620 | 1 |
| 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 | 31,992 | 0.01 | 31,992 | 222,939 |
| Evergreen Airline Services Corp. | Shares of Evergreen International Storage & Transport Corp. | Other related party | Financial assets at fair value through other comprehensive income – non-current | 158,800 | 5,034 | 0.01 | 5,034 | 158,800 |
| 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 | 63,169 | 0.34 | 63,169 | 2,740,542 |
| Evergreen Airways Service (Macau) Ltd. | Shares of Air Macau Co., Ltd. | None | Financial assets at fair value through other comprehensive income – non-current | 206 | 77 | 0.0024 | 77 | 500 |
| | | | | | <u>2,365,311</u> | | <u>2,365,311</u> | |

(in shares)

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated 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, 2023)

(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 | Shares/Units | Amount |
| The Company | Jih Sun Money Market Fund | Financial assets at fair value through profit or loss – current | Jih Sun Securities Investment Trust Co., Ltd. | None | 45,187,711 | 681,015 | - | - | 681,295 | 45,187,711 | 670,416 | 10,879 | - | - |
| The Company | Taishin 1699 Money Market Fund | Financial assets at fair value through profit or loss – current | Taishin Securities Investment Trust Co., Ltd. | None | 3,666,549 | 50,471 | 47,197,555 | 650,000 | - | - | - | - | 50,864,104 | 709,173 |
| Evergreen Aviation Technologies Corp. | Taishin 1699 Money Market Fund | Financial assets at fair value through profit or loss – current | Taishin Securities Investment Trust Co., Ltd. | None | - | - | 23,762,747 | 330,000 | 330,223 | 23,762,747 | 330,000 | 223 | - | - |
| Evergreen Air Cargo Services Corp. | UPAMC James Bond Money Market Fund | Financial assets at fair value through profit or loss – current | Uni-President Asset Management Corp. | None | - | - | 18,782,925 | 320,000 | 320,455 | 18,782,925 | 320,000 | 455 | - | - |

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 3 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2023)

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | | 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 | 1,648,474 | 0.88 | 60 days | - | - | 149,322 | 1.59 | (Note) |
| The Company | Evergreen Logistics Corp. | Other related party | Sales | 271,004 | 0.14 | 60 days | - | - | 15,149 | 0.16 | (Note) |
| The Company | Evergreen Airline Services Corp. | The company's subsidiary | Purchases | 3,326,550 | 2.22 | 60 days | - | - | (600,497) | 5.33 | (Note) |
| The Company | Evergreen Sky Catering Corp. | The company's subsidiary | Purchases | 3,896,345 | 2.60 | 60 days | - | - | (680,826) | 6.04 | (Note) |
| The Company | Evergreen Aviation Technologies Corp. | The company's subsidiary | Purchases | 4,560,342 | 3.04 | 60 days | - | - | (878,058) | 7.80 | (Note) |
| The Company | Evergreen Air Cargo Services Corp. | The company's subsidiary | Purchases | 546,182 | 0.36 | 60 days | - | - | (102,395) | 0.91 | (Note) |
| The Company | Sprint Evergreen Aftermarket Solutions Co., Ltd. | Associates | Purchases | 113,806 | 0.08 | 60 days | - | - | (29,587) | 0.26 | (Note) |
| The Company | Evergreen Insurance Company Ltd. | Other related party | Purchases | 225,669 | 0.15 | 60 days | - | - | (21,256) | 0.19 | (Note) |
| The Company | Evergreen International Storage & Transport Corp. | Other related party | Purchases | 130,909 | 0.09 | 60 days | - | - | (12,167) | 0.11 | (Note) |
| Evergreen Airline Services Corp. | The Company | Parent company | Sales | 3,326,550 | 90.62 | 60 days | - | - | 616,656 | 92.32 | (Note) |
| Evergreen Airline Services Corp. | UNI Airways Corp. | Other related party | Sales | 162,698 | 4.43 | 60 days | - | - | 31,142 | 4.66 | (Note) |
| Evergreen Aviation Technologies Corp. | The Company | Parent company | Sales | 4,576,576 | 30.96 | 60 days | - | - | 880,212 | 27.64 | (Note) |
| Evergreen Aviation Technologies Corp. | GE Evergreen Engine Services Corp. | Associate | Sales | 863,006 | 5.84 | 30 days | - | - | 123,057 | 3.86 | (Note) |
| Evergreen Aviation Technologies Corp. | UNI Airways Corp. | Other related party | Sales | 317,010 | 2.14 | 60 days | - | - | 82,699 | 2.60 | (Note) |
| Evergreen Aviation Technologies Corp. | Evergreen Sky Catering Corp. | Parent Company's subsidiary | Purchases | 101,034 | 0.83 | 60 days | - | - | (6,875) | 0.92 | (Note) |
| Evergreen Sky Catering Corp. | The Company | Parent company | Sales | 3,896,345 | 87.47 | 60 days | - | - | 688,054 | 89.34 | (Note) |
| Evergreen Sky Catering Corp. | Evergreen Aviation Technologies Corp. | Parent Company's subsidiary | Sales | 101,034 | 2.27 | 60 days | - | - | 173 | 0.02 | (Note) |
| Evergreen Sky Catering Corp. | Everfamily International Foods Corp. | Subsidiaries | Purchases | 335,425 | 11.70 | 30 days | - | - | (49,697) | 17.73 | (Note) |
| Evergreen Air Cargo Services Corp. | The Company | Parent company | Sales | 546,182 | 28.02 | 60 days | - | - | 107,642 | 55.29 | (Note) |
| Everfamily International Foods Corp. | Evergreen Sky Catering Corp. | Parent company | Sales | 335,425 | 85.16 | 30 days | - | - | 58,790 | 61.58 | (Note) |

Note : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 4 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2023)

| 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 | EverFun Travel Services Corp. | Associates | 129,041 | (Note 1) | - | | 92,313 | - |
| The Company | UNI Airways Corp. | Other related party | 277,888 | (Note 1) | - | | 277,888 | - |
| The Company | Evergreen Insurance Company Ltd. | Other related party | 172,317 | (Note 1) | - | | 423 | - |
| Evergreen Airline Services Corp. | The Company | Parent company | 634,331 | 6.68(Note 2) | - | | 634,331 | - |
| Evergreen Sky Catering Corp. | The Company | Parent company | 700,912 | 6.87(Note 2) | - | | 700,912 | - |
| Evergreen Aviation Technologies Corp. | The Company | Parent company | 882,165 | 5.76(Note 2) | - | | 882,165 | - |
| Evergreen Aviation Technologies Corp. | GE Evergreen Engine Services Corp. | Associates | 129,423 | 8.18 | - | | 129,423 | - |
| Evergreen Air Cargo Services Corp. | The Company | Parent company | 107,642 | 6.30(Note 2) | - | | 107,642 | - |

Note 1 : Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.

Note 2 : The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 5 Business relationships and significant inter-company transactions
(December 31, 2023)

| Number | Trader | Company Name | Nature of Relationship | Financial Statements Item | Transaction Details | | | Percentage of the Consolidated Net Revenue or Total Assets |
|--------|-------------|---------------------------------------|------------------------|----------------------------------|---------------------|-------------------------|------|--|
| | | | | | Amount | Transaction Terms | | |
| 0 | The Company | Evergreen Airline Services Corp. | 1 | Operating costs | 3,326,550 | as general transactions | 1.66 | |
| 0 | The Company | Evergreen Sky Catering Corp. | 1 | Operating costs | 3,896,345 | as general transactions | 1.94 | |
| 0 | The Company | Evergreen Aviation Technologies Corp. | 1 | Operating costs | 4,560,342 | as general transactions | 2.28 | |
| 0 | The Company | Evergreen Air Cargo Services Corp. | 1 | Operating costs | 546,182 | as general transactions | 0.27 | |
| 0 | The Company | Evergreen Airline Services Corp. | 1 | Accounts payable—related parties | 600,497 | as general transactions | 0.18 | |
| 0 | The Company | Evergreen Sky Catering Corp. | 1 | Accounts payable—related parties | 680,826 | as general transactions | 0.21 | |
| 0 | The Company | Evergreen Aviation Technologies Corp. | 1 | Accounts payable—related parties | 878,058 | as general transactions | 0.27 | |
| 0 | The Company | Evergreen Air Cargo Services Corp. | 1 | Accounts payable—related parties | 102,395 | as general transactions | 0.03 | |

Note 1: The number is filled in as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered sequentially by the number 1 according to the company.

Note 2: The types of relationships with the company are as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

Note 3: The section only discloses the information of parent company to subsidiaries transactions. The counter party is not disclosed due to duplicate.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 6 Information on investees (excluding investees in Mainland China)
(For the year ended December 31, 2023)

| Name of investor | Name of investee | Location | Main Businesses and Products | Initial Investment Amount | | Shares | Ending Balance | | Highest Shareholding in the Period or Capital Contribution | Net Income (Losses) of Investee | Share of Profit (Losses) of Investee | Notes |
|--|--|---|---|---------------------------|------------------|-------------|-----------------|------------|--|---------------------------------|--------------------------------------|------------------|
| | | | | End of period | End of last year | | 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 % | 407,110 | 5,500,000 | 18,810 | 18,810 | (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 % | 181,339 | None | 89,001 | 88,111 | (Note 1) |
| The Company | PT Perdana Andalana 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 % | 17,433 | 40,800 | 7,101 | 3,621 | (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 % | 610,190 | 10,000,000 | (9,356) | (9,356) | (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 | 55.05 % | 7,010,019 | 206,189,241 | 1,833,032 | 1,015,240 | (Note 1)(Note 4) |
| 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 % | 1,071,628 | 36,183,106 | 366,564 | 206,485 | (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 % | 2,193,787 | 76,557,790 | 926,913 | 461,603 | (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 % | 1,677,465 | 72,750,000 | 340,670 | 206,531 | (Note 1) |
| The Company | Hsiang Li Investment Corp. | IF., No. 117, Sec. 2, Chang An E. Rd., Taipei City, Taiwan | Investment business | 448,280 | 448,280 | 2,680,000 | 100.00 % | 69,785 | 2,680,000 | (211) | (211) | (Note 1) |
| The Company | EverFun Travel Services Corp. | 3F., No. 100, Sec. 2, Chang An E. Rd., Taipei City, Taiwan | Traveling agency | 74,123 | 74,123 | 4,110,374 | 25.18 % | 54,565 | 4,110,374 | 78,342 | 19,727 | (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 % | 1,919,707 | 203,284,545 | 464,183 | 227,450 | (Note 3) |
| Evergreen Aviation Technologies Corp. | Spirit Evergreen Aftermarket Solutions Co., Ltd. | 4F., No. 2 Hangzhan S Rd., Dayuan Dist., Taoyuan City, Taiwan | Maintenance, manufacturing, and sales of aircraft, engine and parts | 111,552 | 111,552 | 11,155,180 | 49.00 % | 104,640 | 11,155,180 | 9,597 | 4,702 | (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 % | 20,229 | 6,300,000 | (55,024) | (19,258) | (Note 3) |
| Evergreen Airways Service (Macau) Ltd. | Manzies Macau Airport Services | Airport Logistic Business Center Room 52 Macau International Airport Avenida do Aeroporto, Taipa, Macau | Ground handling | 8,032 | 8,032 | None | 20.00 % | 125,592 | None | 437,655 | 87,819 | (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 | 165,000 | 16,500,000 | 55.00 % | 92,451 | 16,500,000 | (161,912) | (71,359) | (Note 1) |

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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 the fourth quarter of 2020, a resolution was approved during the board meeting of EGAT for a capital reduction, wherein EGAT refund cash to its shareholders. The company had received the initial investment amount.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Table 7 Information on investment in Mainland China
(December 31, 2023)

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, 2023 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of December 31, 2023 | Net Income (Losses) of investee | Highest Shareholding (%) in the Period of Capital Contribution | Direct/Indirect Shareholding (%) by the Company | Share of Profits/Losses (Note 2) | Carrying Amount as of December 31, 2023 | Accumulated Inward Remittance of Earnings as of December 31, 2023 |
|---|--|--|-------------------------------|---|------------------|--------|---|---------------------------------|--|---|----------------------------------|---|---|
| | | | | | Outflow | Inflow | | | | | | | |
| Airport Air Cargo Terminal (Xiamen) Co., Ltd. | Forwarding and storage of air cargo | CNY 254,480 | 2 | 138,784 | - | - | 138,784 | 103,296 | 14.00% | 14.00 % | 14,461 | 258,399 | 126,728 |
| Airport 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 | 75,857 | 14.00% | 14.00 % | 10,620 | 143,003 | 77,242 |

(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, 2023 (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) | 70,212.083 |

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.
Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended
December 31, 2023 and 2022

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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, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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 Accountant of the 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.

- Recognition of passenger revenue

Please refer to note 4(q) and note 6(u) for "Revenue recognition" and "Revenue from contracts with customers", respectively.

Description of key audit matter:

The Company's operating revenue is mainly derived from the passenger revenue, which is made up of a high volume of homogeneous low-value transaction. The amount of passenger revenue to be recognized relies on automatic information technology systems. Therefore, recognition of passenger revenue is the key judgmental area for our audit.



