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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, 2022

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I. Letter to Shareholders

Dear Shareholders,

In 2022, faced with the impacts of the COVID-19 pandemic, Russia's invasion of Ukraine, inflationary pressure and labor shortages, EVA Air pragmatically responded to the reopening of borders in various countries. As the passenger travel market gradually recovered, the Company steadily increased passenger flights while flexibly utilizing preighter (passenger aircraft converted to carry cargo) cabin space for cargo and providing customized cargo services. In 2022, the annual revenue of EVA Air was NT\$127.1 billion, with passenger revenue in the amount of NT\$31.9 billion and cargo revenue hitting a record high of NT\$90.3 billion.

2022 Results

■ **Passenger revenue was NT\$31.9 billion, which was an increase of NT\$24.1 billion compared with 2021 and a year-on-year increase of 311.1%**

In 2022, the number of passengers carried was 2.21 million persons, accounting for an annual increase of 653.8%; the passenger load factor was 60.8%, accounting for a decrease of the annual passenger yield by 46.1%. In the fourth quarter, the government lifted the border control measures and implemented the quarantine-free pandemic prevention regulations. In response to adjustments in government policies, the passenger flights were resumed in an orderly manner with additional expanded European destinations to provide more comprehensive network services.

■ **Cargo revenue was NT\$90.3 billion, which was an increase of NT\$5.1 billion compared with 2021 and a year-on-year increase of 6.0%**

In 2022, EVA Air had carried 840,000 tons of cargo, accounting for an annual decrease of 1.8%. The cargo load factor was 86.1% and the cargo yield increased by 4.7%. In the first half of the year, the suspension of passenger flights resulted in an imbalance between supply and demand of global air cargo capacity, leading to freight tariffs rising and high demand for space; in the second half of the year, both freight tariffs and cargo volume declined as a result of a downturn of global economy and weak end-market demand. Nevertheless, figures remained higher than the pre-pandemic levels.

■ **Launching new routes in Europe; Constructing comprehensive transit networks**

In the fourth quarter, the Company launched flights to Milan and Munich, flying to 6 destinations in Europe, with 30 flights per week, making the Company the only Taiwanese carrier with the most European destinations and the most intensive flights. We have also strengthened the passenger composition for flights departing from Europe to Taiwan for transit, so as to bring the function of hub and spoke network into full play in Taiwan.

■ **Using digital technology; creating diversified revenue streams**

We have combined sophisticated digital services to construct a series of services for passengers to make online reservations, ticket purchases, seat selection, meal selection, conduct an automated check-in to obtain their boarding pass, use the EVA e-Library to download in-flight newspapers and magazines, etc. The Company has also provided value-added functions such as exclusive gourmet meal and travel insurance to meet passenger demand for extensive options and to increase additional revenue.

■ **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\$1.1 billion in 2022.

Results vs. Projections

EVA Air and subsidiaries estimated total consolidated operating revenue of NT\$139.68 billion for 2022 and actually achieved NT\$138.07 billion, for a 98.9% attainment. Expected net profit before taxes was NT\$9.68 billion and actual net profit before taxes amounted to NT\$9.47 billion.

Analysis of Financial Results and Profitability

EVA Air and subsidiaries reported consolidated operating revenue of NT\$138.07 billion for 2022, a 32.9% increase over the previous year. Consolidated operating expense was NT\$128.27 billion, a 37.2% increase over the previous year.

Profitability analysis (consolidated):

Return on assets: 3.4%

Return on equity: 8.3%

Profit margin: 5.7%

Earnings per share: NT\$1.34

Research and Development

1. The Company has introduced a new generation cloud-based customer service system, and has successively completed the construction and activation of customer service centers in Taipei and in the Americas. This system is equipped with multi-channel inbound lines and provides a number of functions to improve the passenger service process such as Callback, Co-Browsing and Web Call, so as to achieve a significant milestone in the realization of rendering high-quality customer services both in Chinese and English, 24/7, anywhere around the world.
2. The Company has launched its in-flight digital journals- EVA e-Library and food & beverage e-Menu services on its website. In addition to reducing contact risks, the launches also reduce aircraft load from in-flight paper publications and aids in achieving the green corporate social responsibility objective of energy saving and carbon reduction. Furthermore, we also provide an online passport scanning service to achieve contactless, simplifying passenger check-in and document verification by airport operation.
3. The Company has completed the strengthening operation of the new-generation freight rate management system, and has completely revised the old system to operate on the new-generation freight system platform, providing a unified operations platform for freight rate management and operating units; it has also optimized the system's auxiliary information to increase precision in controlling of information.
4. The advanced version of the new cargo customs clearance system breaks down the original functional framework, redefines new functions, and injects intelligent functions to achieve a simplified operating environment. It can save on operating time, prevent abnormal occurrences, and improve customs clearance quality.
5. We have completed the revision and optimization operations of the cargo handling charges management system to better the convenience of operation, integrate and simplify the operation process, strengthen the articulation and management review mechanism, enhance exception control, and improve the quality and efficiency of control over freight handling charges so as to effectively control costs.
6. We adopted the log collecting tool used in the existing information equipment to design a new generation server monitoring system so as to avoid cost expenditures, effectively expand the scope of server monitoring, and improve system service levels. In addition, by monitoring key performance indicators such as the utilization rate of the server CPU, disk space and memory, server visibility was fully achieved. Factors that had caused server interruptions were eliminated in advance, and the operational availability of the information application environment as well as the

stability of the overall information service was improved.

7. Through the cloud based, secure web accessing mechanism, the Company's computers were prevented from directly connecting to external websites, thereby reducing the threat of zero-day attacks or malicious websites with security vulnerabilities, isolating potential risks, and improving Internet browsing security of employees in Taiwan.

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 and fulfill our corporate social responsibility by practicing sustainable aviation.

The Board of Directors plays a crucial role in the supervision and guidance when regarding corporate sustainable development. In order to refine the Company's governance structure of sustainable development and give full play to the influence and decision-making power of the Board of Directors, the Board of Directors adopted its resolution on December 23, 2022 to set up the "Sustainability Committee". This committee consists of five members including the Chairman, three Independent Directors, and Director & President Sun, Chia-Ming. More than half of the members are Independent Directors, and the Chairman serves as the convener. Through a Sustainability Committee under the Board, the Company's overall sustainable development strategies, objectives and management principles are supervised and guided so as to perfect the supervisory function and strengthen the management function in the aspect of corporate sustainable development, and to form a high-quality governance structure of the corporate sustainable development.

EVA Air participated in the S&P Global Corporate Sustainability Assessment in 2022. Among the 57 evaluated airlines worldwide, the Company won second place in the global aviation industry; it further won the honor "Top 5% S&P Global ESG Score" in The Sustainability Yearbook 2023 as announced on February 7, 2023, which demonstrates that the Company's ESG performance measured through the indicators is better off in the global aviation industry. In addition, the Company participated in the "2022 15th Taiwan Corporate Sustainability Awards (TCSA)" organized by Taiwan Institute for Sustainable Energy (TAISE) and won a total of five awards, namely the "Taiwan Top 100 Sustainable Enterprises Award - Corporate Sustainability

Comprehensive Performance Category” , the “Platinum Award for Transportation Industry - Corporate Sustainability Report Category”, as well as the “Growth through Innovation Leadership Award”, the “Sustainable Supply Chain Leadership Award” and the “Climate Leadership Award” in Single Performance Category. The number of garnered awards is the highest in its history. The Company will continue to promote sustainable actions in all aspects of the ESGs, refine its sustainable corporate governance performance, and actively create its sustainable leadership brand value.

On the path towards “Net Zero Carbon Emissions by 2050”, the Company has actively participated in various international greenhouse gas emission reduction programs. Over the years, in addition to promoting the implementation of various carbon reduction measures and implementing the four core elements of information disclosure in line with the TCFD recommendations, we have even planned out our short, medium and long-term objectives based on flight operations and ground operations. At the 2022 United Nations Climate Change Conference (COP27), in addition to climate change issues, “biodiversity” had also become a keyword for sustainability of global concern. The Company released its “Biodiversity and Zero-Deforestation Commitments” on June 30, 2022. Through the environmental management system and sustainable supply chain management, we have cooperated with suppliers and external stakeholders to jointly support and promote the protection of natural ecology. It is expected that no net loss of biodiversity and zero deforestation can be achieved by 2030. In the future, the Company will continue to be committed to reducing carbon emissions and gradually increase the use of sustainable aviation fuel (SAF) and follow the International Civil Aviation Organization (ICAO) standards and recommended measures so as to ensure the integrity of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The Company will also complete the greenhouse gas inventory and verification of our subsidiaries in accordance with the schedule stipulated by the Financial Supervisory Commission, and continue to make concerted efforts with suppliers, stakeholders and others to mitigate global warming.

2023 Preview

Operating Objectives

1. Enhancing the hub-and-spoke network to improve network efficiency

In response to the recovery of tourism and the demand for transit passengers, we resumed the Trans-Pacific routes in the first step. In addition, we expanded the network between Europe and Asia. In the fourth quarter of 2022, we launched flights to Milan and Munich and flights to Clark in March 2023, which reveals the value

and competitiveness of the Company's hub-and-spoke network.

2. Strategic codeshare and cooperation for the completing passenger and cargo network
Increase strategic partnership and codeshare alliances, and continuously expand global network of passenger and cargo flights.
3. Provide diversified services to give full play to the operating synergy
The pandemic situation has changed the ecology of the aviation market. We will continue to introduce automated service processes, launch diversified products and services, strengthen competitiveness and core values, and bring operating synergy into full play.

Operational Adjustments In Response To The COVID-19 Pandemic

Passenger:

We will adjust passenger flight dynamically according to the demand of various countries. The scale of flights in the third quarter of 2023 will reach 80% of that before the pandemic. Flights to Europe will surpass the pre-pandemic level. Flights to America and Southeast Asia will resume as a priority. Flights to Northeast Asian, Hong Kong, Macau and Mainland China will be dynamically adjusted depending on the fleet and the degree of openness adopted in line with government policy.

Cargo:

In the first half of the year, the end-market demand is still conservative, which has restrained the growth of air cargo. In the second half of the year, as the central banks of major countries ease their monetary policies, the consumer market is expected to pick up, which will drive demand for air cargo.