How the matter was addressed in our audit:

- Understanding and testing the design and implementation of internal controls of sales and cash collection process for passenger revenue.
- Engaging internal specialists to examine relevant automatic control over passenger revenue on financial reporting.
- Analyzing the top 10 clients and comparing their related differences to evaluate any significant outliers.
- Checking samples of passenger revenue transactions to ensure they are consistent with the underlying records including evidence of collection and flight records to assess the existence and accuracy of the revenue recognized.

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 Chen, Ya-Ling and Su, Yen-Ta.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the statement of financial position, financial performance and its 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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

| | 2023.12.31 | | 2022.12.31 | | 2023.12.31 | | 2022.12.31 | |
|--|-----------------------|------------|--------------------|------------|-------------|-----------------------|------------|--------------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| 1100 Cash and cash equivalents (note 6(a)) | \$ 59,989,529 | 20 | 60,826,848 | 21 | 2126 | \$ 11,596,033 | 4 | 13,084,120 |
| 1110 Financial assets at fair value through profit or loss—current (note 6(b)) | 709,173 | - | 731,486 | - | 2130 | 28,881,499 | 9 | 21,102,633 |
| 1150 Notes receivable, net (note 6(d)) | 888,603 | - | 293,590 | - | 2170 | 8,906,872 | 3 | 7,460,600 |
| 1160 Notes receivable—related parties (notes 6(d) and 7) | 129,010 | - | 27,149 | - | 2180 | 2,357,124 | 1 | 1,459,879 |
| 1170 Accounts receivable, net (note 6(d)) | 8,191,743 | 3 | 7,943,292 | 3 | 2200 | 9,584,765 | 3 | 7,096,691 |
| 1220 Current tax assets | 193,137 | - | 157,781 | - | 2230 | 4,829,801 | 2 | 1,718,115 |
| 130x Inventories (note 6(f)) | 50,499 | - | 47,438 | - | 2280 | 136,314 | - | 92,794 |
| 1470 Other current assets (notes 6(c), 6(m) and 7) | 1,422,406 | 1 | 1,152,878 | - | 2320 | 5,942,364 | 2 | 11,403,514 |
| | <u>1,064,717</u> | <u>-</u> | <u>652,294</u> | <u>-</u> | <u>2399</u> | <u>10,537,589</u> | <u>3</u> | <u>10,133,503</u> |
| Total current assets | 72,638,817 | 24 | 71,832,756 | 24 | | 82,772,361 | 27 | 73,551,849 |
| Non-current assets: | | | | | | | | |
| 1510 Financial assets at fair value through profit or loss—non-current (notes 6(b) and 6(n)) | - | - | 4,641 | - | 2511 | 53,020,278 | 17 | 57,352,309 |
| 1517 Financial assets at fair value through other comprehensive income—non-current (note 6(b)) | 2,265,039 | 1 | 1,813,033 | 1 | 2527 | 3,469,538 | 1 | 1,426,556 |
| 1550 Investments accounted for using equity method (notes 6(g), 6(h) and 7) | 13,293,321 | 4 | 11,962,571 | 4 | 2530 | - | - | 718,559 |
| 1600 Property, plant and equipment (notes 6(i), 7, 8 and 9) | 121,291,893 | 40 | 108,744,867 | 37 | 2540 | 33,142,750 | 11 | 52,196,680 |
| 1755 Right-of-use assets (notes 6(j), 6(p) and 7) | 73,500,346 | 24 | 78,268,860 | 27 | 2570 | 2,345,179 | 1 | 79,498 |
| 1760 Investment property, net (note 6(k)) | 427,076 | - | 442,000 | - | 2580 | 382,249 | - | 399,791 |
| 1780 Intangible assets (notes 6(l) and 7) | 244,560 | - | 341,620 | - | 2640 | 1,029,912 | - | 1,096,968 |
| 1840 Deferred tax assets (note 6(r)) | 6,336,015 | 2 | 4,120,132 | 1 | 2670 | 22,465,693 | 8 | 19,290,170 |
| 1900 Other non-current assets (notes 6(m), 7, 8 and 9) | <u>15,614,570</u> | <u>5</u> | <u>16,518,455</u> | <u>6</u> | | <u>115,855,599</u> | <u>38</u> | <u>132,560,531</u> |
| Total non-current assets | 232,972,820 | 76 | 222,216,179 | 76 | | 198,627,960 | 65 | 206,112,380 |
| Total assets | \$ 305,611,637 | 100 | 294,048,935 | 100 | | \$ 305,611,637 | 100 | 294,048,935 |
| Liabilities and Equity | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Financial liabilities for hedging—current (notes 6(c), 6(o) and 7) | | | | | | | | |
| Contract liabilities—current (note 6(u)) | | | | | | | | |
| Accounts payable | | | | | | | | |
| Accounts payable—related parties (note 7) | | | | | | | | |
| Other payables (notes 6(v) and 7) | | | | | | | | |
| Current tax liabilities | | | | | | | | |
| Lease liabilities—current (notes 6(o) and 7) | | | | | | | | |
| Current portion of long-term liabilities (notes 6(n) and 8) | | | | | | | | |
| Other current liabilities (note 6(p)) | | | | | | | | |
| Total current liabilities | | | | | | | | |
| Non-current liabilities: | | | | | | | | |
| Financial liabilities for hedging—non-current (notes 6(c), 6(o) and 7) | | | | | | | | |
| Contract liabilities—non-current (note 6(u)) | | | | | | | | |
| Bonds payable (note 6(n)) | | | | | | | | |
| Long-term borrowings (notes 6(n) and 8) | | | | | | | | |
| Deferred tax liabilities (note 6(r)) | | | | | | | | |
| Lease liabilities—non-current (notes 6(o) and 7) | | | | | | | | |
| Net defined benefit liabilities—non-current (note 6(q)) | | | | | | | | |
| Other non-current liabilities (note 6(p)) | | | | | | | | |
| Total non-current liabilities | | | | | | | | |
| Total liabilities | | | | | | | | |
| Equity (notes 6(b), 6(c), 6(h), 6(n), 6(o), 6(r) and 6(s)): | | | | | | | | |
| Ordinary share | 3110 | | 222,216,179 | 76 | | 54,004,443 | 18 | 53,581,255 |
| Advanced receipts for share capital | 3140 | | - | - | | - | - | 20,634 |
| Capital surplus | 3200 | | - | - | | 13,860,196 | 4 | 12,912,298 |
| Retained earnings | 3300 | | - | - | | 37,590,051 | 12 | 20,610,902 |
| Other equity interest | 3400 | | - | - | | 1,528,987 | 1 | 811,466 |
| Total equity | | | | | | 106,983,677 | 35 | 87,936,555 |
| Total liabilities and equity | | | | | | \$ 305,611,637 | 100 | 294,048,935 |

EVA AIRWAYS CORP.
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, except Earnings Per Share)

| | | <u>2023</u> | | <u>2022</u> | |
|------|--|----------------------|-------------|----------------------|-------------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4000 | Operating revenue (notes 6(u) and 7) | \$ 187,812,709 | 100 | 127,142,232 | 100 |
| 5000 | Operating costs (notes 6(f), 6(i), 6(j), 6(o), 6(p), 6(q), 6(v) and 7) | <u>(149,908,637)</u> | <u>(80)</u> | <u>(110,113,767)</u> | <u>(87)</u> |
| 5900 | Gross profit from operations | 37,904,072 | 20 | 17,028,465 | 13 |
| 6000 | Operating expenses (notes 6(d), 6(i), 6(j), 6(k), 6(l), 6(o), 6(q), 6(v) and 7) | <u>(12,254,723)</u> | <u>(6)</u> | <u>(8,881,556)</u> | <u>(7)</u> |
| 6900 | Net operating income (loss) | <u>25,649,349</u> | <u>14</u> | <u>8,146,909</u> | <u>6</u> |
| 7000 | Non-operating income and expenses (notes 6(c), 6(g), 6(o), 6(p), 6(w) and 7): | | | | |
| 7010 | Other income | 2,235,344 | 1 | 1,026,888 | 1 |
| 7020 | Other gains and losses | (191,263) | - | 1,591,777 | 1 |
| 7050 | Finance costs | (3,216,900) | (2) | (3,570,657) | (3) |
| 7375 | Share of profit of subsidiaries and associates accounted for using equity method | <u>2,010,561</u> | <u>1</u> | <u>1,100,480</u> | <u>1</u> |
| | Total non-operating income and expenses | <u>837,742</u> | <u>-</u> | <u>148,488</u> | <u>-</u> |
| 7900 | Profit (loss) before tax | 26,487,091 | 14 | 8,295,397 | 6 |
| 7950 | Income tax benefit (expenses) (note 6(r)) | <u>(4,892,666)</u> | <u>(2)</u> | <u>(1,204,098)</u> | <u>(1)</u> |
| 8200 | Profit (loss) | <u>21,594,425</u> | <u>12</u> | <u>7,091,299</u> | <u>5</u> |
| 8300 | Other comprehensive income (notes 6(c), 6(g), 6(q), 6(r) and 6(s)): | | | | |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| 8311 | Remeasurements of defined benefit plans | (254,705) | - | 1,094,924 | 1 |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 452,006 | - | (234,891) | - |
| 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 | (114,119) | - | 158,827 | - |
| 8349 | Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss | <u>50,881</u> | <u>-</u> | <u>(215,469)</u> | <u>-</u> |
| | Total components of other comprehensive income that will not be reclassified to profit or loss | <u>134,063</u> | <u>-</u> | <u>803,391</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 | (7,651) | - | 90,734 | - |
| 8368 | Gains (losses) on hedging instrument | 331,723 | - | (8,187,525) | (6) |
| 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 | 30 | - | 32,757 | - |
| 8399 | Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss | <u>(66,345)</u> | <u>-</u> | <u>1,637,505</u> | <u>1</u> |
| | Total components of other comprehensive income that will be reclassified to profit or loss | <u>257,757</u> | <u>-</u> | <u>(6,426,529)</u> | <u>(5)</u> |
| 8300 | Other comprehensive income, net of tax | <u>391,820</u> | <u>-</u> | <u>(5,623,138)</u> | <u>(4)</u> |
| 8500 | Total comprehensive income | <u>\$ 21,986,245</u> | <u>12</u> | <u>1,468,161</u> | <u>1</u> |
| | Earnings per share (note 6(t)) | | | | |
| 9750 | Basic earnings per share (in New Taiwan Dollars) | <u>\$ 4.01</u> | | <u>1.34</u> | |
| 9850 | Diluted earnings per share (in New Taiwan Dollars) | <u>\$ 3.99</u> | | <u>1.32</u> | |

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

EVA AIRWAYS CORP.
Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | Retained earnings | | | | Other equity interest | | | Total equity | | | |
|---|-------------------|------------------------------------|-----------------|---------------|----------------------------------|-------------|---|--------------|---------------------------------------|-------------|-------------|
| | Ordinary share | Advance receipts for share capital | Capital surplus | Legal reserve | Unappropriated retained earnings | Total | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | | Gains (losses) on hedging instruments | | |
| Balance on January 1, 2022 | \$ 51,385,387 | 480,312 | 10,678,743 | 2,574,002 | 11,929,878 | 14,503,880 | (148,330) | 2,287,702 | 6,469,383 | 8,608,935 | 85,657,277 |
| Due to donated assets received | - | - | 24,489 | - | - | - | - | - | - | - | 24,489 |
| Appropriation of prior year's earnings: | - | - | - | 667,674 | (667,674) | - | - | - | - | - | - |
| Legal reserve appropriated | - | - | - | - | (3,163,333) | (3,163,333) | - | - | - | - | (3,163,333) |
| Cash dividends of ordinary share | - | - | - | - | 7,091,299 | 7,091,299 | - | - | - | - | 7,091,299 |
| Profit (Loss) | - | - | - | - | 1,084,554 | 1,084,554 | 123,491 | (281,163) | (6,550,020) | (6,707,692) | (5,623,138) |
| Other comprehensive income | - | - | - | - | 8,175,853 | 8,175,853 | 123,491 | (281,163) | (6,550,020) | (6,707,692) | 1,468,161 |
| 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 | - | - | - | - | - | - | - | - | - | - | - |
| 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 |
| Due to donated assets received | - | - | 25,117 | - | - | - | - | - | - | - | 25,117 |
| Appropriation of prior year's earnings: | - | - | - | 927,036 | (927,036) | - | - | - | - | - | - |
| Legal reserve appropriated | - | - | - | - | (4,290,310) | (4,290,310) | - | - | - | - | (4,290,310) |
| Cash dividends of ordinary share | - | - | - | - | 21,594,425 | 21,594,425 | - | - | - | - | 21,594,425 |
| Profit (Loss) | - | - | - | - | (335,123) | (335,123) | (7,621) | 469,186 | 265,378 | 726,943 | 391,820 |
| Other comprehensive income | - | - | - | - | 21,259,302 | 21,259,302 | (7,621) | 469,186 | 265,378 | 726,943 | 21,986,245 |
| Total comprehensive income | - | - | - | - | 21,259,302 | 21,259,302 | (7,621) | 469,186 | 265,378 | 726,943 | 21,986,245 |
| Conversion of convertible bonds | 423,188 | (20,634) | 317,347 | - | - | - | - | - | - | - | 719,901 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | (3,872) | - | - | - | - | - | - | - | (3,872) |
| Changes in equity of associates accounted for using equity method | - | - | (160) | - | - | - | 735 | - | - | 735 | 575 |
| Changes in ownership interests in subsidiaries | - | - | 609,466 | - | - | - | - | - | - | - | 609,466 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | - | - | (10,157) | - | (10,157) | - |
| Balance on December 31, 2023 | \$ 54,004,443 | - | 13,860,196 | 4,168,712 | 33,421,339 | 37,590,051 | (27,020) | 1,371,066 | 184,941 | 1,528,987 | 106,983,677 |