Future Development Strategies and Important Marketing Policies

1. Optimizing fleet composition to improve operational efficiency:
 - (1) Sixteen Boeing 787 Dreamliners are planned to be delivered starting from the year 2023 in response to the recovery of air travel demand.
 - (2) In light of the expansion of cargo capacity and market share, EVA Air adds one more 777F freighter to be delivered in the fourth quarter of 2023, and meanwhile EVA Air will also successively convert three of its Boeing 777-300ER passenger aircraft into freighters from the year 2025.
 - (3) The quantities for each aircraft model is as shown in the following table:

Aircraft Type	2023.12.31
 777-300ER	34
 787-9	6
 787-10	9
 A330-300	6
 A330-200	3
 A321-200	18
 777F	9
Total	85

2. Steady recovery of transport capacity to enhance operational resilience:
 - (1) Steadily recover passenger flights, balance market demand and capacity growth.
 - (2) Construct the transition network between the Trans-Pacific and Europe-Asia corridors to promote transit passenger flow.
 - (3) Continue to extend regional flights in response to the recovery of transit demand.
 - (4) Launching new routes to enhance product diversity and competitiveness.
3. Increase cargo capacity to extend the freighter network:
 - (1) Expand the freighter fleet to meet market demand.
 - (2) Optimize the development of passenger and cargo flights to increase the proportion of cargo revenue.
4. Deepen alliance connections and expand codeshare cooperation
 - (1) Strengthen airline alliance hub connections to expand the extended network around the globe.
 - (2) Increase joint venture partners and establish complementary and mutually beneficial advantages.

Impact of External Competition, Legal Issues and Overall Operating Environment

External Competition

1. Emerging full-service and low-cost airlines have joined the competition.
2. The shortage of manpower in aviation industry has affected the deployment of network and recovery of operation.
3. The aircraft manufacturers supply chain challenges are slowing delivery schedules.
4. The recovery of hub airports around the world is uncertain and suffering from surging costs.

Legal Environment

The Company has continued to follow the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), promoted by the International Civil Aviation Organization (ICAO), the European Union Emissions Trading Scheme (EU ETS), the United Kingdom Emissions Trading Scheme (UK ETS), and other relevant international carbon emissions trading and reduction mechanisms, and carried out carbon emissions monitoring from flights as well as reporting every year.

In response to the global climate change, the international demand for carbon reduction has continued to increase. In order to promote net zero transformation and to enhance industrial competitiveness in our country, the Environmental Protection Administration amended and announced on February 15, 2023 the Climate Change Adaptation Act. The focus of the amendments include the incorporation of Net Zero Emissions by 2050, the establishment of powers and responsibilities for government departments, the addition of just transition, the strengthening of emission controls and incentive mechanisms for advancing reductions, the collection of carbon fees for dedicated use, the addition of a dedicated chapter on climate change adaptation, the incorporation of carbon footprints and product labeling management mechanisms, the enhancement of information disclosure and public participation mechanisms, etc.

The Company has paid constant attention to the long-term impacts of the formulation and adjustment of relevant laws and regulations at home and abroad on the overall aviation industry chain, and has dynamically adjusted its climate change response strategies in order to manage and reduce greenhouse gas emissions and to properly fulfill the responsibility of jointly protecting the environment.

Overall Operating Environment

1. Various countries have successively raised interest rates to curb inflationary pressures, which has put pressure on economic growth.
2. The Ukrainian-Russian war continues, and the shortage of energy and raw materials

- has pushed up commodity and resource prices.
3. No-fly zones due to military exercises result in increases to flight hours and fuel consumption for route adjustments.
 4. Oil prices remain at high level, which has greatly increased operating costs.

Having undergone the impact of the pandemic over the past three years, EVA Air has demonstrated its resilience and forged a more robust operating constitution. Facing a highly uncertain post-pandemic operating environment, the Company will continue to flexibly adjust its business strategies, respond pragmatically to market changes, and embrace challenges to create a new perspective.

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 made a successful record in Taiwan to assist Taiwan Semiconductor Manufacturing Company Ltd. (TSMC) transport the 8-inch wafer fab from Taipei to Shanghai.
- 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, enabling it to acquire market information, integrate regional cargo goods and discuss regional cooperation plans with local forwarders, which make EVA Air move air freight shipments in and out of the region, prepare business plan, sell and discover customers more efficiently and quickly.

2007~2011

- Recognized 2007 “Best Wines on the Wing” by Global Traveler, a famous travel magazine of U.S.
- 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 ranked 1st as the 2008 “Best Ideal Brand of International Airline” for the second year from the surveys of Taiwanese consumers, Management Magazine.
- Wanderlust, a leading travel magazine U.K., recognized EVA Air Silver Award of 2008 “Best Airline”.
- EVA Air ranked 2nd “Best White” and 5th “Best Red” of 2007 Cellars in the Sky Awards, published by Business Traveller, a worldwide famous travel magazine.
- Air Cargo World, a famous cargo magazine, ranked EVA Air 6th of 2008 “Air Cargo World’s Air Cargo Excellence Survey”. EVA Air was the second Asian airline to win the prize and surpassed most of famous airlines that were mainly in charge of cargo business.
- EVA Air was recognized 2008 “White Gold Medal” among the Reputation Brand investigation of Reader’s Digest magazine.
- EVA Air and UNI Air provided cross-strait charter flights services since July 4, 2008.
- EVA Air ranked 1st of “Best Premium Economy Class” in the 2008 Airlines services Rating of SKYTRAX.
- Joined IATA as e-freight airline with the e-AWB service became a milestone of EVA Air.
- EVA Air recognized as “World’s Best 10 Airlines” by Travel & Leisure, a leading traveling magazine of U.S.
- Selected as “Top 100 Brands” by Ministry of Economic Affairs (MOEA).
- EVA Air was awarded Travel Weekly’s Magellan Award Gold winner for international economy class.
- 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 will be placed by fully-flat beds and named as “Royal Laurel Class”.

- EVA Air recognized as “The World’s Best Airline” from Commonwealth Magazine’s Golden Service Awards survey.
- 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 received “Best Business Class Sparkling” and “Best Business Class White” of Business Traveller’s Cellar in the Sky Awards 2013.
- EVA Air acquired general aviation permission and became the first airline company that provided periodical flights and business jets services.
- EVA Air was recognized as 2014 Top 10 “The World’s Best Long-Haul Airlines” by The Telegraph, U.K. leading media, annual reader’s select.
- SKYTRAX announced EVA Air as the 2015 “Best Airline Cabin Cleanliness” , 2016 “Best Transpacific Airline”, “Best Business Class Comfort Amenities” and the 3rd “World’s Most Loved Airlines”.
- EVA Air signed agreements with the Boeing Company to introduce twenty four 787 Dreamliners and two 777-300ERs.
- EVA Air was recognized as Top 10 “World’s Safest Airlines” by AirlineRating.com.

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 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 company 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 “5-Star Airline” for four consecutive years, 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 “World’s Top-20 Airlines”, 6th of “World’s Top-20 Safest Airlines”, “World’s Top-20 COVID-19 Compliant Airlines” with “Seven Star Certification for COVID-19 Epidemic Prevention”.
- 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 “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 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 Report Category – Transportation Platinum Award” in the TCSA for four consecutive years, also won the “Corporate Sustainability Best Performance for Service Category – Social Inclusion Awards”, “Corporate Comprehensive Performance – Taiwan TOP50 Corporate Sustainability Award” and “Corporate Sustainability Overall Performance Category – Excellent Performance Award” 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 “Five Star Global Airline”, and “Best Overall Airline in Eastern Asia and Best Cabin Service” in the Global Passenger Choice Awards.
- EVA Air launched direct flights between Taipei to Milan and Munich.
- AirlineRatings.com recognized EVA Air the 8th of “World’s Top-20 Airlines”, 9th of “World’s Top-20 Safest Airlines” and “Seven Star Certification for COVID-19

Epidemic Prevention”.

- EVA Air won five awards in the TCSA, namely the “Taiwan Top 100 Sustainable Enterprises Award – Corporate Sustainability Comprehensive Performance Category” , the “Platinum Award for Transportation Industry – Corporate Sustainability Report Category”, as well as the “Growth through Innovation Leadership Award”, the “Sustainable Supply Chain Leadership Award” and the “Climate Leadership Award” in Single Performance Category.
- Participated in the S&P Global Corporate Sustainability Assessment and won second place in the aviation industry. S&P Global released the 2023 Sustainability Yearbook, and EVA Air was awarded the “Top 5% S&P Global ESG Score”.

2023

- EVA Air was awarded the “Five Star Global Airlines” by APEX again.
- Awarded as one of the “World’s Top-20 Safest Airlines” by AirlineRatings.com for ten consecutive years; ranked ninth this year.
- Signed a contract with Boeing Company to purchase five 787-9 aircraft.
- EVA Air launched direct flights between Taipei to Clark.

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 9th Corporate Governance Evaluation Award for TWSE-listed and TPEX-listed Companies of year 2022, EVA Air was ranked in the range of 6% to 20% of all listed companies. In 2022, the Company was also awarded the "Taiwan Top 100 Sustainable Enterprises Award" , the "Platinum Award for Transportation Industry - Corporate Sustainability Report Category", as well as the "Growth through Innovation Leadership Award", the "Sustainable Supply Chain Leadership Award" and the "Climate 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). The tenure of independent directors is not over nine years 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 transportation management, accounting, law, technology, environmental protection and risk management. The independent directors provide professional and multi-dimensional opinions by their experiences.

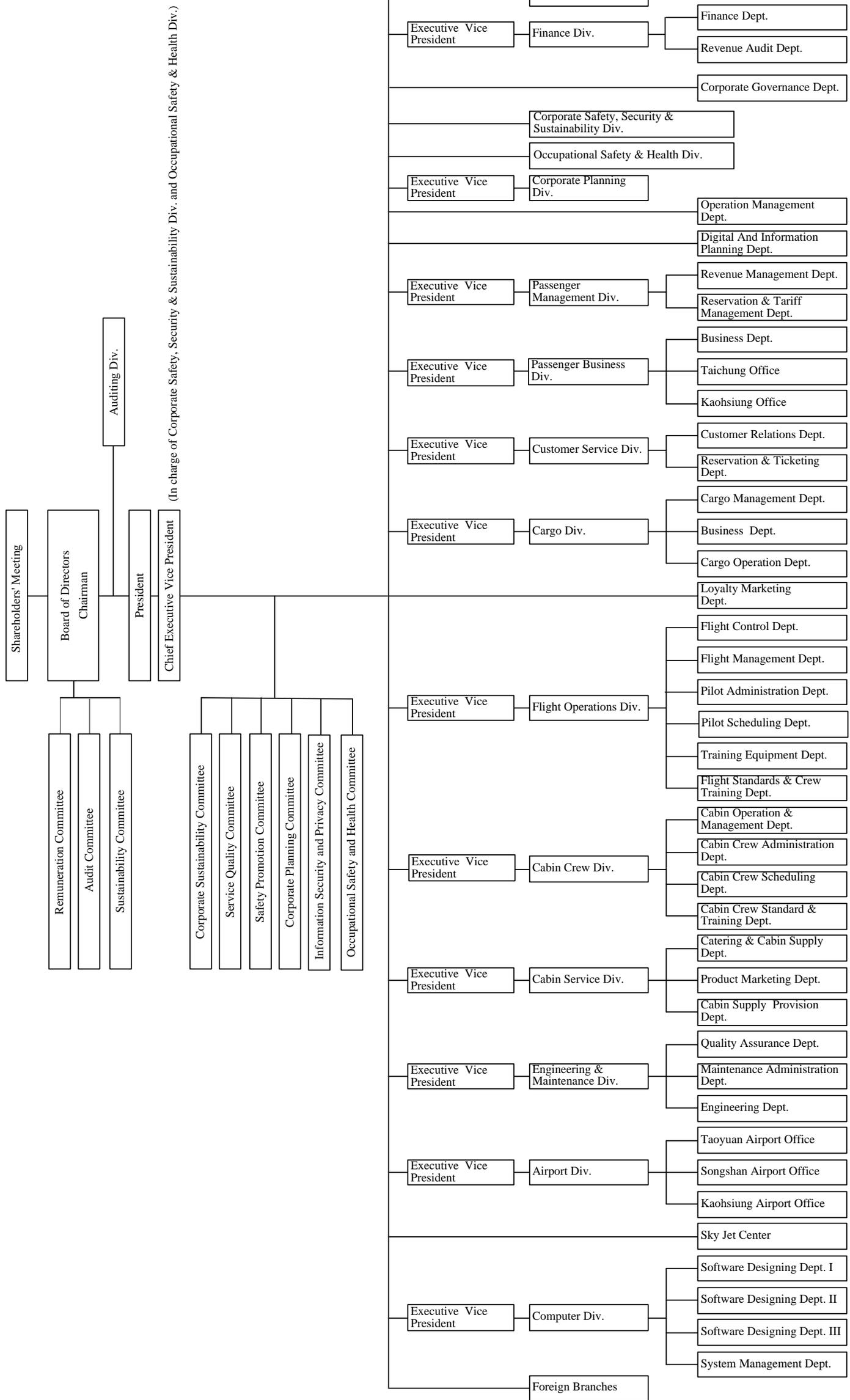
The Remuneration Committee is composed of three independent directors and subordinated under Board of Directors. The Committee periodically reviews the remuneration policies of directors and managers and stipulates a reasonable remuneration for them according to their devotion on company operation. In 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, 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 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

According to the Articles of Incorporation, the Company shall have seven to nine (7~9) Directors. The Directors shall be elected at the shareholders' meeting and they are selected due to their competence and disposing capacity. They 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 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 Management Div.	Responsible for the planning and management of information security and privacy protection policy, regulatory compliance, implementation of the information security management system, prevention and response of information security incidents, training and dissemination 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 meeting and shareholders' meeting affairs, and corporate governance related matters.
Corporate Safety, Security & Sustainability Div.	Responsible for setting up corporate safety, security and sustainability related policies; Establishing safety, and security management systems; Conducting flight and ground staff safety and security training; Responsible for emergency response and accident/incident investigation of EVA AIR operations; Responsible for the implementation of corporate sustainability, environment and energy management program.
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 the worldwide station operation managements, planning and managing the Star Alliance and concerning projects.
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.

Department	Functions
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 the hosting, maintenance and ground handling affairs of business jets.
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 26, 2023

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 13)		Present Shareholdings (Note 13)		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		
Chairman	R.O.C.	Evergreen Marine Corp. (Taiwan) Ltd.	N/A	2020.05.27	3 Years	1989.03.31 (Note 6)	776,541,111	16.00	776,541,111	14.48	N/A	0	0.00	N/A	N/A	N/A				-	
							N/A														
Director	R.O.C.	Representative: Lin, Bou-Shiu	Male 71~80 years old	2020.05.27	3 Years	1993.04.30 (Note 7)	N/A		350,029	0.01	21,911	0.00	0	0.00	Please refer to page 29	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	2020.05.27	3 Years	1989.03.31 (Note 6)	776,541,111	16.00	776,541,111	14.48	N/A	0	0.00	N/A	N/A	N/A					-
Director	R.O.C.	Representative: Chen, Hsien-Hung	Male 61~70 years old	2021.02.01	2.4 Years	2017.06.26 (Note 8)	N/A		0	0.00	0	0.00	0	0.00	Please refer to page 30	Chairman: EverFun Travel Services Corp.				-	
Director	R.O.C.	Evergreen International Storage & Transport Corp.	N/A	2022.05.31	1 Year	2022.05.31	48,957,013	0.93	48,957,013	0.91	N/A	0	0.00	N/A	N/A	N/A					-
Director	R.O.C.	Exercising duties on the behalf of Evergreen International Storage & Transport Corp. : Tai, Jiin-Chyuan	Male 61~70 years old	2022.05.31	1 Year	2011.06.10 (Note 9)	N/A		16,731	0.00	0	0.00	0	0.00	Please refer to page 30	Director: Evergreen Marine Corp. (Taiwan) Ltd., Evergreen Sky Catering Corp., Evergreen (Shanghai) Hotel Limited, Advanced Business Process, Inc.				-	

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 13)		Present Shareholdings (Note 13)		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 (Note 5)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Director	R.O.C.	Evergreen International Corp.	N/A	2020.05.27	3 Years	1993.04.30 (Note 10)	549,262,304	11.32	712,296,304	13.28	N/A	0	0.00	N/A	N/A	N/A				-
	R.O.C.	Representative: Wu, Jiang-Ming	Male 71~80 years old	2022.04.19	1.1 Years	1994.03.19 (Note 11)	N/A	0.00	18,055	0.00	0	0.00	Please refer to pages 30~31	Chairman: Chang Yung-Fa Charity Foundation Director: Central Reinsurance Corp.	-	-	-	-	-	
	R.O.C.	Representative: Chang, Ming-Yuh	Male 61~70 years old	2022.10.07	0.6 Years	2009.06.16 (Note 12)	N/A	0.00	0	60,000	0.00	0	0.00	Please refer to page 31	Chairman and President: Evergreen International Corp. Director: Central Reinsurance Corp., UNI Airways Corp., Evergreen Sky Catering Corp., Evergreen Security Corp., Evergreen Airline Services Corp.	-	-	-	-	-
Director	R.O.C.	Evergreen Logistics Corp.	N/A	2020.05.27	3 Years	2020.05.27	100,000	0.00	100,000	0.00	N/A	0	0.00	N/A	N/A	N/A				-
	R.O.C.	Representative: Sun, Chia-Ming	Male 51~60 years old	2020.05.27	3 Years	2018.01.01	N/A	0.00	102,763	0.00	0	0.00	Please refer to page 31	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	2020.05.27	3 Years	2014.06.17	0	0.00	0	0.00	0	0.00	Please refer to page 32	Independent Director: Far Eastern Department Stores, Ltd. (FEDS) Director: KD Holding Corp.	-	-	-	-	-	-
	R.O.C.	Hsu, Shun-Hsiung	Male 61~70 years old	2020.05.27	3 Years	2014.06.17	0	0.00	0	0.00	0	0.00	Please refer to pages 32~33	CPA and Managing Partner of YMH Company, CPAs Director: YMH International Co., Ltd., YMH Risk Management Consultant Ltd., Wellan System Co., Ltd.	-	-	-	-	-	

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 13)		Present Shareholdings (Note 13)		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 (Note 5)
							Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relation	
Independent Director	R.O.C.	Wu, Chung-Pao	Male 61~70 years old	2020.05.27	3 Years	2017.06.26	0	0.00	0	0.00	0	0.00	0	0.00	Please refer to page 33	Chairman: Protech Systems Co., Ltd. Independent Director: Marketch 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. Chen, Hsien-Hung has served as a director of the Company from 2017.06.26 to 2017.12.31 and 2021.02.01 till present.

Note 9: Mr. Tai, Jiin-Chyuan has served as a director of the Company from 2011.06.10 to 2022.04.18 and 2022.05.31 till present.

Note 10: 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 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: 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 13: Total shares issued at the time of directors election(2020.05.27) was 4,853,569,490 shares; total shares issued at the time of directors by-election(2022.05.31) was 5,287,293,757 shares ; total shares issued at the time of the book closure date for the 2023 shareholders’ meeting(2023.03.26) was 5,363,273,600 shares.

Note 14: Diversification of Board of Directors: Please refer to pages 34~35.

Chart 1 : Major Shareholders of the Institutional Shareholders

March 26, 2023

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama) (7.4%) Evergreen International Corp. (4.96%) Chang, Yung-Fa (3.28%) (deceased) Chang Kuo-Hua (3.02%) Cathay United Bank Trust Account – Chang, Kuo-Hua (3.02%) Chang, Kuo-Ming (1.46%) Yuanta/P-shares Taiwan Dividend Plus ETF Account (1.11%) Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account (0.97%) Cathay United Bank Trust Account – Yang, Mei-Chen (0.89%) Chen, Hui-Chu (0.74%)
Evergreen International Storage & Transport Corp.	Evergreen Marine Corp. (Taiwan) Ltd. (40.36%) Evergreen International Corp. (8.45%) Chang, Kuo-Cheng (2.8%) Chang, Kuo-Hua (1.82%) Chang, Kuo-Ming (1.76%) Yang, Mei-Chen (1.04%) Chang, Yung-Fa (0.95%)(deceased) Wang, Chuang-Yen (0.9%) Chen, Hui-Chu (0.74%) Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account (0.72%)
Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%) Shine Glow Investments Ltd. (18%) Chang, Kuo-Ming (17.99%) Lee, Yu-Mei (7.14%) 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%)

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholder (Note 2)
Evergreen Logistics Corp.	Evergreen International Storage & Transport Corp. (91.21%) Chiu, Hsien-Yu (0.1%) Li, Ming-Che (0.1%) Yeh, Jui-Ching (0.09%) Wang, Yao-Tsung (0.09%) Su, Ling-Yu (0.09%) Niu, Chun-Shan (0.09%) Chung, Shih-Chieh (0.09%) Lin, Chien-Hsiang (0.09%) Hung, Chi-Chou (0.09%) Hsiao, Sheng-Liang (0.09%) Lin, Chih-Ming (0.09%) Chen, Chung-Kuang (0.09%) Chu, Shu-Hsiang (0.09%)

Note1: If the directors and supervisors are institutional shareholders, fill in the name of that institutional shareholder.

Note2: 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.

Note3: 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".