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

EVA AIRWAYS CORP.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Cash flows from (used in) operating activities: | | |
| Profit (loss) before tax | \$ 26,487,091 | 8,295,397 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Expected credit loss (gain) | 10,000 | - |
| Depreciation expense | 27,819,521 | 27,603,725 |
| Amortization expense | 163,594 | 190,438 |
| Net losses (gains) on financial assets or liabilities at fair value through profit or loss | (6,941) | (9,213) |
| Interest expense | 3,216,900 | 3,570,657 |
| Interest income | (2,191,867) | (832,907) |
| Dividend income | (43,477) | (193,981) |
| Share of profit of subsidiaries and associates accounted for using equity method | (2,010,561) | (1,100,480) |
| Losses (gains) on disposal of property, plant and equipment | 6,772 | (12,226) |
| Losses (gains) on disposal of non-current assets classified as held for sale | - | (87,596) |
| Losses (gains) on disposal of investments | - | (76,931) |
| Unrealized foreign exchange losses (gains) | (45,539) | 1,321,540 |
| Others | 23,123 | (187,766) |
| Total adjustments to reconcile profit (loss) | 26,941,525 | 30,185,260 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Notes receivable, net | (595,013) | (288,277) |
| Notes receivable—related parties | (101,861) | (27,149) |
| Accounts receivable, net | (258,451) | 640,286 |
| Accounts receivable—related parties | (35,356) | (33,550) |
| Inventories | (286,030) | 16,174 |
| Other current assets | (479,671) | 59,486 |
| Total changes in operating assets | (1,756,382) | 366,970 |
| Changes in operating liabilities: | | |
| Contract liabilities | 9,821,848 | 16,437,388 |
| Notes payable—related parties | - | (826) |
| Accounts payable | 1,446,272 | 3,244,659 |
| Accounts payable—related parties | 897,245 | 584,422 |
| Other payables | 2,681,035 | 643,994 |
| Other current liabilities | (553,451) | 2,453,585 |
| Net defined benefit liabilities—non-current | (321,761) | (464,980) |
| Other non-current liabilities | 17,682 | 3,149 |
| Total changes in operating liabilities | 13,988,870 | 22,901,391 |
| Total changes in operating assets and liabilities | 12,232,488 | 23,268,361 |
| Total adjustments | 39,174,013 | 53,453,621 |
| Cash inflow (outflow) generated from operations | 65,661,104 | 61,749,018 |
| Income taxes paid | (1,749,707) | (594,376) |
| Net cash flows from (used in) operating activities | 63,911,397 | 61,154,642 |

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

EVA AIRWAYS CORP.
Statements of Cash Flows (continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|----------------------|---------------------|
| Cash flows from (used in) investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | - | 1,964,502 |
| Acquisition of financial assets at amortised cost | - | (18,165) |
| Proceeds from disposal of financial assets at amortised cost | - | 20,863 |
| Acquisition of financial assets at fair value through profit or loss | (650,000) | - |
| Proceeds from disposal of financial assets at fair value through profit or loss | 681,295 | 663,924 |
| 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 |
| Acquisition of property, plant and equipment | (17,138,091) | (289,785) |
| Proceeds from disposal of property, plant and equipment | 22,555 | 781,095 |
| Acquisition of intangible assets | (134,832) | (117,662) |
| Decrease (increase) in other non-current assets | (1,273,702) | 153,129 |
| Decrease (increase) in prepayments for business facilities | (4,814,414) | (2,915,673) |
| Interest received | 2,257,188 | 645,528 |
| Dividends received | 1,219,514 | 783,923 |
| Net cash flows from (used in) investing activities | (19,830,487) | 2,184,265 |
| Cash flows from (used in) financing activities: | | |
| Repayments of bonds payable | (200) | - |
| Proceeds from long-term borrowings | 6,382,600 | 10,757,700 |
| Repayments of long-term borrowings | (30,897,680) | (35,771,801) |
| Payments of lease liabilities | (13,493,502) | (12,572,944) |
| Increase (decrease) in other non-current liabilities | 11,076 | 72,181 |
| Cash dividends paid | (4,290,310) | (3,163,333) |
| Disposal of ownership interests in subsidiaries (without losing control) | - | 1,431,840 |
| Interest paid | (2,655,330) | (2,854,101) |
| Other financing activities | 25,117 | 24,489 |
| Net cash flows from (used in) financing activities | (44,918,229) | (42,075,969) |
| Net increase (decrease) in cash and cash equivalents | (837,319) | 21,262,938 |
| Cash and cash equivalents at beginning of year | 60,826,848 | 39,563,910 |
| Cash and cash equivalents at end of year | \$ 59,989,529 | 60,826,848 |

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, 2023 and 2022

(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, 2024.

(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 material impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

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

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(Continued)

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

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a material 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

The material accounting policies have been applied consistently to all periods presented in these financial statements, except when otherwise indicated. The material 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”).

(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.

(Continued)

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

(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.

(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.

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

(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.

(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).

(Continued)

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

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.

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.

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

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.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

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.

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.

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

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 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;
- 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.

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

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.

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.

(Continued)

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

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.

(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.

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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.

(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.

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

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.

(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.

(Continued)

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

(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.

(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 |

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EVA AIRWAYS CORP.
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- 3) Machinery and equipment:
- | | |
|------------------------------|---------------|
| Electro-mechanical equipment | 3 to 18 years |
| Others | 2 to 18 years |
- 4) Aircraft:
- | | |
|-----------------|----------|
| Airframes | 18 years |
| Aircraft cabins | 12 years |
| Engines | 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.

(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.

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Notes to the Parent-Company-Only Financial Statements

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.

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.

As a practical expedient, the Company elects not to assess whether 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 that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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- 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.

(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.

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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.

(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.

(Continued)

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

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.

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.

(Continued)

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

(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.

(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.

(Continued)

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

(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.

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) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits(losses) and does not give rise to equal taxable and deductible temporary differences
- (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.

(Continued)

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

(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.

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

The preparation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial by Securities Issuers 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.

The Company is likely to be facing economic uncertainties, such as natural disasters, international political uncertainties and inflation. Those events may have a material impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies do not have material effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties do not have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

The accounting policy and disclosure of the Company include measuring the financial assets, non-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:

(Continued)

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

- 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(k) and 6(x).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

| | 2023.12.31 | 2022.12.31 |
|--------------|----------------------|-------------------|
| Cash on hand | \$ 80,354 | 78,863 |
| Cash in bank | 59,909,175 | 60,747,985 |
| | \$ 59,989,529 | 60,826,848 |

Refer to note 6(x) 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

| | 2023.12.31 | 2022.12.31 |
|--|-------------------|-------------------|
| Financial assets mandatorily measured at fair value through profit or loss: | | |
| Money market funds | \$ 709,173 | 731,486 |
| Convertible bonds with embedded derivatives | - | 4,641 |
| | \$ 709,173 | 736,127 |

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

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

| | 2023.12.31 | 2022.12.31 |
|---|---------------------|-------------------|
| Equity investments at fair value through other comprehensive income: | | |
| Publicly traded stocks | \$ 1,228,734 | 988,353 |
| Non-publicly traded stocks | 1,036,305 | 824,680 |
| | \$ 2,265,039 | 1,813,033 |

(Continued)

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

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 year of 2022, 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 the Company recognized gains of \$1,094,502, which was accounted for as other equity. The gains has been transferred to retained earnings. There was no such transaction in 2023.

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

(iv) The aforementioned financial assets were not pledged.

(c) Financial liabilities for hedging

The details of financial liabilities for hedging were as follows:

| | 2023.12.31 | 2022.12.31 |
|--|-----------------------------|--------------------------|
| Financial liabilities for hedging: | | |
| Foreign currency component of non-derivative lease liabilities | \$ 64,616,311 | 70,436,429 |
| Current | \$ 11,596,033 | 13,084,120 |
| Non-current | <u>53,020,278</u> | <u>57,352,309</u> |
| | <u>\$ 64,616,311</u> | <u>70,436,429</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, 2023 and 2022, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

| Hedged item | Hedging instrument | Lease liabilities of assigned hedging instrument | | Period when cash flows are expected to occur | Period when profit or loss is affected |
|---------------------------------------|---------------------------------------|---|-------------------|---|---|
| | | 2023.12.31 | 2022.12.31 | | |
| Foreign currency of operating revenue | Foreign currency of lease liabilities | \$ 64,616,311 | 70,436,429 | 2022~2032 | 2022~2032 |

(ii) The details arising from cash flow hedges for the years ended December 31, 2023 and 2022, were as follows:

| Account Item | 2023 | 2022 |
|--|-------------------|--------------------|
| Recognized in other comprehensive income during the period | \$ 331,723 | (8,187,525) |
| Reclassification from equity to exchange losses (gains) for the period | \$ 177,832 | (521,671) |

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

(Continued)

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

(d) Notes and accounts receivable

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|----------------------------|-------------------------|
| Notes receivable (including related parties) | \$ 1,017,613 | 320,739 |
| Accounts receivable (including related parties) | 8,394,747 | 8,106,001 |
| Less: allowance for impairment | <u>(9,867)</u> | <u>(4,928)</u> |
| | <u><u>\$ 9,402,493</u></u> | <u><u>8,421,812</u></u> |

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all 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:

| | <u>2023.12.31</u> | | |
|---|--|--|---|
| | <u>Notes and accounts receivable (including related parties) carrying amount</u> | <u>Weighted- average loss rate</u> | <u>Loss allowance provision</u> |
| Not overdue | \$ 9,382,834 | - | - |
| Overdue within 30 days | 24,632 | 2.33% | 573 |
| Overdue 31~60 days | 3,136 | 33.89% | 1,063 |
| Overdue over 60 days but less than one year | 773 | 55.46%~100% | 637 |
| Overdue more than one year | <u>985</u> | 100% | <u>985</u> |
| | <u><u>\$ 9,412,360</u></u> | | <u><u>3,258</u></u> |
| | <u>2022.12.31</u> | | |
| | <u>Notes and accounts receivable (including related parties) carrying amount</u> | <u>Weighted- average loss rate</u> | <u>Loss allowance provision</u> |
| 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 | <u>2,840</u> | 100% | <u>2,840</u> |
| | <u><u>\$ 8,426,740</u></u> | | <u><u>3,755</u></u> |

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

| | <u>2023</u> | <u>2022</u> |
|---|------------------------|---------------------|
| Balance on January 1 | \$ 4,928 | 10,139 |
| Impairment losses recognized (reversed) | 10,000 | - |
| Amounts written off | <u>(5,061)</u> | <u>(5,211)</u> |
| Balance on December 31 | <u><u>\$ 9,867</u></u> | <u><u>4,928</u></u> |

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

(Continued)

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

(e) Other receivables

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-----------------------------------|-------------------|-------------------|
| Other receivables—related parties | \$ 336,306 | 178,799 |
| Others | 269,247 | 221,102 |
| Less: allowance for impairment | <u>-</u> | <u>-</u> |
| | <u>\$ 605,553</u> | <u>399,901</u> |

There were no change on the movements in the allowance for impairment of other receivables for the years ended December 31, 2023 and 2022.

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

(f) Inventories

(i) The components were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|---------------------|-------------------|
| Aircraft spare parts | \$ 246,389 | 197,901 |
| Consumables for use and merchandise for in-flight sales | 1,090,194 | 883,558 |
| Fuel for aircraft and others | <u>85,823</u> | <u>71,419</u> |
| | <u>\$ 1,422,406</u> | <u>1,152,878</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>2023</u> | <u>2022</u> |
|---|------------------|---------------|
| Losses on (gains on reversal) valuation of inventories and obsolescence | \$ <u>70,083</u> | <u>22,645</u> |

As of December 31, 2023 and 2022, these inventories were not pledged.

(g) Investments accounted for using equity method

The components were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|--------------|----------------------|-------------------|
| Subsidiaries | \$ 13,238,756 | 11,927,733 |
| Associates | <u>54,565</u> | <u>34,838</u> |
| | <u>\$ 13,293,321</u> | <u>11,962,571</u> |

(Continued)

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

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2023.

(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 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.

| | 2023 | 2022 |
|------------------------------|------------------|----------------|
| Attributable to the Company: | | |
| Profit (loss) | \$ 19,727 | (3,627) |
| Other comprehensive income | - | - |
| Comprehensive income | \$ 19,727 | (3,627) |

(iii) Pledged

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged.

(h) 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 year 2022, the Company has disposed 22,796 thousand shares of EGAT with a total selling price of \$1,431,840. Therefore, the Company recognized a gain of \$802,579, which was accounted for capital surplus. There was no such transaction in 2023.

EGAT, the subsidiary, has issued new shares by cash in the first quarter of 2023, wherein the Company failed to subscribe proportionately, resulting in the Company's shareholding percentage in EGAT to decrease from 58.44% to 55.05%. The Company recognized \$605,413 under capital surplus due to abovementioned transaction.

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

(i) 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, 2023 | \$ 2,875,721 | 8,029,090 | 20,333,128 | 1,453,655 | 158,094,037 | 190,785,631 |
| Additions | 11,191 | - | 866,700 | 13,326 | 16,218,365 | 17,109,582 |
| Disposals | - | - | (627,570) | (152,118) | - | (779,688) |
| Reclassification (Note) | - | - | 424,155 | 3,019 | 6,670,995 | 7,098,169 |
| Balance as of December 31, 2023 | <u>\$ 2,886,912</u> | <u>8,029,090</u> | <u>20,996,413</u> | <u>1,317,882</u> | <u>180,983,397</u> | <u>214,213,694</u> |
| 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> |
| Accumulated depreciation: | | | | | | |
| Beginning balance as of January 1, 2023 | \$ - | 4,024,307 | 11,120,467 | 1,117,180 | 65,778,810 | 82,040,764 |
| Depreciation expense | - | 229,825 | 1,418,140 | 107,399 | 9,876,798 | 11,632,162 |
| Disposals | - | - | (598,563) | (151,798) | - | (750,361) |
| Reclassification (Note) | - | - | (764) | - | - | (764) |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>4,254,132</u> | <u>11,939,280</u> | <u>1,072,781</u> | <u>75,655,608</u> | <u>92,921,801</u> |
| 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> |
| Carrying amounts: | | | | | | |
| Balance as of December 31, 2023 | <u>\$ 2,886,912</u> | <u>3,774,958</u> | <u>9,057,133</u> | <u>245,101</u> | <u>105,327,789</u> | <u>121,291,893</u> |
| 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 January 1, 2022 | <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> |

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.

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

(i) Pledge

As of December 31, 2023 and 2022, 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.

(ii) For the years ended December 31, 2023 and 2022, the Company capitalized the interest expenses amounted to \$227,357 and \$166,572, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.15%~0.16% and 0.09%~0.14%, respectively.

(j) 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, 2023 | \$ 392,646 | 2,079,956 | 143,011,660 | 113,502 | 145,597,764 |
| Additions | 9,898 | 474,501 | 10,875,791 | 50,493 | 11,410,683 |
| Decrease | - | (37,276) | (4,065,463) | (23,031) | (4,125,770) |
| Balance as of December 31, 2023 | <u>\$ 402,544</u> | <u>2,517,181</u> | <u>149,821,988</u> | <u>140,964</u> | <u>152,882,677</u> |
| 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> |
| Accumulated depreciation: | | | | | |
| Beginning balance as of January 1, 2023 | \$ 104,723 | 1,509,339 | 65,655,277 | 59,565 | 67,328,904 |
| Depreciation expense | 26,755 | 396,519 | 15,717,397 | 31,764 | 16,172,435 |
| Decrease | - | (32,032) | (4,065,463) | (21,513) | (4,119,008) |
| Balance as of December 31, 2023 | <u>\$ 131,478</u> | <u>1,873,826</u> | <u>77,307,211</u> | <u>69,816</u> | <u>79,382,331</u> |
| 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> |
| Carrying amount: | | | | | |
| Balance as of December 31, 2023 | <u>\$ 271,066</u> | <u>643,355</u> | <u>72,514,777</u> | <u>71,148</u> | <u>73,500,346</u> |
| 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 January 1, 2022 | <u>\$ 304,562</u> | <u>531,399</u> | <u>90,608,212</u> | <u>40,499</u> | <u>91,484,672</u> |

The estimated recovery costs incurred by leasing aircraft are recognized as right-of-use assets. 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(p) for the movements of restoration obligations.

(Continued)

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

(k) 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, 2023 | \$ 55,572 | 424,235 | 479,807 |
| Transfer to non-current assets classified as held for sale | - | - | - |
| Balance as of December 31, 2023 | <u>\$ 55,572</u> | <u>424,235</u> | <u>479,807</u> |
| Beginning balance as of January 1, 2022 | \$ 81,652 | 623,468 | 705,120 |
| Transferred 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> |
| Accumulated depreciation: | | | |
| Beginning balance as of January 1, 2023 | \$ - | 37,807 | 37,807 |
| Depreciation expense | - | 14,924 | 14,924 |
| Transfer to non-current assets classified as held for sale | - | - | - |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>52,731</u> | <u>52,731</u> |
| Beginning balance as of January 1, 2022 | \$ - | 33,630 | 33,630 |
| Depreciation expense | - | 15,860 | 15,860 |
| Transferred to non-current assets classified a held for sale | - | (11,683) | (11,683) |
| Balance as of December 31, 2022 | <u>\$ -</u> | <u>37,807</u> | <u>37,807</u> |
| Carrying amounts: | | | |
| Balance as of December 31, 2023 | <u>\$ 55,572</u> | <u>371,504</u> | <u>427,076</u> |
| Balance as of December 31, 2022 | <u>\$ 55,572</u> | <u>386,428</u> | <u>442,000</u> |
| Balance as of January 1, 2022 | <u>\$ 81,652</u> | <u>589,838</u> | <u>671,490</u> |
| Fair value: | | | |
| Balance as of December 31, 2023 | | | <u>\$ 676,355</u> |
| Balance as of December 31, 2022 | | | <u>\$ 676,465</u> |
| Balance as of January 1, 2022 | | | <u>\$ 847,998</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, 2023 and 2022, the Company's investment property was not pledged.

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

(l) Intangible assets

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

| | Computer software |
|---|--------------------------|
| Cost: | |
| Beginning balance as of January 1, 2023 | \$ 778,516 |
| Additions | 134,832 |
| Disposals | (236,723) |
| Reclassification | (68,298) |
| Balance as of December 31, 2023 | <u>\$ 608,327</u> |
| Beginning balance as of January 1, 2022 | \$ 821,866 |
| Additions | 117,662 |
| Disposals | (161,012) |
| Balance as of December 31, 2022 | <u>\$ 778,516</u> |
| Accumulated amortization: | |
| Beginning balance as of January 1, 2023 | \$ 436,896 |
| Amortization expense | 163,594 |
| Disposals | (236,723) |
| Balance as of December 31, 2023 | <u>\$ 363,767</u> |
| 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> |
| Carrying amounts: | |
| Balance as of December 31, 2023 | <u>\$ 244,560</u> |
| Balance as of December 31, 2022 | <u>\$ 341,620</u> |
| Balance as of January 1, 2022 | <u>\$ 414,396</u> |

(i) Amortization

For the years ended December 31, 2023 and 2022, 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.

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

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

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

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|---------------------|-------------------|
| Prepaid expense | \$ 313,037 | 160,721 |
| Other receivables (including related parties) | 605,553 | 399,901 |
| Others | <u>146,127</u> | <u>91,672</u> |
| Total | <u>\$ 1,064,717</u> | <u>652,294</u> |

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

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|-------------------------------------|----------------------|-------------------|
| Prepayments for business facilities | \$ 13,108,776 | 15,286,363 |
| Refundable deposits | 2,399,165 | 1,088,117 |
| Pledged time deposits | <u>106,629</u> | <u>143,975</u> |
| Total | <u>\$ 15,614,570</u> | <u>16,518,455</u> |

(n) Long-term borrowings and bonds payable

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

| | <u>2023.12.31</u> | | | |
|-----------------------|-------------------|----------------------|-----------------------|----------------------|
| | <u>Currency</u> | <u>Interest rate</u> | <u>Maturity date</u> | <u>Amount</u> |
| Unsecured loans | TWD | 1.68%~1.97% | 2025/02/24~2028/12/28 | \$ 5,005,556 |
| Secured loans | TWD | 1.65%~2.05% | 2026/02/26~2035/03/23 | <u>34,079,558</u> |
| Subtotal | | | | 39,085,114 |
| Less: Current portion | | | | <u>(5,942,364)</u> |
| Total | | | | <u>\$ 33,142,750</u> |

| | <u>2022.12.31</u> | | | |
|--|-------------------|----------------------|-----------------------|----------------------|
| | <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) | | | | <u>-</u> |
| 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 | <u>53,431,033</u> |
| Subtotal | | | | 63,600,194 |
| Less: Current portion | | | | <u>(11,403,514)</u> |
| Total | | | | <u>\$ 52,196,680</u> |

(Continued)

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

The details of convertible bonds were as follows:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|-------------------|-------------------|
| Total convertible bonds issued | \$ 5,000,000 | 5,000,000 |
| Less: Unamortized discounted bonds payable | - | (29,941) |
| Cumulative converted amount | (4,999,800) | (4,251,500) |
| Cumulative call amount | <u>(200)</u> | <u>-</u> |
| Convertible bonds issued balance | <u>\$ -</u> | <u>718,559</u> |
| Embedded derivatives – put/call options (included in financial assets/(liabilities) at fair value through profit or loss) | <u>\$ -</u> | <u>4,641</u> |
| Equity components – conversion options (included in capital surplus – share options) | <u>\$ 363,724</u> | <u>401,999</u> |

Please refer to note 6(w) 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 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.

(Continued)

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

- (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.

- (x) Others: The Company exercised redemption rights and terminated OTC trading of fifth domestic unsecured convertible bonds in August 2023, with the conversion price amounted to \$18.5 per share. As of December 31 2023 and 2022, the corporate bonds, with the face value of \$4,999,800 and \$4,251,500, had been converted into 261,906 and 221,650 thousand ordinary shares, respectively, and had been called \$200 and \$0, respectively.

As of December 31, 2023, the details of the future repayment periods and amounts of the Company's long-term borrowings were as follows:

| <u>Year due</u> | <u>Amount</u> |
|-------------------------|-----------------------------|
| 2024.1.1~2024.12.31 | \$ 5,942,364 |
| 2025.1.1~2028.12.31 | 22,143,900 |
| 2029.1.1 and thereafter | <u>10,998,850</u> |
| | <u>\$ 39,085,114</u> |

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

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

(i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

(ii) Unused lines of credit

As of December 31, 2023 and 2022 the unused credit lines for short-term and long-term borrowings amounted to \$8,763,352 and \$5,707,298, respectively.

(iii) Guarantee from the government for loans

As of December 31, 2023 and 2022, the Company applied to different financial institutions for its project loans amounting to \$0 and \$241,800, 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 \$0 and \$241,800, respectively. The guarantee loans shall be repaid within two to five years from their initial withdrawal.

(o) Lease liabilities

The components of lease liabilities were as follow:

| | <u>2023.12.31</u> | <u>2022.12.31</u> |
|--|----------------------|-------------------|
| Financial liabilities for hedging— current | \$ <u>11,596,033</u> | <u>13,084,120</u> |
| Financial liabilities for hedging— non-current | \$ <u>53,020,278</u> | <u>57,352,309</u> |
| Lease liabilities— current | \$ <u>136,314</u> | <u>92,794</u> |
| Lease liabilities— non-current | \$ <u>382,249</u> | <u>399,791</u> |

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

The amounts recognized in profit or loss were as follows:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|------------------|
| Interest on lease liabilities | \$ <u>1,651,832</u> | <u>1,873,993</u> |
| Variable lease payments not included in the measurement of lease liabilities | \$ <u>25,373</u> | <u>10,175</u> |
| Expenses relating to short-term leases | \$ <u>97,286</u> | <u>80,716</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>2,030</u> | <u>1,448</u> |
| COVID-19-related rent concessions | \$ <u>-</u> | <u>145,183</u> |

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

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

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|----------------------|-------------------|
| Total cash outflow for leases | <u>\$ 15,270,023</u> | <u>14,519,445</u> |

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.

(p) Restoration obligations

The movements of the restoration obligations were as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|----------------------|-------------------|
| Beginning balance as of January 1 | \$ 23,854,647 | 21,326,586 |
| Additions | 4,353,425 | 3,343,621 |
| Decreases | (3,295,035) | (2,661,469) |
| Effect of exchange rate changes | <u>(223,371)</u> | <u>1,845,909</u> |
| Balance as of December 31 | <u>\$ 24,689,666</u> | <u>23,854,647</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.