Note4: 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 26, 2023

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama)	Chang, Yung-Fa (20%)(deceased) Chang, Kuo-Hua (20%) Chang, Kuo-Ming (20%) Chang, Kuo-Cheng (20%) Pieca Corp. (20%)
	Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%) Shine Glow Investments Ltd. (18%) Chang, Kuo-Ming (17.99%) Lee, Yu-Mei (7.14%) 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%)
	Cathay United Bank Trust Account – Chang, Kuo-Hua	N/A
	Yuanta/P-shares Taiwan Dividend Plus ETF Account	N/A
	Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	N/A
	Cathay United Bank. Trust Account – Yang, Mei-Chen	N/A
	Cathay United Bank Trust Account – Chang, Kuo-Hua	N/A

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
Evergreen International Storage & Transport Corp.	Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama) (7.4%) Evergreen International Corp. (4.96%) Chang, Yung-Fa (3.28%)(deceased) Chang Kuo-Hua (3.02%) Cathay United Bank Trust Account – Chang, Kuo-Hua (3.02%) Chang, Kuo-Ming (1.46%) Yuanta/P-shares Taiwan Dividend Plus ETF Account (1.11%) Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account (0.97%) Cathay United Bank. Trust Account – Yang, Mei-Chen (0.89%) Chen, Hui-Chu (0.74%)
	Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%) Shine Glow Investments Ltd. (18%) Chang, Kuo-Ming (17.99%) Lee, Yu-Mei (7.14%) 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%)
	Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	N/A

Legal Entity (Note 1)	Name of Institutional Shareholders (Note 2)	Major Shareholders of Institutional Shareholders (Note 3)
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. Eversafy 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%)
	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
Evergreen Logistics Corp.	Evergreen International Storage & Transport Corp.	Evergreen Marine Corp. (Taiwan) Ltd. (40.36%) Evergreen International Corp. (8.45%) Chang, Kuo-Cheng (2.8%) Chang, Kuo-Hua (1.82%) Chang, Kuo-Ming (1.76%) Yang, Mei-Chen (1.04%) Chang, Yung-Fa (0.95%)(deceased) Wang, Chuang-Yen (0.9%) Chen, Hui-Chu (0.74%) Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account (0.72%)

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 26, 2023

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	

<p>Director Chen, Hsien- Hung</p>	<p>■ Education: Bachelor of Diplomacy, National Chengchi University</p> <p>■ Professional qualifications and experiences: Serves currently as the Chairman of EverFun Travel Services Corp., and was previously the Chairman of UNI Airways Corp. and both the President and Director of the Company.</p> <p>■ No violations of Article 30 of the Company Act.</p>	<p>N/A</p>	<p>0</p>
<p>Director Tai, Jiin- Chyuan (Exercising duties on the behalf of Evergreen International Storage & Transport Corp.)</p>	<p>■ Education: Master of Maritime Law, National Taiwan Ocean University</p> <p>■ Professional qualifications and experiences: Serves as Director of Evergreen Marine Corp. (Taiwan) Ltd., Evergreen Sky Catering Corp., and was previously the Executive Vice President, Legal & Insurance Div. of the Company and the President of Evergreen International 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 Director of listed companies such as</p>	<p>N/A</p>	<p>0</p>

	<p>Central Reinsurance Corp., and was previously the Chairman of Evergreen Airline Services Corp., EverFun Travel Services Corp. and the President of the Company, UNI Airways Corp.</p> <p>■ No violations of Article 30 of the Company Act.</p>		
<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., and was previously the Chairman of Evergreen Airline Services Corp.</p> <p>■ No violations of Article 30 of the Company Act.</p>	N/A	0
<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 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>	N/A	0

<p>Independent Director Undertaking Public Welfare</p> <p>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 KD Holding Corporation, 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</p> <p>Hsu, Shun-Hsiung (Convener of the Audit Committee, Member of the Remuneration Committee and</p>	<p>■ Education: Master of Accounting, National Taiwan University; Bachelor of Transportation & Communication Management Science, National Cheng Kung University</p> <p>■ Professional qualifications and experiences: A Certified Public Accountant (CPA) in Taiwan and China, and Certified Fraud Examiner</p>	<p>Hsu, Shun-Hsiung, 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>0</p>

<p>the Sustainability Committee)</p>	<p>(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>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 a member 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, financial 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. The company will elect new directors at the 2023 annual general shareholders’ meeting. Among the 9 director candidates nominated by the board of directors, there is 1 female director candidate, and the ratio of female director candidates is 11.11%.

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

Title	Name	Component							Ability							
		Nationality	Gender	Employee of the Company	Age			Served for less than three consecutive terms of Independent Director	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				✓		✓	✓			✓			
Director	Chen, Hsien-Hung	R.O.C.	Male			✓			✓	✓						
Director	Tai, Jiin-Chyuan (Exercising duties on the behalf of Evergreen International Storage & Transport Corp.)	R.O.C.	Male			✓			✓	✓		✓		✓		
Director	Wu, Jiang-Ming	R.O.C.	Male				✓		✓	✓						
Director	Chang, Ming-Yuh	R.O.C.	Male			✓			✓	✓						
Director	Sun, Chia-Ming	R.O.C.	Male	✓	✓				✓	✓						
Independent Director Undertaking Public Welfare	Chien, You-Hsin	R.O.C.	Male				✓	✓	✓	✓			✓	✓		✓

Title	Name	Component							Ability							
		Nationality	Gender	Employee of the Company	Age			Served for less three consecutive terms of Independent Director	Business Management	Transportation Management	Finance Accounting	Law	Technology	Environmental Protection	Risk Management	Government & Supervision
					51-60	61-70	71-80									
Independent Director	Hsu, Shun-Hsiung	R.O.C.	Male			✓		✓	✓	✓				✓		
Independent Director	Wu, Chung-Pao	R.O.C.	Male			✓		✓	✓			✓				

(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. All directors of the Company have no linking relationship to each other as a spouse or relative within the second degree of kinship, and the directors recuse themselves from discussion and resolution on any matters of the Board Meetings which conflicts with their personal interest, to ensure that the Board of Directors can perform its duties in an independent and objective manner.

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 26, 2023

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 the 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 degree in 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	42,005	0.001	918	0	0	0	Bachelor of Accounting, Chinese Cultural University	Director: Hsiang-Li Investment Corp. Kaohsiung Airport Catering Services Ltd. Supervisor: 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	20,560	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	17,000	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-Service 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	12,588	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.	Soong, Allen	Male	2007.01.01	0	0.000	0	0	0	0	Department of Tourism, World College of Journalism	-	-	-	-	-
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. 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 Governance Dept. (Corporate Governance Officer)	R.O.C.	Hsieh, Shu-Hui	Female	2016.04.27	0	0.000	0	0	0	0	Bachelor of Law School, Soochow University	Department Head, Corporate Governance Dept., Evergreen Marine Corp. (Taiwan) Ltd.	-	-	-	-
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 Safety, Security & Sustainability 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, Operation Management Dept.	R.O.C.	Chang, Yu-Heng	Male	2022.01.01	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	-	-	-	-	-

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, 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.	Tseng, Wen-Chiang	Male	2015.09.01	2,000	0.000	0	0	0	0	Bachelor of Journalism, Chinese Cultural 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	4,648	0.000	1,000	0	0	0	Bachelor of Economics, Tunghai 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.	Chang, Ming-Hung	Male	2014.01.01	0	0.000	0	0	0	0	Bachelor of International Trade, Tunghai University	-	-	-	-	-
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. 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 Standard & Training Dept.	R.O.C.	Hsu, Ping	Male	2020.01.01	15,739	0.000	0	0	0	0	Bachelor of Psychology, National Taiwan University	-	-	-	-	-
Vice President, Cabin Service Div. Catering & Cabin Supply 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, Cabin Service Div. Product Marketing Dept.	R.O.C.	Wang, Pei-Chi	Male	2017.01.01	5,417	0.000	0	0	0	0	Bachelor of Foreign Languages, Christ's College Taipei	-	-	-	-	-

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, Cabin Service Div. Cabin Supply Provision Dept.	R.O.C.	Lee, Chia-Fang	Female	2018.01.01	5,620	0.000	0	0	0	0	Bachelor of International Business, Tamkang University Secretary (Deputy Manager), Evergreen Sky Catering 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	11,000	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	-	-	-	-	
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. Taoyuan Airport Office	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, Airport Div. Songshan Airport Office	R.O.C.	Hsu, Shu-Ching	Female	2018.01.01	52,056	0.001	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.	Wang, Hwa-Tsai	Male	2018.01.01	23,487	0.000	0	0	0	0	Bachelor of Banking, Feng Chia University	-	-	-	-	
Office Chief (Vice President), Sky Jet Center	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, Computer Div. (Chief Information Security Officer)	R.O.C.	Chen, Chia-Chuan	Male	2018.01.01	3,236	0.000	93	0	0	0	Bachelor of Business Administration, National Chung Hsing University	-	-	-	-	
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	-	-	-	-	
Vice President, America Head Office	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, 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	-	-	-	-	

- 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, 2022
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)		EVA	All consolidated entities (Note 7)	EVA	All consolidated entities (Note 7)	EVA	All consolidated entities (Note 7)	Severance Pay (F)	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
		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)			
Chairman	Evergreen Marine Corp. (Taiwan) Ltd. Representative : Lin, Bou-Shiu	7,500	7,500	-	-	2,000	3,500	42	42	9,542	11,042	0.13%	0.16%	-	-	-	-	9,542	11,042	0.13%	0.16%	1,550
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative : Chen, Hsien-Hung	-	-	-	-	1,500	1,500	42	42	1,542	1,542	0.02%	0.02%	-	-	-	-	1,542	1,542	0.02%	0.02%	None
Director	Exercising duties on the behalf of Evergreen International Storage & Transport Corp. : Tai, Jjin-Chyuan	-	-	-	-	884	930	18	18	902	948	0.01%	0.01%	-	-	-	-	902	948	0.01%	0.01%	None
Director	Evergreen International Corp. Representative : Wu, Jiang-Ming	-	-	-	-	1,056	1,056	24	24	1,080	1,080	0.02%	0.02%	-	-	-	-	1,080	1,080	0.02%	0.02%	37
Director	Evergreen International Corp. Representative : Chang, Ming-Yuh	-	-	-	-	353	399	12	12	365	411	0.01%	0.01%	-	-	-	-	365	411	0.01%	0.01%	547
Director	Evergreen Logistics Corp. Representative : Sun, Chia-Ming	-	-	-	-	1,500	3,000	42	42	1,542	3,042	0.02%	0.04%	5,036	5,036	-	-	6,578	8,078	0.09%	0.11%	118
Former Director	Evergreen International Corp. Representative : Ko, Lee-Ching	-	-	-	-	444	914	18	18	462	932	0.01%	0.01%	-	-	-	-	462	932	0.01%	0.01%	1,329
Former Director	Evergreen International Corp. Representative : Tai, Jjin-Chyuan	-	-	-	-	444	729	18	18	462	747	0.01%	0.01%	-	-	-	-	462	747	0.01%	0.01%	289
Former Director	Evergreen International Corp. Representative : Chen, Chao-Lung	-	-	-	-	703	703	12	12	715	715	0.01%	0.01%	-	-	-	-	715	715	0.01%	0.01%	88
Independent Director undertaking Public Welfare	Chien, You-Hsin	960	960	-	-	-	-	48	48	1,008	1,008	0.01%	0.01%	-	-	-	-	1,008	1,008	0.01%	0.01%	None
Independent Director	Hsu, Shuun-Hsiung	960	960	-	-	-	-	48	48	1,008	1,008	0.01%	0.01%	-	-	-	-	1,008	1,008	0.01%	0.01%	None
Independent Director	Wu, Chung-Pao	960	960	-	-	-	-	48	48	1,008	1,008	0.01%	0.01%	-	-	-	-	1,008	1,008	0.01%	0.01%	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) Independent directors of the company also serve as members of the audit committee, the remuneration committee and the sustainability committee. According to "Payment Regulation of Directors Compensation", the independent directors receive not only monthly remuneration but attendance fee each time they attend committee meetings.