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

(q) 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>2023.12.31</u> | <u>2022.12.31</u> |
|---|---------------------|--------------------|
| Total present value of defined benefit obligations | \$ 7,966,431 | 7,821,488 |
| Fair value of plan assets | <u>(6,936,519)</u> | <u>(6,724,520)</u> |
| Recognized liabilities of net defined benefit obligations | <u>\$ 1,029,912</u> | <u>1,096,968</u> |

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 \$6,856,578 as of December 31, 2023. 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>2023</u> | <u>2022</u> |
|--|---------------------|------------------|
| Defined benefit obligations as of January 1 | \$ 7,821,488 | 8,660,467 |
| Benefits paid by the plan | (416,697) | (432,351) |
| Current service costs and interest | 287,354 | 231,916 |
| Net remeasurements of defined benefit liabilities | | |
| — Experience adjustments | 621,784 | (66,319) |
| — Actuarial losses (gains) arising from changes in demographic assumptions | - | 56,150 |
| — Actuarial losses (gains) arising from changes in financial assumptions | <u>(347,498)</u> | <u>(628,375)</u> |
| Defined benefit obligations as of December 31 | <u>\$ 7,966,431</u> | <u>7,821,488</u> |

(Continued)

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

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>2023</u> | <u>2022</u> |
|--|---------------------|------------------|
| Fair value of plan assets as of January 1 | \$ 6,724,520 | 6,003,595 |
| Contributions from plan participants | 466,554 | 595,134 |
| Benefits paid by the plan | (393,987) | (368,720) |
| Expected return on plan assets | 119,851 | 38,131 |
| Net remeasurements of defined benefit liabilities | | |
| — Return on plan assets (excluding the amounts included in net interest expense) | <u>19,581</u> | <u>456,380</u> |
| Fair value of plan assets as of December 31 | <u>\$ 6,936,519</u> | <u>6,724,520</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|----------------|
| Current services costs | \$ 153,900 | 179,026 |
| Net interest on the net defined benefit liabilities | <u>13,603</u> | <u>14,759</u> |
| | <u>\$ 167,503</u> | <u>193,785</u> |
| Operating costs | \$ 144,093 | 161,829 |
| Operating expenses | <u>23,410</u> | <u>31,956</u> |
| | <u>\$ 167,503</u> | <u>193,785</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>2023</u> | <u>2022</u> |
|---|-----------------------|--------------------|
| Accumulated losses as of January 1 | \$ (3,156,263) | (4,251,187) |
| Gains (losses) recognized during the period | <u>(254,705)</u> | <u>1,094,924</u> |
| Accumulated losses as of December 31 | <u>\$ (3,410,968)</u> | <u>(3,156,263)</u> |

(Continued)

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

6) Actuarial assumptions

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

| | 2023.12.31 | 2022.12.31 |
|-------------------------|-------------------|-------------------|
| Discount rate | 1.625% | 1.75% |
| Future salary increases | 1.73%~3% | 1.71%~4.03% |

The Company expects to make contributions of \$478,349 to the defined benefit plans in the next year starting from December 31, 2023.

The weighted average of the defined benefit plans is 11.03 years.

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 | |
| | 2023.12.31 | 2022.12.31 | 2023.12.31 | 2022.12.31 |
| Discount rate (0.25%) | 143,494 | 151,302 | 148,137 | 156,363 |
| Future salary increases (0.25%) | 135,511 | 142,724 | 139,168 | 146,634 |

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 \$531,442 and \$495,993 as pension costs under the defined contribution plans in 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

(r) Income tax

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

| | 2023 | 2022 |
|---------------------------------|-----------------------|--------------------|
| Current tax benefit (expenses) | \$ (4,858,332) | (1,852,096) |
| Deferred tax benefit (expenses) | (34,334) | 647,998 |
| Income tax benefit (expenses) | \$ (4,892,666) | (1,204,098) |

(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:

| | 2023 | 2022 |
|---|--------------------|------------------|
| Components of other comprehensive income that will not be reclassified to profit or loss: | | |
| Remeasurements of defined benefit plans | \$ 50,941 | (218,985) |
| Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income | (60) | 3,516 |
| | \$ 50,881 | (215,469) |
| Components of other comprehensive income that will be reclassified to profit or loss: | | |
| Gains or losses on hedging instruments | \$ (66,345) | 1,637,505 |

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

| | 2023 | 2022 |
|--|-----------------------|--------------------|
| Profit (loss) before tax | \$ 26,487,091 | 8,295,397 |
| Income tax using the Company's domestic tax rate | \$ (5,297,418) | (1,659,079) |
| Exempt income | 392,646 | 447,935 |
| Additional tax on undistributed earnings | - | (142,287) |
| Others | 12,106 | 149,333 |
| Total | \$ (4,892,666) | (1,204,098) |

- (iii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

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

| | 2023.12.31 | 2022.12.31 |
|---|-------------------|-------------------|
| Unrecognized deferred tax assets: | | |
| Investment loss of foreign operations accounted for using equity method | \$ 61,419 | 59,547 |
| Restoration obligations | - | 33,484 |
| Total | \$ 61,419 | 93,031 |

The Company has no unrecognized deferred tax liabilities as of December 31, 2023 and 2022.

(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:

| | <u>Loss carryforwards</u> | <u>Loss on valuation of inventories</u> | <u>Defined benefit plans</u> | <u>Restoration obligations</u> | <u>Mileage revenue</u> | <u>Expense payable</u> | <u>Unrealized foreign exchange losses</u> | <u>Others</u> | <u>Total</u> |
|--|---------------------------|---|------------------------------|--------------------------------|------------------------|------------------------|---|----------------|------------------|
| Deferred tax assets: | | | | | | | | | |
| Beginning balance as of January 1, 2023 | \$ - | 57,697 | 240,022 | 2,491,212 | 868,086 | 52,666 | 235,726 | 174,723 | 4,120,132 |
| Recognized in profit or loss | - | 7,765 | (62,870) | 2,391,378 | (78,262) | 27,677 | (66,948) | 12,547 | 2,231,287 |
| Recognized in other comprehensive income | - | - | 50,941 | - | - | - | (66,345) | - | (15,404) |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>65,462</u> | <u>228,093</u> | <u>4,882,590</u> | <u>789,824</u> | <u>80,343</u> | <u>102,433</u> | <u>187,270</u> | <u>6,336,015</u> |
| 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> |

| | <u>Unrealized foreign exchange gains</u> | <u>Investment gains of foreign operations accounted for using equity method</u> | <u>Right-of-use assets</u> | <u>Others</u> | <u>Total</u> |
|--|--|---|----------------------------|------------------|--------------|
| Deferred tax liabilities: | | | | | |
| Beginning balance as of January 1, 2023 | \$ - | - | 79,184 | - | 314 |
| Recognized in profit or loss | - | - | 5,087 | 2,260,534 | - |
| Recognized in other comprehensive income | - | - | - | 60 | 60 |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>-</u> | <u>84,271</u> | <u>2,260,534</u> | <u>374</u> |
| Beginning balance as of January 1, 2022 | \$ 1,839,565 | - | 71,266 | - | 3,830 |
| 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>-</u> | <u>79,184</u> | <u>-</u> | <u>314</u> |

(iv) The Company's income tax returns for all years through 2021 were assessed by the local tax authorities.

(s) Capital and other equity

As of December 31, 2023 and 2022, 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 \$54,004,443 and \$53,581,255, respectively, were issued.

(i) Ordinary shares

For the years ended December 31, 2023 and 2022, the convertible bonds issued by the Company amounting to \$402,554 and \$1,736,190, respectively, were converted into 40,256 and 173,619 thousand ordinary shares, respectively. A portion of the issued bonds amounting to \$0 and \$20,634, 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>2023.12.31</u> | <u>2022.12.31</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 | 4,323,048 | 3,967,426 |
| Additional paid-in capital from conversion option | 363,724 | 401,999 |
| Changes in equity of subsidiaries and associates accounted for using equity method | 612,397 | 3,091 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | 2,660,267 | 2,664,139 |
| Due to donated assets received | 84,335 | 59,218 |
| | <u>\$ 13,860,196</u> | <u>12,912,298</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.

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.

(Continued)

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

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 2023 earnings was approved at the Board meeting on March 13, 2024. The cash dividends were amounting to \$9,720,800, and the dividend per share is \$1.8.

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 \$0.79907052.

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.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(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, 2023 | \$ (20,134) | 912,037 | (80,437) | 811,466 |
| Exchange differences on translation of foreign financial statements | (7,651) | - | - | (7,651) |
| Changes in equity of associates accounted for using equity method | 735 | - | - | 735 |
| Exchange differences on associates accounted for using equity method | 30 | - | - | 30 |
| Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | - | 451,946 | - | 451,946 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income, associates accounted for using equity method | - | (10,157) | - | (10,157) |
| Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method | - | 17,240 | - | 17,240 |
| Changes in fair value of hedging instrument | - | - | 123,112 | 123,112 |
| Changes in fair value of hedging instrument reclassified to profit or loss | - | - | 142,266 | 142,266 |
| Balance as of December 31, 2023 | <u>\$ (27,020)</u> | <u>1,371,066</u> | <u>184,941</u> | <u>1,528,987</u> |
| 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> |

(Continued)

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

(t) 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:

| | 2023 | | |
|--|--------------------------|--|--|
| | <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 (loss) attributable to ordinary equity holders | \$ <u>21,594,425</u> | <u>5,380,554</u> | \$ <u>4.01</u> |
| Diluted earnings per share: | | | |
| Profit (loss) attributable to ordinary equity holders | \$ <u>21,594,425</u> | <u>5,380,554</u> | |
| Effect of the potentially dilutive ordinary shares | | | |
| Effect of employee compensation | \$ - | 37,841 | |
| Profit (loss) attributable to ordinary equity holders after adjusting the potential dilutive ordinary shares | \$ <u>21,594,425</u> | <u>5,418,395</u> | \$ <u>3.99</u> |
| | | | |
| | 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 (loss) attributable to ordinary equity holders | \$ <u>7,091,299</u> | <u>5,308,111</u> | \$ <u>1.34</u> |
| Diluted earnings per share: | | | |
| Profit (loss) 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 | 11,382 | 39,603 | |
| Profit (loss) 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> |

(Continued)

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-----------------------|--------------------|
| Primary geographical markets: | | |
| Taiwan | \$ 62,276,463 | 35,941,175 |
| Asia | 50,794,523 | 59,390,320 |
| Europe | 11,407,875 | 5,714,776 |
| North America | 62,319,646 | 25,559,906 |
| Others | <u>1,014,202</u> | <u>536,055</u> |
| | <u>\$ 187,812,709</u> | <u>127,142,232</u> |
| Major products / services lines: | | |
| Revenue from passenger services | \$ 135,792,149 | 31,875,006 |
| Revenue from cargo services | 41,381,246 | 90,298,142 |
| Others | <u>10,639,314</u> | <u>4,969,084</u> |
| | <u>\$ 187,812,709</u> | <u>127,142,232</u> |

(ii) Contract balances

| | <u>2023.12.31</u> | <u>2022.12.31</u> | <u>2022.1.1</u> |
|---|----------------------|-------------------|------------------|
| Contract liabilities-tickets services, customer loyalty programs, etc. | <u>\$ 32,351,037</u> | <u>22,529,189</u> | <u>6,091,801</u> |

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liabilities balances at the beginning of the period were \$17,813,427 and \$1,967,513, 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>2023</u> | <u>2022</u> |
|---|--------------------|--------------------|
| | <u>Contract</u> | <u>Contract</u> |
| | <u>liabilities</u> | <u>liabilities</u> |
| Changes in an estimate of the transaction price | <u>\$ 422,306</u> | <u>434,394</u> |

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

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2023 and 2022, the amounts allocated to the customer loyalty program were \$3,949,123 and \$4,340,431, 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.

(v) 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, 2023 and 2022, the Company accrued and recognized its employees' remuneration of \$1,130,000 and \$280,000, respectively, and the directors' remuneration of \$9,500 and \$8,884, 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, 2023 and 2022. The related information can be found on Market Observation Post System website.

(w) Non-operating income and expenses

(i) Other income

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|---------------------|------------------|
| Dividend income | \$ 43,477 | 193,981 |
| Interest income | | |
| Interest income from bank deposits | 2,182,657 | 831,012 |
| Other interest | <u>9,210</u> | <u>1,895</u> |
| Total interest income | <u>2,191,867</u> | <u>832,907</u> |
| | <u>\$ 2,235,344</u> | <u>1,026,888</u> |

(Continued)

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

(ii) Other gains and losses

| | 2023 | 2022 |
|---|---------------------|------------------|
| Gains (losses) on disposal of property, plant and equipment | \$ (6,772) | 12,226 |
| Gains (losses) on disposal of investments | - | 76,931 |
| Foreign exchange gains (losses) | (283,867) | 1,334,204 |
| Gains (losses) on financial assets (liabilities) at fair value through profit or loss | 6,941 | 9,213 |
| Gains on disposal of non-current assets classified as held for sale | - | 87,596 |
| Others gains and losses | 92,435 | 71,607 |
| | \$ (191,263) | 1,591,777 |

(iii) Finance costs

| | 2023 | 2022 |
|----------------------------|---------------------|------------------|
| Interest expense | | |
| Bank borrowings | \$ 934,333 | 1,004,670 |
| Bonds Payable | 4,135 | 18,590 |
| Lease liabilities | 1,651,832 | 1,873,993 |
| Others | 853,957 | 839,976 |
| Less: capitalized interest | (227,357) | (166,572) |
| | \$ 3,216,900 | 3,570,657 |

(x) 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)

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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, 2023 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Long-term borrowings (including current portion of long-term liabilities) | \$ 39,085,114 | 41,803,152 | 6,635,366 | 23,721,963 | 11,445,823 |
| Lease liabilities and financial liabilities for hedging | 65,134,874 | 71,253,365 | 13,615,303 | 46,760,173 | 10,877,889 |
| Accounts payable (including related parties) | 11,263,996 | 11,263,996 | 11,263,996 | - | - |
| Other payables (including related parties) | <u>9,584,765</u> | <u>9,584,765</u> | <u>9,584,765</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 125,068,749</u> | <u>133,905,278</u> | <u>41,099,430</u> | <u>70,482,136</u> | <u>22,323,712</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 |
| 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> |

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:

| | 2023.12.31 | | | 2022.12.31 | | |
|------------------------------|---------------------|------------------|-----------------------------|---------------------|------------------|-----------------------------|
| | Foreign Currency | Exchange rate | TWD | Foreign Currency | Exchange rate | TWD |
| <u>Financial assets</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ 727,858 | 30.71 | 22,348,889 | \$ 1,286,878 | 30.71 | 39,520,012 |
| EUR | 12,510 | 33.98 | 425,082 | 10,922 | 32.72 | 357,359 |
| JPY | 1,557,211 | 0.2172 | 338,226 | 1,338,718 | 0.2324 | 311,118 |
| HKD | 225,030 | 3.9290 | 884,142 | 174,976 | 3.9380 | 689,057 |
| CNY | 624,097 | 4.3270 | <u>2,700,468</u> | 245,643 | 4.4080 | <u>1,082,797</u> |
| | | | <u>\$ 26,696,807</u> | | | <u>\$ 41,960,343</u> |
| <u>Non-monetary items</u> | | | | | | |
| USD | \$ 39,037 | 30.71 | 1,198,639 | \$ 38,724 | 30.71 | 1,189,203 |
| IDR | 8,716,745 | 0.0020 | <u>17,433</u> | 10,998,409 | 0.0020 | <u>21,997</u> |
| | | | <u>\$ 1,216,072</u> | | | <u>\$ 1,211,200</u> |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ 2,798,683 | 30.71 | 85,933,574 | \$ 2,891,235 | 30.71 | 88,789,839 |
| EUR | 9,162 | 33.98 | 311,342 | 18,641 | 32.72 | 609,920 |
| JPY | 2,803,036 | 0.2172 | 608,819 | 1,428,358 | 0.2324 | 331,950 |
| HKD | 45,457 | 3.9290 | 178,599 | 32,798 | 3.9380 | 129,158 |
| CNY | 178,782 | 4.3270 | <u>773,589</u> | 167,124 | 4.4080 | <u>736,681</u> |
| | | | <u>\$ 87,805,923</u> | | | <u>\$ 90,597,548</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), 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, 2023 and 2022, would have changed the profit (loss) before tax by \$33,953 and \$216,963, and the equity by \$645,044 and \$703,335 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023 and 2022.

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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, 2023 and 2022, the Company's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$(283,867) and \$1,334,204, respectively.

(iv) Interest rate risk

The interest rate exposure of the Company's financial liabilities are illustrated in notes for 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 \$390,851 and \$636,002 for the years ended December 31, 2023 and 2022, 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 | 2023 | | 2022 | |
|--|---------------------|-----------------|---------------------|-----------------|
| | Other Comprehensive | | Other Comprehensive | |
| | Income, net of tax | Profit (losses) | Income, net of tax | Profit (losses) |
| increase 5% | \$ 113,145 | - | 90,547 | - |
| decrease 5% | \$ (113,145) | - | (90,547) | - |

(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 | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| 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 | - | - | - | - |
| Accounts payable (including related parties) | 8,920,479 | - | - | - | - |
| Other payables (including related parties) | 7,096,691 | - | - | - | - |
| Subtotal | 80,828,508 | - | 698,500 | - | 698,500 |
| Total | <u>\$ 151,264,937</u> | <u>-</u> | <u>698,500</u> | <u>-</u> | <u>698,500</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

For the years ended December 31, 2023 and 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:

| | Fair value through other comprehensive income |
|--|--|
| | Unquoted equity instruments |
| Balance as of January 1, 2023 | \$ 824,680 |
| Total gains or losses: | |
| Recognized in other comprehensive income | 211,625 |
| Balance as of December 31, 2023 | <u>\$ 1,036,305</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> |

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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, 2023 and 2022, the assets which were still held by the Company were as follows:

| | 2023 | 2022 |
|---|-------------|-------------|
| Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income) | \$ 211,625 | 196,697 |

- 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:

| Items | Valuation techniques | Significant unobservable inputs | Relationship between significant unobservable inputs and fair value |
|---|--|--|---|
| 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, 2023 and 2022 were 1.48~3.97 and 0.90~3.66, respectively) • Market liquidity discount rate (as of December 31, 2023 and 2022 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, 2023 and 2022, for fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effects:

| Inputs | Increase (decrease) | Effects of changes in fair value on other comprehensive income | | | |
|--------------------------------|---------------------|--|------------|-------------|------------|
| | | Favorable | | Unfavorable | |
| | | 2023.12.31 | 2022.12.31 | 2023.12.31 | 2022.12.31 |
| Price-book ratio | 5% | 50,615 | 36,804 | (52,269) | (44,415) |
| Market liquidity discount rate | 5% | 50,615 | 36,804 | (52,269) | (44,415) |

(Continued)

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

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.

(y) 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.
Notes to the Parent-Company-Only Financial Statements

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, 2023, 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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EVA AIRWAYS CORP.
Notes to the Parent-Company-Only Financial Statements

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

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.

(z) 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, 2023, there were no changes in the Company's approach to capital management.

(aa) 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, 2023 and 2022, were as follows:

| | 2023.1.1 | Cash flows | Non-cash changes | | | 2023.12.31 |
|---|-----------------------|---------------------|------------------|---------------------------|------------------|--------------------|
| | | | Interest expense | Foreign exchange movement | Other | |
| Bonds payable | \$ 718,559 | (200) | 4,135 | - | (722,494) | - |
| Long-term borrowings | 63,600,194 | (24,515,080) | - | - | - | 39,085,114 |
| Lease liabilities and financial liabilities for hedging | 70,929,014 | (13,493,502) | 1,651,832 | 177,832 | 5,869,698 | 65,134,874 |
| Total liabilities from financing activities | \$ 135,247,767 | (38,008,782) | 1,655,967 | 177,832 | 5,147,204 | 104,219,988 |

| | 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 |

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

(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. | 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 |

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| <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 |
| 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 |
| Round The World Logistics (U.S.A.) Corp. | Other related parties |
| Evergreen International Logistics (Shanghai) CO., Ltd. | Other related parties |
| Evergreen Shipping Agency (Vietnam) Corp. | Other related parties |

(b) Significant transactions with related parties

(i) Operating revenue

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

| | <u>2023</u> | <u>2022</u> |
|-----------------------|---------------------|------------------|
| Subsidiaries | \$ 100,010 | 75,920 |
| Associates | 10,202 | 1,234 |
| Other related parties | <u>2,058,668</u> | <u>1,874,612</u> |
| | <u>\$ 2,168,880</u> | <u>1,951,766</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.

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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

Operating costs from transactions with related parties were as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------|----------------------|------------------|
| Subsidiaries | \$ 12,244,132 | 6,263,659 |
| Associates | 195,745 | 49,288 |
| Other related parties | <u>542,889</u> | <u>298,324</u> |
| | <u>\$ 12,982,766</u> | <u>6,611,271</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

Operating expenses from transactions with related parties were as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------|-------------------|----------------|
| Subsidiaries | \$ 210,143 | 171,045 |
| Associates | 45,553 | 28,270 |
| Other related parties | <u>227,233</u> | <u>179,149</u> |
| | <u>\$ 482,929</u> | <u>378,464</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>2023</u> | <u>2022</u> |
|-----------------------|------------------|--------------|
| Other related parties | <u>\$ 33,122</u> | <u>6,329</u> |

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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:

| | Disposal price | | Gain from disposal | |
|-----------------------|----------------------|-----------------------|--------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Subsidiaries | \$ - | 2,751 | - | 2,651 |
| Associates | 100 | - | 100 | - |
| UNI Airways Corp. | - | 740,966 | - | - |
| Other related parties | <u>1</u> | <u>-</u> | <u>1</u> | <u>-</u> |
| | <u><u>\$ 101</u></u> | <u><u>743,717</u></u> | <u><u>101</u></u> | <u><u>2,651</u></u> |

3) Acquisitions of other assets

The prices of intangible assets purchased from related parties were summarized as follows:

| | 2023 | 2022 |
|--------------|------------------------|-----------------|
| Subsidiaries | <u><u>\$ 1,656</u></u> | <u><u>-</u></u> |

(v) Leases

The Company rented its offices from subsidiaries, associates and other related enterprise. For the years ended December 31, 2023 and 2022, the Company recognized the amount of \$2,399 and \$1,874, respectively, as interest expense. As of December 31, 2023 and 2022, the balance of lease liabilities amounted to \$77,760 and \$100,763, respectively.

(vi) Dividends received

Dividends received from related parties were summarized as follows:

| | 2023 | 2022 |
|-----------------------|----------------------------|-----------------------|
| Subsidiaries | \$ 1,176,036 | 589,942 |
| Other related parties | <u>43,478</u> | <u>193,981</u> |
| | <u><u>\$ 1,219,514</u></u> | <u><u>783,923</u></u> |

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EVA AIRWAYS CORP.
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(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>2023.12.31</u> | <u>2022.12.31</u> |
|---------------------|-------------------------------------|-------------------|-------------------|
| Notes receivables | EverFun Travel Services Corp. | \$ 129,010 | 27,149 |
| Accounts receivable | Subsidiaries | 13,364 | 26,464 |
| Accounts receivable | Associates | 824 | 449 |
| Accounts receivable | Other related parties | <u>178,949</u> | <u>130,868</u> |
| Subtotal | | <u>322,147</u> | <u>184,930</u> |
| Other receivables | Subsidiaries | 35,415 | 9,180 |
| | Other related parties | | |
| Other receivables | UNI Airways Corp. | 128,566 | 135,779 |
| Other receivables | Evergreen Insurance Company Limited | 172,317 | 33,830 |
| Other receivables | Other related parties | <u>8</u> | <u>10</u> |
| Subtotal | | <u>336,306</u> | <u>178,799</u> |
| Total | | <u>\$ 658,453</u> | <u>363,729</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>2023.12.31</u> | <u>2022.12.31</u> |
|------------------|---------------------------------------|---------------------|-------------------|
| | Subsidiaries | | |
| Accounts payable | Evergreen Aviation Technologies Corp. | \$ 878,058 | 609,685 |
| Accounts payable | Other Subsidiaries | 1,383,718 | 821,587 |
| Accounts payable | Associates | 36,422 | 2,693 |
| Accounts payable | Other related parties | <u>58,926</u> | <u>25,914</u> |
| Subtotal | | <u>2,357,124</u> | <u>1,459,879</u> |
| Other payables | Subsidiaries | 73,329 | 141,117 |
| Other payables | Associates | 1,483 | 8,462 |
| Other payables | Other related parties | <u>45,145</u> | <u>28,368</u> |
| Subtotal | | <u>119,957</u> | <u>177,947</u> |
| Total | | <u>\$ 2,477,081</u> | <u>1,637,826</u> |

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|-------------------|---------------|
| Short-term employee benefits | \$ 109,942 | 78,843 |
| Post-employment benefits | <u>2,157</u> | <u>1,677</u> |
| | <u>\$ 112,099</u> | <u>80,520</u> |

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EVA AIRWAYS CORP.
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(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

| <u>Pledged assets</u> | <u>Object</u> | <u>2023.12.31</u> | <u>2022.12.31</u> |
|---|---|----------------------|-------------------|
| Property, plant, and equipment | Long-term borrowings | \$ 46,468,437 | 78,002,597 |
| Time deposit – included in other non-current assets | Letters of credit and contract performance guarantees | 106,629 | 143,975 |
| | | <u>\$ 46,575,066</u> | <u>78,146,572</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 and March 2023, the Company entered into additional aircraft purchase contracts with Boeing Company for one Boeing 777 freighter and five Boeing 787-9 aircraft, respectively. The total contract price is US\$8,638,000. As of December 31, 2023, twelve Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of \$9,393,825, 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, 2023, 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) In December 2023, the Company entered into aircraft purchase contracts with Airbus S.A.S. for eighteen A350-1000 aircraft and fifteen A321neo aircraft. The total contract price is US\$10,098,000. As of December 31, 2023, all aircraft had not yet been delivered by Airbus S.A.S. The Company has partially prepaid the price of \$2,317,448, which was included in other non-current assets.
- (iv) The purchase of five Trent XWB97 spare engines with Rolls-Royce PLC was approved at the Board meeting on December 2023. The total contract price is US\$282,000.
- (v) Unused letters of credit for the Company were as follows:

| | | |
|--------------------------|---------------------|-------------------|
| | <u>2023.12.31</u> | <u>2022.12.31</u> |
| Unused letters of credit | <u>\$ 2,147,217</u> | <u>2,317,631</u> |

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EVA AIRWAYS CORP.
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(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

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

| By function By item | 2023 | | | 2022 | | |
|----------------------------|-----------------|--------------------|------------|-----------------|--------------------|------------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Personnel expenses | | | | | | |
| Salaries | 10,815,861 | 7,088,634 | 17,904,495 | 8,326,747 | 4,929,838 | 13,256,585 |
| Labor and health insurance | 563,617 | 360,214 | 923,831 | 482,110 | 322,593 | 804,703 |
| Pension | 431,176 | 267,769 | 698,945 | 444,754 | 245,024 | 689,778 |
| Remuneration of directors | - | 23,066 | 23,066 | - | 19,636 | 19,636 |
| Others | 3,869,961 | 548,176 | 4,418,137 | 1,841,020 | 379,049 | 2,220,069 |
| Depreciation (Note) | 27,122,847 | 680,345 | 27,803,192 | 26,701,907 | 740,306 | 27,442,213 |
| Amortization | - | 163,594 | 163,594 | - | 190,438 | 190,438 |

Note: For the years ended December 31, 2023 and 2022, the depreciation expenses recognized were \$27,819,521 and \$27,603,725, respectively, less deferred gains of \$16,329 and \$16,329, respectively, and subsidy and rent concession of \$0 and \$145,183, respectively.