(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.
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.

43 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, 2022
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	3,864	3,864	-	-	2,714	4,214	-	-	-	-	6,578	8,078	118
Chief Executive Vice President	Ho, Ching-Sheng	3,367	3,367	20	20	908	908	112	-	112	-	4,408	4,408	None
	Huang, Sheh-Ming	3,068	3,068	240	240	817	817	104	-	104	-	4,230	4,230	None
	Tsai, Ta-Wei	3,068	3,068	222	222	791	806	104	-	104	-	4,186	4,201	None
	Liao, Chi-Wei	3,042	3,042	248	248	774	774	103	-	103	-	4,167	4,167	None
	Hsu, Hui-Sen													
	Chen, Yao-Min													
	Pu, Wei-Ping													
	Hsiao, Chin-Lung													
Executive Vice President	Lu, Yu-Chuan	28,197	28,197	902	902	6,458	6,458	956	-	956	-	36,513	36,513	None
	Chuang, Shih-Hsiung													
	Lee, Cheng-Chieh													
	Yeh, Shih-Chung													
	Hou, Hsien-Yu													
	Chen, Chi-Hung													

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.)	Pu, Wei-Ping Lee, Cheng-Chieh Hou, Hsien-Yu	Pu, Wei-Ping Lee, Cheng-Chieh Hou, Hsien-Yu
NT\$3,500,000(incl.) ~ NT\$5,000,000(excl.)	Hsu, Hui-Sen Chen, Yao-Min Hsiao, Chin-Lung Lu, Yu-Chuan Chuang, Shih-Hsiung Yeh, Shih-Chung Chen, Chi-Hung	Hsu, Hui-Sen Chen, Yao-Min Hsiao, Chin-Lung Lu, Yu-Chuan Chuang, Shih-Hsiung Yeh, Shih-Chung Chen, Chi-Hung
NT\$5,000,000(incl.) ~ NT\$10,000,000(excl.)	-	-
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	10	10

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, 2022 / 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	4,484	4,484	0.06%
	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	Lu, Yu-Chuan				
	Executive Vice President	Chuang, Shih-Hsiung				
	Executive Vice President	Lee, Cheng-Chieh				
	Executive Vice President	Hsiao, Chin-Lung				
	Executive Vice President	Chen, Chi-Hung				
	Executive Vice President	Huang, Sheh-Ming				
	Executive Vice President	Yeh, Shih-Chung				
	Executive Vice President	Hou, Hsien-Yu				
	Senior Vice President	Chou, Yu-Chuan				
	Senior Vice President	Lee, Yi-Chung				
	Senior Vice President	Soong, Allen				
	Senior Vice President (Accounting Officer)	Chiang, Chin-Lan				
	Senior Vice President	Ho, Li-Cheng				
	Senior Vice President (Corporate Governance Officer)	Hsieh, Shu-Hui				
	Senior Vice President	Chiang, Wei-Du				
	Senior Vice President	Su, Wei-Jen				
	Senior Vice President	Lin, Shu-Fen				
	Senior Vice President	Chen, Shih-Ming				
	Senior Vice President	Yeh, Wu-Han				
	Senior Vice President	Chang, Yu-Heng				
	Senior Vice President	Peng, Tsui-Li				
Senior Vice President	Chiu, Chung-Yu					
Senior Vice President	Pan, Hsin-Hsiu					
Senior Vice President	Tseng, Wen-Chiang					
Senior Vice President	Liu, Hsin-Cheng					

	Title	Name	Employees' Compensation - in Stock	Employees' Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officers	Senior Vice President	Wang, Chen-Hsing	0	4,484	4,484	0.06%
	Senior Vice President	Wu, Su-Shin				
	Senior Vice President	Chen, Yu-Hou				
	Senior Vice President	Chang, Ming-Hung				
	Senior Vice President	Liu, Ying-Chun				
	Senior Vice President	Kuo, Ming-Cheng				
	Senior Vice President	Yang, Hsiu-Huey				
	Senior Vice President	Hsu, Ping				
	Senior Vice President	Liu, Ying				
	Senior Vice President	Wang, Pei-Chi				
	Senior Vice President	Lee, Chia-Fang				
	Senior Vice President	Lin, Wen-Ji				
	Senior Vice President	Liu, Wen-Jang				
	Senior Vice President	Yu, Chia-Chieh				
	Senior Vice President	Wu, Shu-Ping				
	Senior Vice President	Huang, Chun-Hsiung				
	Senior Vice President	Wang, Yuan-Shyang				
	Senior Vice President	Hsiu, Shu-Ching				
	Senior Vice President	Wang, Hwa-Tsai				
	Senior Vice President	Lee, Kang				
Senior Vice President (Chief Information Security Officer)	Chen, Chia-Chuan					
Senior Vice President	Chen, Shui-Feng					
Senior Vice President	Chung, Kai-Cheng					
Senior Vice President	Yeh, Vanessa					

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 :

- a. President and equivalent level positions
- b. Executive Vice Presidents and equivalent level positions
- c. (Deputy) Senior Vice Presidents and equivalent level positions
- d. Finance Officer
- e. Accounting Officer
- f. Other persons who have the power to manage affairs and sign for the Company

Note 4: If any director, the President, or Executive Vice Presidents 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

1. 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	
	2021	2022	2021	2022
Directors	0.39%	0.34%	0.47%	0.40%
Presidents and Executive Vice Presidents	0.88%	0.90%	0.91%	0.92%

2. 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’ 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, 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

A total 7 (A) meetings of the Board of Directors were held in the year 2022. The attendance of directors was as follows.

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Chairman	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Lin, Bou-Shiu	7	0	100%	-
Director	Evergreen Marine Corp. (Taiwan) Ltd. Representative: Chen, Hsien-Hung	7	0	100%	
Director	Exercising duties on the behalf of Evergreen International Storage & Transport Corp. : Tai, Jiin- Chyuan	3	0	100%	New Director By-election Date: 2022/05/31 Required Numbers of Attendance: 3
Director	Evergreen International Corp. Representative: Wu, Jiang-Ming	4	0	100%	New Director Inauguration Date: 2022/04/19 Required Numbers of Attendance: 4
	Evergreen International Corp. Representative: Ko, Lee-Ching	3	0	100%	Dismissal Date: 2022/04/19 Required Numbers of Attendance: 3

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	2	0	100%	New Director Inauguration Date: 2022/10/07 Required Numbers of Attendance: 2
	Evergreen International Corp. Representative: Chen, Chao-Lung	1	1	50%	Dismissal Date: 2022/10/07 Required Numbers of Attendance: 2
	Evergreen International Corp. Representative: Tai, Jiin-Chyuan	3	0	100%	Dismissal Date: 2022/04/19 Required Numbers of Attendance: 3
Director	Evergreen Logistics Corp. Representative: Sun, Chia-Ming	7	0	100%	-
Independent Director Undertaking Public Welfare	Chien, You-Hsin	7	0	100%	
Independent Director	Hsu, Shun-Hsiung	7	0	100%	
Independent Director	Wu, Chung-Pao	7	0	100%	

Other mentionable items:

1. 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:

- (1)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 106 to 114 for the items listed in Article 14-5 of Securities and Exchange Act (Resolutions of the Board of Directors, the Audit Committee, the Remuneration Committee and the Sustainability Committee).
- (2)Except for the proposal mentioned above, other literally recorded resolutions which are opposed or have qualified opinion by independent directors: None.

2. 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 106 to 114 for more information.

3. 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, 2022 to Dec. 31, 2022 and the evaluation results was reported to the Board Meeting on Mar. 13, 2023.
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 remuneration committee members and the audit committee members were conducted by the way of filling out questionnaire from 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, the quality of the Board of Directors' decision making, Composition and structure of the Board of Directors, Election and continuing education of the directors, Internal control and implementation of sustainable management (ESG).</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 the 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, the director's professionalism and continuing education, and Internal control.</p> <p>3.Self-evaluation of performance of the Audit Committee: The performance</p>

	<p>evaluation of Audit Committee is conducted by each Audit Committee member, and includes 5 items such as Participation in the operation of the Company, Awareness of the duties of the Audit Committee, the quality of decisions made by the Audit Committee, Composition of the Audit Committee and election of its members, and Internal control.</p> <p>4. Self-evaluation of performance of the Remuneration Committee: The performance evaluation of Remuneration Committee is conducted by each Remuneration Committee member, and includes 5 items such as Participation in the operation of the Company, Awareness of the duties of the Remuneration Committee, the quality of decisions made by the Remuneration Committee, Composition of the Remuneration Committee and election of its members, and Internal control.</p>
<p>Evaluation Results (Full score 5)</p>	<p>1. Self-evaluation of performance of the Board: Good, the average score is 4.94.</p> <p>2. Self-evaluation of performance of Board members: Good, 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>

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 2022 to 31 December 2022.

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) In order 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.
- (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 2022 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 range of 6% to 20% of all listed companies of the 9th Corporate Governance Evaluation, which illustrated the Company had good 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) In order to implement corporate governance, the Company formulated the “Shareholding Measures for Managers Serving as Directors” on March 19, 2020. 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 2022:

(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.

(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 Klynveld Peat Marwick Goerdele (hereinafter referred to as “KPMG”), as the Company’s CPAs for 2023 was reviewed by Audit Committee on the 5th meeting of 2022 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 2022. The attendance of the members was as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	Hsu, Shun-Hsiung	5	0	100%	-
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 106 to 114 (Resolutions of the Board of Directors, the Audit Committee, the Remuneration Committee and the Sustainability Committee).

(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 106 to 114 (Resolutions of the Board of Directors, the Audit Committee, the Remuneration Committee and the Sustainability Committee).

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, etc.).

(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 2022, to report the results of execution of internal audit and operation of internal control.

B. The summaries of communication in 2022:

NO.	Date	Communication Content	The Company's Response
1	Mar. 14 Audit Committee	<ol style="list-style-type: none"> 1. Reviewing the internal auditor's reports which completed during Nov. to Dec. 2021 and Jan 2022. 2. Reviewing and approving amendments to "Internal Control System" and "Implementation Rules for Internal Audits". 	<ol style="list-style-type: none"> 1. Submitted to Board of Directors meeting. 2. After being approved, the proposal was submitted to Board of Directors meeting for a resolution.
2	May 5 Audit Committee	<ol style="list-style-type: none"> 1. Reviewing the internal auditor's reports which completed during Feb. to Mar. 2022. 2. Reviewing and approving amendments to "Internal Control System" and "Implementation Rules for Internal Audits" 	<ol style="list-style-type: none"> 1. Submitted to Board of Directors meeting. 2. After being approved, the proposal was submitted to Board of Directors meeting for a resolution.
3	Aug. 3 Audit Committee	<ol style="list-style-type: none"> 1. Reviewing the internal auditor's reports which completed during Mar. to Jun. 2022. 2. Internal audit operations of subsidiaries. 	<ol style="list-style-type: none"> 1. Submitted to Board of Directors meeting.

NO.	Date	Communication Content	The Company's Response
4	Nov. 2 Audit Committee	Reviewing the internal auditor's reports which completed during Jul. to Sep. 2022.	Submitted to Board of Directors meeting.
5	Dec. 23 Audit Committee	1. Reviewing the internal auditor's reports which completed during Sep. to Nov. 2022. 2. Analysis for aviation inventory assets. 3. 2023 Audit Plan.	1. Submitted 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 2022, 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 2022:

NO.	Date	Communication Content	The Company's Response
1	Mar. 14 Audit Committee	1. CPAs Report: 2021 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.	None
2	May 5 Audit Committee	1. CPAs Report: 2022 Q1 Financial Statement Report review scope, results, and the important legislation amendment. 2. CPAs discussed and communicated the problems raised by the independent directors.	None
3	Aug. 3 Audit Committee	1. CPAs Report: 2022 Q2 Financial Statement Report review scope, results, and the important legislation amendment. 2. CPAs discussed and communicated the problems raised by the independent directors.	None
4	Nov. 2 Audit Committee	1. CPAs Report: 2022 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.	None

3.4.3 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.evaaair.com/en-global/corporate-governance/) 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		The Company’s Board of Directors passed the resolution to formulate the “Procedures for Prevention of Insider Trading and Handling of Material Inside Information”, which stipulates that the directors of the Company shall	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>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. 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>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. The Company promotes the code of 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. 18, 2022, the</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
			Company conducted online training on integrity management related issues (including morality and EVA spirit, code of ethics and integrity management, antitrust law compliance and insider trading prevention) for all employees worldwide. A total of 9,922 people attended the training, with a completion rate of 100%.	
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 pages 34~35.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		In addition to setting up the 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 corporate sustainability annual work plan. More than half of the members are Independent Directors.	None
(3) Does the Company establish	V		1. The Company established 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	
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>“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. The 2022 evaluation results of the performance of the Board of Directors (please refer to Table 1) was reported to the board meeting dated Mar. 13, 2023.</p> <p>4. The annual evaluation results of the performance of the Board of Directors are also the basis for Individual Director’s remuneration and nomination of directors.</p>	
(4) Does the Company regularly evaluate the independence of CPAs?	V		<p>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 2 for the CPAs independence evaluation.)</p> <p>2. The Audit Committee of the Company annually evaluates the independence and competence of</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>certified public accountants by requiring them to provide the “Declaration of Independence” and “Audit Quality Indicators (AQIs).”</p> <p>As of the current year, the “Declaration of Independence” has been evaluated according to the standards stated in Note 2, 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 experience, training hours, as well as professional support, and have also continued to implement digital auditing tools to improve audit quality.</p> <p>On December 23, 2022, 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.</p>	
4. Does the TWSE/TPEX Listed Companies	V		1. The Board of Directors appointed the most senior officer of Corporate	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>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) ?</p>			<p>Governance Department as the chief corporate governance officer of the Company by the Board Meeting dated May 10, 2019, and the Company is staffed with sufficient professional corporate governance personnel to protect shareholders' rights and strengthen the board functions.</p> <p>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.</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 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,</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>election and during their tenure.</p> <p>(7)To handle matters related to the change of directors.</p> <p>3. The business development in 2022 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 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</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 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 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 2022 please refer to Table 3.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
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 governance?	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 current information. 2. Corporate governance status: The Company has disclosed “Articles of Incorporation”, important operating procedures and the resolutions adopted during Board Meetings on website. (URL: https://www.evaair.com/en-global/about-eva-air/corporate-governance/).	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(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.
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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(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”. The status of the continuing training of directors: Please refer to MOPS and the Company’s website for complete information of the continuing training of the Company’s 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 policies	V		Considering passenger capacity may continue to be impacted by COVID-19 pandemic, EVA Air remains to carry out “EVA Net Promoter Survey” in 2022, with NPS (Net Promoter Score) ≥ 66.00 as target value, in order to understand members' willingness to recommend EVA Air branding during the pandemic. From 1st January to 31st December 2022, total 115,064 questionnaires were sent to traveled members who were willing to receive the survey; 12,289 responses were collected, with 10.68% response rate, indicating that Net Promoter Score (NPS) for 2022 was 71.73, exceeding	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Illustration	
(7) Purchasing insurance for directors	V		2022 target value of 66.00. 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 established the Sustainability Committee which 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.</p> <p>(2) The Company will report on the distribution of director remuneration at the 2023 annual general shareholders’ meeting.</p>				

Table 1: The Evaluation Results of Board of Directors of 2022

Items	Self-evaluation of performance of the Board	Self-evaluation of performance of Board members	Self-evaluation of performance of the Audit Committee	Self-evaluation of performance of the Remuneration Committee
Average score (Full score: 5)	4.94	4.98	5.00	5.00
Evaluation Results	Good	Good	Excellent	Excellent

Table 2: CPA Independence Evaluation

No.	Item	The Company’s Evaluation	Statement of CPA Chen, Ya-Ling	Statement of CPA Su, Yen-Ta
1.	CPA and their family do not have any direct or indirect significant finance benefit of the Company.	Conformity	Conformity	Conformity
2.	CPA or their family have no business relation between the Company’s directors, supervisors and managerial officers that might affect the independence of CPA.	Conformity	Conformity	Conformity
3.	CPA are not one of the Company’s directors, supervisors, managerial officers or any important positions now or during the last two years. Also, CPA do not promise to take the positions mentioned above.	Conformity	Conformity	Conformity

No.	Item	The Company's Evaluation	Statement of CPA Chen, Ya-Ling	Statement of CPA Su, Yen-Ta
4.	During auditing period, the family of CPA are not the directors, supervisors, managerial officers or any important positions of the Company.	Conformity	Conformity	Conformity
5.	During auditing period, CPA and the Company's directors, supervisors or managerial officers have no direct blood relative, direct relatives by marriage, collateral blood relatives in 2 nd degree.(Or during auditing period, the close relatives of CPA is being the Company's directors, supervisors, managerial officers or any other important positions that might affect auditing but the violence of independence has been diminished to an acceptable level)	Conformity	Conformity	Conformity
6.	The CPA do not accept the gifts from the Company, the directors, supervisors, managerial officers or main shareholders. (The value of the gift is not over the standard of normal social etiquette)	Conformity	Conformity	Conformity

Table 3: Chief corporate governance officer training records in 2022

Date	Professional Organization	Training sessions	Training hours
Feb. 25, 2022	Taiwan Corporate Governance Association	2022 Global and Taiwan Economic Outlook	1 Hour
Jul. 21, 2022	Taiwan Institute for Sustainable Energy	Carbon Management Trends and Countermeasures towards Net-Zero Emissions	3 Hours
Oct. 5, 2022	Taiwan Corporate Governance Association	Information Security in Corporate Governance - Constructing Information Security Protection Strategies for TWSE/TPEX Listed Companies	3 Hours
Oct. 11, 2022	Taiwan Stock Exchange, Taipei Exchange	2022 Listed Companies - Release of Reference Guidelines for the Exercise of Powers by Independent Directors and the Audit Committee, and Advocacy Meeting for Directors and Supervisors	3 Hours
Oct. 19, 2022	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Enhancing the Functions of Directors and Implementing Sustainable Corporate Governance	6 Hours

Date	Professional Organization	Training sessions	Training hours
Oct. 25, 2022	Securities and Futures Institute	Advanced Practice Seminar for (Independent) Directors, Supervisors, and Chief Corporate Governance Officers (“Regulations on Corporate Governance and Securities”)	3 Hours
Total Training hours in 2022			19 Hours

3.4.4 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 32~33 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. The term of office of current Remuneration Committee is from May 27, 2020 to May 26, 2023.
3. A total of 3 (A) meetings were held in 2022. Please refer to pages 106~114 for resolutions made by the Remuneration Committee (Resolutions of the Board of Directors, the Audit Committee, the Remuneration Committee and the Sustainability Committee) and the attendance of Committee member is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Chien, You-Hsin	3	0	100%	-
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.

3.4.5 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		<p>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 December 23, 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.</p> <p>➤ Sustainability Committee: The committee is composed of five members including the Chairman, three Independent Directors and the Director & President. More than half of the members are Independent Directors, and the Chairman serves as the convener. According to the Company's “Sustainability Committee Charter”, the Sustainability Committee shall meet at least twice per year, and is in charge of reviewing and formulating policies,</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>strategies, objectives, and management guidelines related to corporate sustainability of the Company; reviewing the corporate sustainability annual work plan; as well as supervising and tracking the progress, results and related matters, and submitting them to the Board of Directors for resolutions or reporting on them.</p> <p>➤ Corporate Sustainability Committee: It 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. The action team of the committee is in charge of the planning and implementation of corporate sustainability policies, strategies, objectives, management guidelines, and promotion plans.</p> <p>A regular report on the implementation of sustainable development shall be made to the Board of Directors by Sustainability Committee every year, and the Board of Directors shall supervise the promotion status of sustainable development and instruct the Sustainability Committee to make adjustments as necessary; the implementation of corporate sustainable development in 2022 was reported to the</p>	

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
			Board of Directors on December 23, 2022.	
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's Enterprise Risk Management (ERM) was established based on relevant international standards and guidelines, including GRI, SASB, COSO ERM, ISO 31000, and TCFD to evaluate the risks of environmental, social or corporate governance issues related to operations according to the principle of materiality, and formulate risk management methods, strategies and objectives. Details can be found on the 2021 Sustainability Report (pages 107~108).</p> <p>Additionally, 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. The Company's risks are grouped into five categories: strategic risks, operational risks, financial risks, environmental risks and other risks. The Company follows the risk management process of “scope of risk verification, risk assessment, risk management, and risk disclosure and communication”. The Corporate Sustainability Committee is responsible for the execution of risk management and sustainability development related businesses. It also coordinates and supervises the responsible units for</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	
			implementing and improving risk management policies as well as risk controls, and regularly reports to the Board of Directors every year. On December 23, 2022, the operation of risk management, the identification of emerging risks, and the corresponding countermeasures for 2022 was reported to the Board of Directors. From 2023, risk management will be carried out by the Corporate Sustainability Committee, and the Sustainability Committee will regularly report to the Board of Directors every year.	
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 Promotion Subcommittee” 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. In 2021, the committee was renamed the “Environmental Committee”; it is responsible for planning and controlling the various strategies, objectives, and management principles related to the environment, energy, use of	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>sustainable fuel and carbon rights, 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 fully 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 on December 2, 2015 and January 4, 2016, respectively. In 2021, extending the validity period of ISO 50001 certificate to December 1, 2024 and that of ISO 14001 certificate to January 3, 2025. 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 Expenditure” on pages 148~153 of this Report for details and the scope of verification.</p>	