(b) As of December 31, 2023 and 2022, the additional information for employee numbers and employee benefits were as follows:

| | <u>2023</u> | <u>2022</u> |
|--|-----------------|---------------|
| Employee numbers | <u>10,982</u> | <u>10,377</u> |
| Directors numbers without serving concurrently as employee | <u>8</u> | <u>8</u> |
| Average employee benefits | <u>\$ 2,182</u> | <u>1,637</u> |
| Average employee salaries | <u>\$ 1,632</u> | <u>1,278</u> |
| Average adjustment rate of employee salaries | <u>28 %</u> | |
| Supervisor's remuneration | <u>\$ -</u> | <u>-</u> |

(Continued)

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

(c) 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, 2023:

- (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: None
- (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 3 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 4 attached.
- (ix) Derivative transactions: None.

(b) Information on investees:

The followings are the information on investees for the year ended December 31, 2023 (excluding investees in Mainland China): Please see Table 5 attached.

(c) Information on investment in Mainland China: Please see Table 6 attached.

(d) Major shareholders:

(in shares)

| Shareholder's Name | Shareholding | Shares | Percentage |
|--------------------------------------|--------------|-------------|------------|
| Evergreen International Corp. | | 532,296,304 | 9.86 % |
| Evergreen Marine Corp. (Taiwan) Ltd. | | 401,139,111 | 7.43 % |
| Falcon Investment Services Ltd. | | 308,086,482 | 5.70 % |

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

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, 2023)

| Held Company Name | Marketable Securities Type and Name | Relationship with the Company | Financial Statement Account | December 31, 2023 | | | | |
|--|---|-------------------------------|---|-------------------|------------------|-------------------------|------------------|-------|
| | | | | Shares/Units | Book value | Percentage of ownership | Fair value | Notes |
| The Company | Taishin 1699 Money Market Fund | None | Financial assets at fair value through profit or loss - current | 50,864,104 | 709,173 | - | 709,173 | |
| The Company | Shares of Everest Investment Holdings Ltd. | None | Financial assets at fair value through other comprehensive income - non-current | 2,849 | 3,100 | 2.11 | 3,100 | |
| The Company | Shares of Trade-Van Information Services Co. | Other related party | Financial assets at fair value through other comprehensive income - non-current | 8,502,418 | 568,812 | 5.67 | 568,812 | |
| The Company | Shares of Central Reinsurance Corporation | Other related party | Financial assets at fair value through other comprehensive income - non-current | 28,630,008 | 659,922 | 3.58 | 659,922 | |
| The Company | Shares of UNI Airways Corp. | Other related party | Financial assets at fair value through other comprehensive income - non-current | 37,606,277 | 989,045 | 9.98 | 989,045 | |
| The Company | Shares of Chung Hwa Express Corp. | Other related party | Financial assets at fair value through other comprehensive income - non-current | 1,000,000 | 36,540 | 10.00 | 36,540 | |
| The Company | Star Alliance Services GmbH | None | Financial assets at fair value through other comprehensive income - non-current | 1 | 7,620 | 4.55 | 7,620 | |
| 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 | 31,992 | 0.01 | 31,992 | |
| Evergreen Airline Services Corp. | Shares of Evergreen International Storage & Transport Corp. | Other related party | Financial assets at fair value through other comprehensive income - non-current | 158,800 | 5,034 | 0.01 | 5,034 | |
| 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 | 63,169 | 0.34 | 63,169 | |
| Evergreen Airways Service (Macau) Ltd. | Shares of Air Macau Co., Ltd. | None | Financial assets at fair value through other comprehensive income - non-current | 206 | 77 | 0.0024 | 77 | |
| | | | | | <u>709,173</u> | | <u>709,173</u> | |
| | | | | | <u>2,365,311</u> | | <u>2,365,311</u> | |

(in shares)

(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, 2023)

(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 | Shares/Units | Amount |
| The Company | Jih Sun Money Market Fund | Financial assets at fair value through profit or loss – current | Jih Sun Securities Investment Trust Co., Ltd. | None | 45,187,711 | 681,015 | - | - | 681,295 | 45,187,711 | 670,416 | 10,879 | - | - |
| The Company | Taishin 1699 Money Market Fund | Financial assets at fair value through profit or loss – current | Taishin Securities Investment Trust Co., Ltd. | None | 3,666,549 | 50,471 | 47,197,555 | 650,000 | - | - | - | - | 50,864,104 | 709,173 |
| Evergreen Aviation Technologies Corp. | Taishin 1699 Money Market Fund | Financial assets at fair value through profit or loss – current | Taishin Securities Investment Trust Co., Ltd. | None | - | - | 23,762,747 | 330,000 | 330,223 | 23,762,747 | 330,000 | 223 | - | - |
| Evergreen Air Cargo Services Corp. | UPAMC James Bond Money Market Fund | Financial assets at fair value through profit or loss – current | Uni-President Asset Management Corp. | None | - | - | 18,782,925 | 320,000 | 320,455 | 18,782,925 | 320,000 | 455 | - | - |

(Continued)

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

Table 3 Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2023)

| Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | | Notes |
|---------------------------------------|---|-----------------------------|---------------------|-----------|-------------------------------------|---------------|----------------------|---------------|-----------|-------|
| | | | Purchases/Sales | Amount | Percentage of Total Purchases/Sales | Payment Terms | Unit Price | Payment Terms | Balance | |
| The Company | UNI Airways Corp. | Other related party | Sales | 1,648,474 | 0.88 | 60 days | - | - | 149,322 | 1.59 |
| The Company | Evergreen Logistics Corp. | Other related party | Sales | 271,004 | 0.14 | 60 days | - | - | 15,149 | 0.16 |
| The Company | Evergreen Airline Services Corp. | The company's subsidiary | Purchases | 3,326,550 | 2.22 | 60 days | - | - | (600,497) | 5.33 |
| The Company | Evergreen Sky Catering Corp. | The company's subsidiary | Purchases | 3,896,345 | 2.60 | 60 days | - | - | (680,826) | 6.04 |
| The Company | Evergreen Aviation Technologies Corp. | The company's subsidiary | Purchases | 4,560,342 | 3.04 | 60 days | - | - | (878,058) | 7.80 |
| The Company | Evergreen Air Cargo Services Corp. | The company's subsidiary | Purchases | 546,182 | 0.36 | 60 days | - | - | (102,395) | 0.91 |
| The Company | Sprit Evergreen Aftermarket Solutions Co., Ltd. | Associates | Purchases | 113,806 | 0.08 | 60 days | - | - | (29,587) | 0.26 |
| The Company | Evergreen Insurance Company Ltd. | Other related party | Purchases | 225,669 | 0.15 | 60 days | - | - | (21,256) | 0.19 |
| The Company | Evergreen International Storage & Transport Corp. | Other related party | Purchases | 130,909 | 0.09 | 60 days | - | - | (12,167) | 0.11 |
| Evergreen Airline Services Corp. | The Company | Parent company | Sales | 3,326,550 | 90.62 | 60 days | - | - | 616,656 | 92.32 |
| Evergreen Airline Services Corp. | UNI Airways Corp. | Other related party | Sales | 162,698 | 4.43 | 60 days | - | - | 31,142 | 4.66 |
| Evergreen Aviation Technologies Corp. | The Company | Parent company | Sales | 4,576,576 | 30.96 | 60 days | - | - | 880,212 | 27.64 |
| Evergreen Aviation Technologies Corp. | GE Evergreen Engine Services Corp. | Associate | Sales | 863,006 | 5.84 | 30 days | - | - | 123,057 | 3.86 |
| Evergreen Aviation Technologies Corp. | UNI Airways Corp. | Other related party | Sales | 317,010 | 2.14 | 60 days | - | - | 82,699 | 2.60 |
| Evergreen Aviation Technologies Corp. | Evergreen Sky Catering Corp. | Parent Company's subsidiary | Purchases | 101,034 | 0.83 | 60 days | - | - | (6,875) | 0.92 |
| Evergreen Sky Catering Corp. | The Company | Parent company | Sales | 3,896,345 | 87.47 | 60 days | - | - | 688,054 | 89.34 |
| Evergreen Sky Catering Corp. | Evergreen Aviation Technologies Corp. | Parent Company's subsidiary | Sales | 101,034 | 2.27 | 60 days | - | - | 173 | 0.02 |
| Evergreen Sky Catering Corp. | Everfamily International Foods Corp. | Subsidiaries | Purchases | 335,425 | 11.70 | 30 days | - | - | (49,697) | 17.73 |
| Evergreen Air Cargo Services Corp. | The Company | Parent company | Sales | 546,182 | 28.02 | 60 days | - | - | 107,642 | 55.29 |
| Everfamily International Foods Corp. | Evergreen Sky Catering Corp. | Parent company | Sales | 335,425 | 85.16 | 30 days | - | - | 58,790 | 61.58 |

(Continued)

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

Table 4 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2023)

| 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 | EverFun Travel Services Corp. | Associates | 129,041 | (Note) | - | - | 92,313 | - |
| The Company | UNI Airways Corp. | Other related party | 277,888 | (Note) | - | - | 277,888 | - |
| The Company | Evergreen Insurance Company Ltd. | Other related party | 172,317 | (Note) | - | - | 423 | - |
| Evergreen Airline Services Corp. | The Company | Parent company | 634,331 | 6.68 | - | - | 634,331 | - |
| Evergreen Sky Catering Corp. | The Company | Parent company | 700,912 | 6.87 | - | - | 700,912 | - |
| Evergreen Aviation Technologies Corp. | The Company | Parent company | 882,165 | 5.76 | - | - | 882,165 | - |
| Evergreen Aviation Technologies Corp. | GE Evergreen Engine Services Corp. | Associates | 129,423 | 8.18 | - | - | 129,423 | - |
| Evergreen Air Cargo Services Corp. | The Company | Parent company | 107,642 | 6.30 | - | - | 107,642 | - |

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

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

Table 5 Information on investees (excluding investees in Mainland China)
(For the year ended December 31, 2023)

(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, 2023 | December 31, 2022 | Shares | Ratio of Shares | | | |
| The Company | Sky Castle Investment Ltd. | Miaystar Chambers, P.O. Box 3269, Apia, Samoa | Investment business | 179,173 | 179,173 | 5,500,000 | 100.00 % | 407,110 | 18,810 | (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 % | 181,339 | 88,111 | (Note 1) |
| The Company | PT Perdana Andalana 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 % | 17,433 | 7,101 | (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 % | 610,190 | (9,356) | (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 | 55.05 % | 7,010,019 | 1,833,032 | (Note 1), (Note 4) |
| 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 % | 1,071,628 | 366,564 | (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 % | 2,193,787 | 926,913 | (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 % | 1,677,465 | 340,670 | (Note 1) |
| The Company | Hsiang Li Investment Corp. | 1F, No. 117, Sec. 2, Chang An E. Rd., Taipei City, Taiwan | Investment business | 448,280 | 448,280 | 2,680,000 | 100.00 % | 69,785 | (211) | (Note 1) |
| The Company | EverFun Travel Services Corp. | 3F., No. 100, Sec. 2, Chang An E. Rd., Taipei City, Taiwan | Traveling agency | 74,123 | 74,123 | 4,110,374 | 25.18 % | 54,565 | 78,342 | (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 % | 1,919,707 | 464,183 | (Note 3) |
| Evergreen Aviation Technologies Corp. | Spirit Evergreen Aftermarket Solutions Co., Ltd. | 4F., No.2, Hangzhan S. Rd., Dayuan Dist., Taoyuan City, Taiwan | Maintenance, manufacturing, and sales of aircraft, engine and parts | 111,552 | 111,552 | 11,155,180 | 49.00 % | 104,640 | 9,597 | (Note 3) |
| Evergreen Aviation Technologies Corp. | Ever Superior Technologies Corporation | 2F., No. 528, Sec. 1, Chenggong Rd. Guanyin Dist., Taoyuan City, Taiwan | Metal surface chemical treatment business | 63,000 | 63,000 | 6,300,000 | 35.00 % | 20,229 | (55,024) | (Note 3) |
| Evergreen Airways Service (Macau) Ltd. | Menzies Macau Airport Services | Airport Logistic Business Center Room 52, Macau International Airport Avenida do Aeroporto, Taipa, Macau | Ground handling | 8,032 | 8,032 | None | 20.00 % | 125,592 | 437,655 | (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 | 165,000 | 16,500,000 | 55.00 % | 92,451 | (161,912) | (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 the fourth quarter of 2020, a resolution was approved during the board meeting of EGAT for a capital reduction, wherein EGAT refund cash to its shareholders. The company had received the initial investment amount.