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
(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 “Environmental and Energy Policy”, and formulated the “Biodiversity and Zero-Deforestation Commitments” in 2022. 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 actively formulate various fuel conservation plans and analyze the fuel efficiency of various aircraft types. In addition, it continues to 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, and comply with the government's energy saving and greenhouse gas emission reduction policy, 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 pages 151~152 of this report.</p> <p>(2)The Company continually modernize the fleets through</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>introducing latest environment friendly aircraft — Boeing 787 Dreamliner. Moreover, with the latest GENx engine, the Dreamliner is able to reduce 20% of aviation fuel consumption and Green House Gas emission compared with the previous wide-body aircraft.</p> <p>(3) In 2017, the Company took the lead in the Taiwanese airline industry and collaborated with ClimateCare, a famous British company that specialized in climate management and sustainable development, to launch the “Green Travel” carbon offset program. After completing the purchase of ticket, passengers can calculate the carbon dioxide emission for their journey based on the flight class, flight distance and the number of passengers. They can then choose to pay the equivalent or a custom amount to support the international carbon reduction program funded by ClimateCare, successfully completing the “journey with zero carbon emission”.</p> <p>2. The enhancement of the environment and energy efficiency:</p> <p>(1) Self-owned and leased company vehicles were inventoried, and the</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>gasoline vehicles were gradually replaced with hybrid or electric vehicles from 2022.</p> <p>(2) In June 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, so that the system can operate in the optimal performance area. The function of big data statistical analysis was also introduced to reduce human error and manpower management. For the performance of the EMS, please refer to “Environmental Protection Expenditures” on pages 149~150 of this report.</p> <p>(3) 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 encourage passengers to use e-boarding passes to reduce paper consumption. ➤ Freight operations are carried out in accordance with the IATA paperless operation standard for import/export freight transport. ➤ The Company is the first in Asia and the second in the world to provide e-tag for 	

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
			<p>luggage check-in service. Through the use of smart devices, luggage check-in operation can be completed easily.</p> <ul style="list-style-type: none"> ➤ The digital library “EVA e-Library” was launched in February 2022; it is composed entirely of paperless inflight books and periodicals, including self-owned magazines and externally purchased magazines, so as to reduce paper usage, energy consumption, and carbon emissions. ➤ The e-Menu service was launched in July 2022 to digitize paper inflight food and wine menus so as to reduce printing. <p>(4)The office area has adopted energy-saving LED light in place of conventional fluorescent lamp and install infrared sensors for the low usage lighting area to reduce energy consumption.</p> <p>(5)The water output of public toilet and sinks were appropriately adjusted, giving priority to the use of products with water-saving labels, rainwater and air-conditioning condensation recovery devices were installed, and the cooling tower water recovery and reuse system was also introduced to</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>make good use of water resources.</p> <p>(6)Freight elevators were replaced with ones containing the new energy-saving module, which can reduce energy by about 27% compared with the old modules, and a power regeneration system was also installed in the elevator to reduce energy consumption.</p> <p>3. Purchase environment friendly raw materials:</p> <p>(1)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>(2)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>(3)With the goal of sustainable development and the use of environmentally-friendly recycled materials, the Company collaborate with suppliers to develop ecoTHREAD™ environmentally-friendly blankets. Each blanket is made from 100% recycled plastic bottles. In addition</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>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>(4)From October 2022, five types of garbage bags on the planes have been replaced with bags made of 100% recycled plastic.</p> <p>(5)Since 2022, the packaging boxes used for shipping products purchased from the EVA Sky Shop have been changed to the original colors of the boxes. The printings have been done by using single-color and environmentally friendly vegetable-based inks.</p> <p>(6)Response to international plastic reduction goals:</p> <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. ➤ From the end of August 2022, the inflight plastic-coated paper cups on all routes have been replaced with environmentally 	

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
			<p>friendly non-plastic paper cups. We will continue to promote the replacement of plastic cups on all routes in 2023.</p> <ul style="list-style-type: none"> ➤ In 2023, swizzle sticks made of plastic will be 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. ➤ The Company's total green procurement amount in 2022 was approximately NT\$64 million. 	
(3) Does the Company evaluate its present and future potential risks and opportunities to the climate change and take corresponding measures issues?	V		<p>With regard to Enterprise Risk Management (ERM), the Company has formulated the “Risk Management Policies and Procedures” by reference to the “TWSE/TPEX Listed Companies Risk Management Best Practice Principles” and relevant international standards and norms such as COSO ERM, ISO 31000, and TCFD.</p> <p>One of the Company's five main risk categories is “environmental risks”, which includes risks related to issues such as greenhouse gas emission management, carbon rights management, and energy management in response to issues related to climate change, biodiversity, natural resources 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	
			natural disasters. The Corporate Sustainability Committee is in charge of integrating and supervising the implementation and progress of risk control and response measures by various responsible departments following the risk management process. Moreover, 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. Details can be found on the Company’s 2021 Sustainability Report (pages 82 and 135-136).	
(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 conducting various plans to carry 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 consumption of offices at various sites. Since 2020, the ISO14064:2018 standard has been adopted to expand the inventory of other indirect greenhouse gas	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>emissions in Scope 3. The Company's greenhouse gas emissions in 2021 and 2022 are detailed in Note 3.</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 relevant management practices, goals and achievements please refer to pages 23 and 78 to 83 of the 2021 Sustainability Report.</p> <p>2. Water Consumption Management: The Company has continued to track water consumption as detailed in Note 4. 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</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>office building, priority is given to the purchase of products with water-saving labels. Moreover, automatic infrared-sensing faucets were installed in washrooms to control the water outgo of the faucets. 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 pages 23 and 87 of the 2021 Sustainability Report.</p> <p>3. Waste Management:</p> <p>(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 5, so as to self-manage and ensure that there is no abnormal increase in the output of waste. The wastes generated from the offices and operation sites in Taiwan are sorted and stored in accordance with relevant laws. They are then recycled, cleaned up and disposed of by professional operators based on the categories of the waste announced by the competent authority, and there is no case of transnational transportation and disposal of hazardous waste. The Company adheres to the 5R principles of Refuse, Reduce, Reuse, Recycle and Repair, to</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>gradually implement waste management.</p> <p>(2) As for the waste generated on the aircraft, in response to international plastic reduction goals and policies, the Company is committed to reducing waste from the source, and gradually using more environmentally friendly products for offering services. In addition, it has collaborated with suppliers to jointly develop and design service supplies and products that use recyclable and reusable materials, reducing the use of packaging materials.</p> <p>The Company also keep tabs on the status of packaging materials to stay on top of our resource usage status, We are committed to reducing nearly 90% of single-use plastics products by the end of 2030. EVA Air use our corporate influence to respond to environmental protection.</p> <p>For relevant goals and achievements, waste output and recycled amount, please refer to pages 23 and 88 to 89 of the 2021 Sustainability Report.</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</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>up working rules and employee management regulations as the basis of its management. For the employment worldwide, the Company strictly follows 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 Integrity”, and “Insider trading prevention”, and was introduced to all employees. For relevant human rights management and risk mitigation measures, please refer to pages 69 to 70 of the 2021 Sustainability Report.</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>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 related to the Act of Gender Equality in Employment and sexual harassment prevention in 2022, 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 “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment in EVA Airways” to promptly report the incident to the head of the Responsible Unit Supervisor.</p> <p>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, 134 complaint hotline or line to promptly report the incident.</p>	

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
(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. The “Employee Welfare Committee” has been established to take charge of planning employee welfare related matters. The Company also provide many benefits. 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 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 the Company’s 2021 Sustainability Report (pages 60~63).	None
(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		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	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>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 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. Flights gradually resumed in 2022, and the working hours of first line employees gradually increased. The total actual hours worked by employees increased by 10.52% compared with that in the preceding year, and the number of disability injuries caused in the course of performance of duties also increased</p>	

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
			by 367% during the epidemic period. There were no occupational fatalities. In 2022, there were 131 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 1.39% of the total number of employees. Among the occupational accident cases, cabin crew members still accounted for a higher percentage of 83.2%. Most incidents were confirmed cases of COVID-19. 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 information in the internal “Occupational Safety and Health Zone” to strengthen the safety awareness and correct concept of work for cabin crew members.	
(4) Does the Company provide its employees with career development and training sessions?	V		The Company provides employees with well-packaged career development training. Details can be found on the Company’s 2021 Sustainability Report (pages 62~66).	None
(5) Does the Company comply with relevant laws and international standards, and formulate relevant consumer or customer rights protection	V		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	None

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
policies and grievance procedures for issues such as customer health and safety, customer privacy, marketing and labelling that are related to products and services?			<p>Civil Aeronautics Administration (CAA), the US Department of Transportation (US DOT), the International Flight Services Association (IFSA), etc.</p> <p>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 Protection 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 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</p>	

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>required procedures and follow-up investigation.</p> <p>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. A “Sustainability Assessment Questionnaire” has also been implemented to understand supplier’s situation on related issues. Based on the investigation results, audits are conducted on high-risk and key suppliers, thereby implementing supplier sustainability risk management. Supplier conferences and supplier education and training are also held every year to improve the sustainable performance of suppliers. In addition, ESG related aspects are concerned when evaluating and selecting new supplier.</p>	None
5. Does the Company refer to the internationally accepted standards or guidelines to prepare reports, such as the sustainability report, that disclose non-financial	V		The Company has formulated the “Operating Procedures for the Preparation and Verification of Sustainability Reports” in accordance with the provisions of the “Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”, and incorporated these	None

Evaluation Item	Implementation Status			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	Yes	No	Abstract Explanation	
information of the company? Has the report mentioned previously obtained the assurance or verification statement from a third-party verification body?			operating procedures into the internal control system. The sustainability report prepared by the Company conforms to GRI Standards and Sustainability Accounting Standards Board (SASB) Standards, and discloses ESG related information such as identified material economic, environmental, and social issues. The Company's 2021 Sustainability Report passed the AA1000 AS v3 Type II high-level assurance standard verified by SGS Taiwan Ltd. in May 2022. The third-party verification statement can be found on page 142 of the 2021 Sustainability Report.	
<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 “Corporate Governance 3.0 - Sustainable Development Roadmap”, 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> <p>7. Other important information to help understand the implementation of sustainable development:</p> <p>(1) The Company participated in the S&P Global Corporate Sustainably Assessment in 2022, and won second place in the global airline industry.</p>				

(2) In February 2023, S&P Global released the Sustainability Yearbook 2023 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) The Company has participated in the “TCSA Taiwan Corporate Sustainability Awards” organized by the Taiwan Institute for Sustainable Energy (TAISE) for eight consecutive years, and has won awards every year. At the “15th TCSA Taiwan Corporate Sustainability Awards 2022” awards ceremony held on November 16, 2022, the Company was also awarded the “Taiwan Top 100 Sustainable Enterprises Award – Corporate Sustainability Comprehensive Performance Category” , the “Platinum Award for Transportation Industry – Corporate Sustainability Report Category”, as well as the “Growth through Innovation Leadership Award”, the “Sustainable Supply Chain Leadership Award” and the “Climate Leadership Award” . The Company won, for the first time, three single sustainability performance awards in one year. The number of awards we received was the highest in history, indicating that we have been recognized by the industry.