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

Table 6 Information on investment in Mainland China
(December 31, 2023)

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, 2023 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of December 31, 2023 | Net Income (Losses) of Investee | Direct/Indirect Shareholding (%) by the Company | Share of Profits/Losses (Note 2) | Carrying Amount as of December 31, 2023 | Accumulated Inward Remittance of Earnings as of December 31, 2023 |
|---|--|--|-------------------------------|---|------------------|--------|---|---------------------------------|---|----------------------------------|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| Airport Air Cargo Terminal (Xiamen) Co., Ltd. | Main Business and Products Forwarding and storage of air cargo | CNY 254,480 | 2 | 138,784 | - | - | 138,784 | 103,296 | 14.00 % | 14,461 | 258,399 | 126,728 |
| Airport 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 | 75,857 | 14.00 % | 10,620 | 143,003 | 77,242 |

(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, 2023 (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) | 70,212,083 |

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, 2023

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Description</u> | <u>Amount</u> |
|--------------------------------|------------------------------|-----------------------------|
| Cash on hand | | \$ 8 |
| Petty cash (Note1) | | 80,346 |
| Check deposit | | 125,920 |
| Demand deposit | | 446,782 |
| Demand deposit-foreign (Note1) | | 1,897,814 |
| Time deposit (Note2) | | |
| TWD | | 36,137,636 |
| USD | Foreign Currencies : 651,134 | 19,993,078 |
| Others (Note1) | | <u>1,307,945</u> |
| Subtotal | | <u>57,438,659</u> |
| Total | | <u><u>\$ 59,989,529</u></u> |

The rates of foreign deposits are as follows:

USD : TWD = 1 : 30.705

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 1.35%~6.20%.

EVA AIRWAYS CORP.

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

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars/Units)

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 |
| Taishin 1699 Money Market Fund | Monetary Market Fund/ Issued by Taishin Securities Investment Trust Co., Ltd. | 50,864 | 13.76 | \$ <u>700,000</u> | <u>9,173</u> | <u>709,173</u> | <u>13.94</u> | <u>709,173</u> |

Statement of notes receivable

| Item | Amount |
|---------------|--------------------------|
| A Company | \$ 377,053 |
| B Company | 151,103 |
| C Company | 144,856 |
| D Company | 77,929 |
| Others (Note) | <u>137,662</u> |
| Total | <u>\$ 888,603</u> |

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

EVA AIRWAYS CORP.

Statement of accounts receivable

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Amount</u> |
|--------------------------------|----------------------------|
| E Company | \$ 892,944 |
| Others (Note) | 7,308,666 |
| Less: allowance for impairment | <u>(9,867)</u> |
| Total | <u><u>\$ 8,191,743</u></u> |

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

Statement of inventories

| <u>Item</u> | <u>Cost</u> | <u>Net realizable value</u> |
|---|----------------------------|-----------------------------|
| Aircraft spare parts | \$ 1,085,291 | 460,217 |
| Consumables for use and merchandise for in-flight sales | 1,129,670 | 1,090,194 |
| Fuel for aircraft and others | <u>85,823</u> | <u>85,823</u> |
| Subtotal | 2,300,784 | <u><u>1,636,234</u></u> |
| Less: Loss on valuation of inventories | <u>(878,378)</u> | |
| Total | <u><u>\$ 1,422,406</u></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, 2023
(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 | \$ 3,240 | - | \$ - | - | \$ - | (140) | Note | \$ 3,100 | None |
| Share | Trade-Van Information Services Co. | 8,502 | 501,643 | - | - | - | - | 67,169 | 8,502 | 568,812 | None |
| Share | Central Reinsurance Corporation | 28,630 | 486,710 | - | - | - | - | 173,212 | 28,630 | 659,922 | None |
| Share | UNI Airways Corp. | 37,606 | 757,390 | - | - | - | - | 231,655 | 37,606 | 989,045 | None |
| Share | Chung Hwa Express Corp. | 1,000 | 56,870 | - | - | - | - | (20,330) | 1,000 | 36,540 | None |
| Share | Star Alliance Services GmbH | - | 7,180 | - | - | - | - | 440 | - | 7,620 | None |
| | | | <u>\$ 1,813,033</u> | | <u>\$ -</u> | | <u>\$ -</u> | <u>\$ 452,006</u> | | <u>\$ 2,265,039</u> | |

Note: Including 3 thousand shares of common stock and preferred stock.

EVA AIRWAYS CORP.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(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 | | | | | Share | holdings (%) | Shares | Unit price | |
| Sky Castle Investment, Ltd. | 5,500 | \$ 434,605 | - | \$ 18,810 | - | \$ (38,802) | (7,503) | - | - | - | 100 | 5,500 | \$ - | \$ 407,110 | None |
| Evergreen Airways Service (Macau) Ltd. | No issue | 135,085 | - | 88,111 | - | (44,207) | (409) | 2,759 | - | - | 99 | No issue | - | 181,339 | None |
| PT Perdana Andalán Air Service | 41 | 21,997 | - | 3,621 | - | (8,424) | 228 | - | - | 11 | 51 | 41 | - | 17,433 | None |
| EVA Flight Training Academy | 10,000 | 619,513 | - | - | - | (9,356) | 33 | - | - | - | 100 | 10,000 | - | 610,190 | None |
| Evergreen Aviation Technologies Corp. (Note) | 206,189 | 6,241,416 | - | 1,027,037 | - | (824,757) | 765 | - | 605,413 | (39,855) | 55.05 | 206,189 | - | 7,133,888 | None |
| Evergreen Airline Services Corp. | 36,183 | 937,552 | - | 206,485 | - | - | (2,100) | - | 21 | (70,330) | 56.33 | 36,183 | - | 1,071,628 | None |
| Evergreen Sky Catering Corp. | 76,558 | 1,744,548 | - | 461,603 | - | - | - | - | - | (12,364) | 49.80 | 76,558 | - | 2,193,787 | None |
| Evergreen Air Cargo Services Corp. | 72,750 | 1,734,380 | - | 206,531 | - | (254,625) | - | - | - | (8,821) | 60.625 | 72,750 | - | 1,677,465 | None |
| Hsiang Li Investment Corp. | 2,680 | 58,637 | - | - | - | (5,433) | - | 16,581 | - | - | 100 | 2,680 | - | 69,785 | None |
| EverFun Travel Service Corp. | 4,110 | 34,838 | - | 19,727 | - | - | - | - | - | - | 25.18 | 4,110 | - | 54,565 | None |
| Total | | \$ 11,962,571 | | \$ 2,031,925 | | \$ (1,185,604) | \$ (6,886) | \$ 17,240 | \$ 605,434 | \$ (131,359) | | | | \$ 13,293,321 | |

Note : EGAT has issued new shares by cash in the first quarter of 2023, wherein the Company failed to subscribe proportionately, resulting in the Company's shareholding percentage in EGAT to decrease. Please refer to note 6(h) of the parent-company-only financial statements.

EVA AIRWAYS CORP.

Statement of accounts payable

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Amount</u> |
|---------------|---------------------|
| F Company | \$ 1,755,514 |
| G Company | 691,883 |
| H Company | 659,971 |
| I Company | 445,381 |
| Others (Note) | <u>5,354,123</u> |
| Total | <u>\$ 8,906,872</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 | \$ 1,213,280 |
| Salary and wage payable | 2,448,106 |
| Commissions payable | 685,816 |
| Other maintenance payable | 1,425,459 |
| Ground service fee payable | 621,747 |
| In-flight meals payable | 539,941 |
| Others (Note) | <u>2,650,416</u> |
| Total | <u>\$ 9,584,765</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, 2023

(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><u>28,881,499</u></u> |
| Other current liabilities: | |
| Payables for receipts on behalf of others | \$ 7,692,777 |
| Restoration obligations | 2,634,826 |
| Others | <u>209,986</u> |
| Total | \$ <u><u>10,537,589</u></u> |

EVA AIRWAYS CORP.

Statement of long-term borrowings

December 31, 2023

(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 | | 2020/09/26~2027/09/26 | \$ 4,200,000 |
| Land construction mortgage loan | KGI Bank | | 2020/12/31~2027/12/31 | <u>1,170,000</u> |
| Subtotal | | 1.84%~2.01% | | <u>5,370,000</u> |
| Aircraft mortgage loan | Mega International Commercial Bank | | 2021/02/26~2026/02/26 | 833,333 |
| Aircraft mortgage loan | First Commercial Bank | | 2023/03/23~2035/03/23 | 3,433,325 |
| Aircraft mortgage loan | Chang Hwa Commercial Bank | | 2018/12/11~2030/12/11 | 2,399,250 |
| Aircraft mortgage loan | Cathay United Bank | | 2017/09/22~2029/09/22 | 1,591,350 |
| Aircraft mortgage loan | Taiwan Business Bank | | 2019/01/30~2031/01/30 | 2,500,000 |
| Aircraft mortgage loan | Hua Nan Commercial Bank | | 2019/12/27~2031/12/27 | 2,330,667 |
| Aircraft mortgage loan | The Export-Import Bank of Republic of China | | 2022/03/21~2034/03/21 | 3,500,000 |
| Aircraft mortgage loan | E.SUN Bank | | 2018/02/23~2030/02/23 | 2,166,667 |
| Aircraft mortgage loan | Bank of Taiwan | | 2019/06/25~2031/06/25 | 2,482,313 |
| Aircraft mortgage loan | Bank of Taiwan | | 2019/08/15~2031/08/15 | 2,171,333 |
| Aircraft mortgage loan | Bank of Taiwan | | 2022/02/24~2034/02/24 | 2,937,987 |
| Aircraft mortgage loan | Yuanta Commercial Bank | | 2019/09/25~2031/09/25 | <u>2,363,333</u> |
| Subtotal | | 1.65%~2.05% | | <u>28,709,558</u> |
| Medium and long-term credit loan | Mega International Commercial Bank | | 2021/03/04~2026/03/04 | \$ 555,556 |
| | First Commercial Bank | | 2021/12/14~2026/12/14 | 750,000 |
| | Cathay United Bank | | 2023/02/23~2028/02/23 | 200,000 |
| | The Export-Import Bank of Republic of China | | 2023/12/28~2028/12/28 | 1,200,000 |
| | Bank of Communications | | 2023/04/25~2025/12/31 | 1,200,000 |
| | Yuanta Commercial Bank | | 2023/10/12~2026/10/12 | 100,000 |
| | Taishin Bank | | 2022/02/24~2025/02/24 | <u>1,000,000</u> |
| Subtotal | | 1.68%~1.97% | | <u>5,005,556</u> |
| Total | | | | 39,085,114 |
| Less: Current portion | | | | <u>(5,942,364)</u> |
| Total | | | | <u><u>\$ 33,142,750</u></u> |

EVA AIRWAYS CORP.

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

December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| Item | Amount |
|-------------------------------------|------------------------------------|
| Contract liabilities — non-current: | |
| Customer loyalty program | \$ <u><u>3,469,538</u></u> |
| Other non-current liabilities: | |
| Restoration obligations | \$ 22,054,840 |
| Others | <u>410,853</u> |
| Total | \$ <u><u>22,465,693</u></u> |

Statement of lease liabilities

| Item | Lease term | Discount rate | Ending balance |
|-------------------------|-------------------|----------------------|------------------------------------|
| Land | 1~15 years | 1.13% ~ 2.01% | \$ 278,746 |
| Building and structures | 1~7 years | 1.13% ~ 6.84% | 652,384 |
| Aircraft | 1~9 years | 1.25% ~ 6.98% | 64,130,538 |
| Machinery and equipment | 1~5 years | 1.17% ~ 6.84% | <u>73,206</u> |
| Total | | | \$ <u><u>65,134,874</u></u> |

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

EVA AIRWAYS CORP.

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Amount</u> |
|---------------------------------|-----------------------|
| Operating revenue: | |
| Revenue from passenger services | \$ 135,792,149 |
| Revenue from cargo services | 41,381,246 |
| Others | <u>10,639,314</u> |
| Total | <u>\$ 187,812,709</u> |

Statement of operating costs

| <u>Item</u> | <u>Amount</u> |
|--|-----------------------|
| Cost of air freight services | \$ 92,769,259 |
| Airport and transportation operating costs | 17,669,948 |
| Traveler service costs | 21,244,066 |
| Maintenance costs | 15,271,151 |
| Others | <u>2,954,213</u> |
| Total | <u>\$ 149,908,637</u> |

EVA AIRWAYS CORP.

Statement of operating expenses

For the year ended December 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

| <u>Item</u> | <u>Amount</u> |
|----------------------|----------------------|
| Salary expense | \$ 7,088,634 |
| Commission expense | 845,907 |
| Depreciation expense | 680,345 |
| Others (Note) | <u>3,639,837</u> |
| Total | <u>\$ 12,254,723</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, 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(i).

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

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

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

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

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

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

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

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

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

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