(4) Combining social welfare with environmental protection, tourism and sports activities:

- On March 18, 2022, the Company and the Aomori Prefecture of Japan jointly organized the Aomori Prefecture Tourism Promotion Event. People were allowed to enter the venue by presenting a uniform invoice/receipt of any amount dated from January to March, and the collected uniform invoice/receipts were donated to the HeartLight Nursing Home for the Mentally Disabled. Additionally, after the event, the fresh Aomori apples from the exhibition venue were donated to the nursing home and to Shalun Elementary School, which is in a remote area of Taoyuan City, so as to give back to the society and fulfill corporate social responsibility with practical actions.
- The EVA Air Marathon was held on October 23, 2022. In addition to the first implementation of paperless digital services and the use of electric vehicles as the lead vehicles of the event, only environmentally friendly non-plastic paper cups were used at all the event supply stations. The environmental protection measures adopted for this event reduced carbon dioxide emissions by approximately 7.5 tons, which is equivalent to the daily absorption of nearly 226,000 trees. The Company has also been committed to promoting sports activities and cultivating national players. During this year’s marathon, the “Sapling Project” was launched, adding special awards for youth runners so to encourage young people to challenge themselves.
- For all the marathon events held by the Company over the years, a portion of the registration fees were set aside to invest in the care for vulnerable and disadvantaged groups. In 2022, an amount of NT\$1.2 million was donated to the Kaohsiung City Keng Shin Body and Mind Care Association, in the hope of attracting others and inviting the public to respond to social welfare all together.

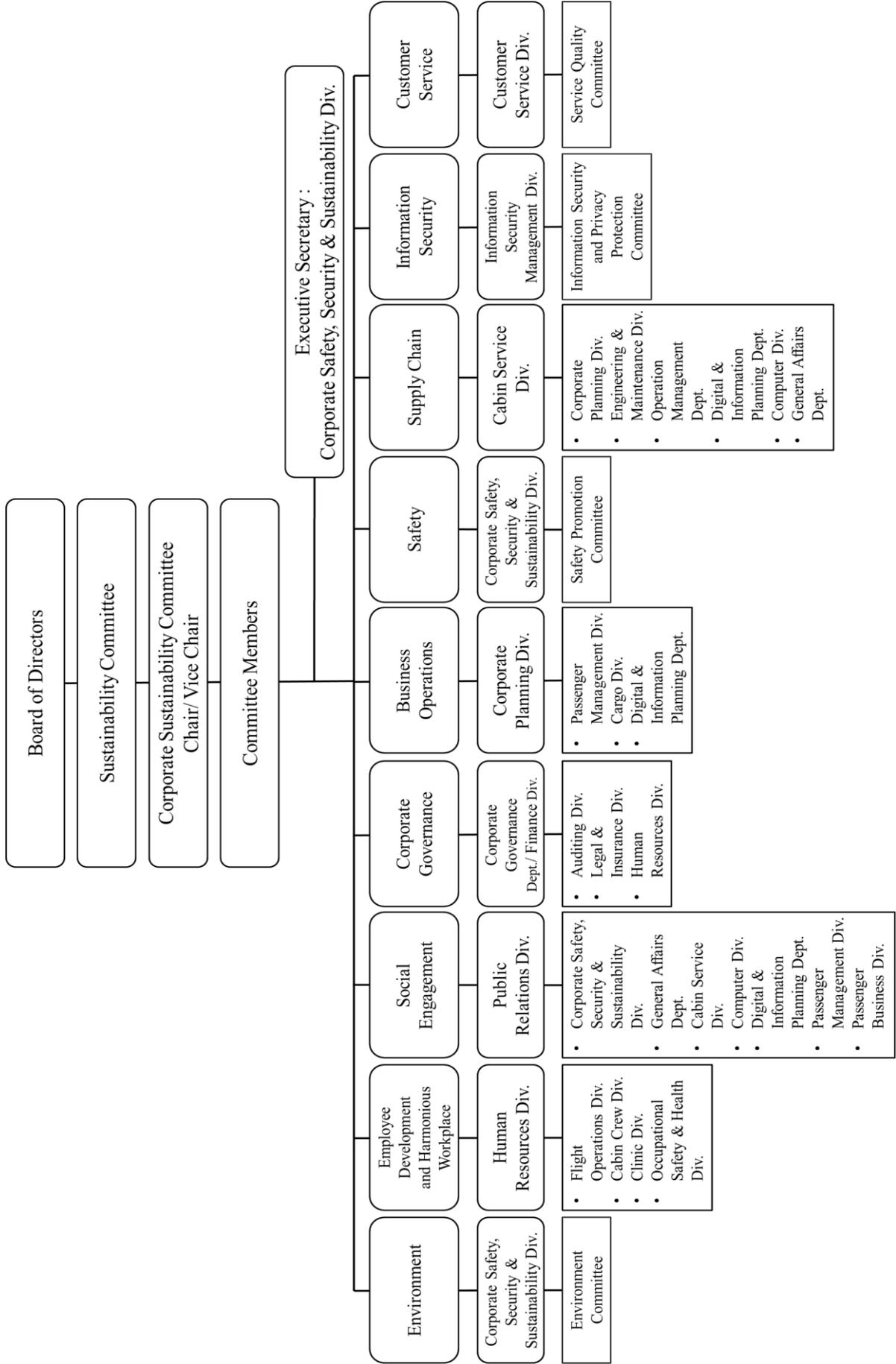
For more information on social welfare events, please refer to the Company's ESG website.

(5) 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:

GHG Emissions (Unit: ton CO ₂ e)		2021	2022
Aircraft	Direct emission(Scope 1)	4,126,548	4,489,390
Non-aircraft	Direct emission(Scope 1)	571	476
	Indirect emission(Scope 2)	12,399	12,329
	Other indirect emission(Scope 3)	7,589	6,935
Total		4,147,107	4,509,130

Note 4:

Total Water Consumption (Unit: m ³)	2021	2022
Tap Water	130,432	125,778
Condensate and rainwater recycling	4,165	6,081
Total	134,597	131,859

Note 5:

Waste Production and Recycled Quantity at Nankan Park (Unit: kg)	2021	2022
General Waste	191,600	181,960
Hazardous Industrial Waste (Note)	65	70
Recycled	28,126	52,561

Note: All the hazardous commercial waste is medical waste.

3.4.6 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 Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	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	
(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?	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
2. Fulfill operations integrity policy				
(1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	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
(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	V		Human Resources Div. is in charge of promoting ethical corporate management and rendering the report to the Board of Directors annually.	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	
management policies and preventive measures to the Board of Directors?				
(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 basis?	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
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		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 18, 2022, the Company conducted online training on integrity management related issues (including morality and EVA spirit, code of ethics and integrity management, antitrust law compliance and insider trading prevention) for all employees worldwide. A total of 9,922 people attended the training, with a completion rate of 100%.	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	
3. Operation of the integrity channel				
(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		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.	None
(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				
(1) 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 corporate website. 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.				

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

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

3.4.8 Important information in understanding corporate governance management:

1. The Company was ranked in the range of 6% to 20% of all listed companies of the 9th Corporate Governance Evaluation, which demonstrates the good 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	Corporate Governance and Securities Regulation (3 Hours)
	Taiwan Institute for Sustainable Energy	Carbon Management Trends and Countermeasures towards Net-Zero Emissions (3 Hours)
	Taiwan Corporate Governance Association	Information Security in Corporate Governance - Constructing Information Security Protection Strategies for TWSE/TPEX Listed Companies (3 Hours)
Executive Vice President Tsai, Ta-Wei (Financial Officer)	Taiwan Corporate Governance Association	Information Security in Corporate Governance - Constructing Information Security Protection Strategies for TWSE/TPEX Listed Companies (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	1. Discussing the New Position of Internal Auditing from Cases - The Intersection of Ethics and Law (6 Hours) 2. Subsidiary audit practice (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 (Ethics and Legal Responsibility, Corporate Governance, and Auditing) (12 Hours)
	Taiwan Institute for Sustainable Energy	Carbon Management Trends and Countermeasures towards Net-Zero Emissions (3 Hours)

3.4.9 Internal Control System Execution Status:

EVA Airways Corporation Internal Control System Statement

Date: March 13, 2023

The Company states the following with regard to its internal control system during fiscal year 2022, 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, 2022 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, 2023, 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.

3.4.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements:
None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major Shareholders' Meeting Resolutions

Date of Meeting	Summary of Important Proposals	Execution
May 31, 2022	1.To approve 2021 earnings distribution.	The cash dividends to shareholders was NT\$0.59169450 per share with a total amount of NT\$3,163,332,510. Cash dividends was completely distributed on Sep. 7, 2022.
	2.To amend "Procedures for Acquiring and Disposing of Assets".	The related actions on behalf of the Company were conducted in accordance with revised "Procedures for Acquiring and Disposing of Assets".
	3.To amend "Articles of Incorporation".	The amended "Articles of Incorporation" was approved by Commerce Department, Ministry of Economic Affairs (No.11101107400) and the related actions on behalf of the Company have been conducted in accordance with revised "Articles of Incorporation".
	4.To by-elect one director.	By-election of director has been approved by Commerce Department, Ministry of Economic Affairs (No.11101107400) and the new director has been performing business in accordance with Articles of Incorporation and related laws.

2. Major Board of Director, Audit Committee, Remuneration Committee, and Sustainability Committee Meeting's Resolutions

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
Jan. 19, 2022 (The 1 st meeting of 2022)	<p>1. To amend the attachment "Salary and Compensation Structure for Managers' Ranks" of the "Payment Regulation of Managers Compensation".</p> <p>2. To approve 2022 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 7 attendance directors agreed and approved the proposal. <p>3. To approve 2022 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 7 attendance directors agreed and approved the proposal. 	<p>Jan. 19, 2022</p> <p>The 1st Remuneration Committee meeting of 2022</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: None.</p>	None
	<p>4. To make proposal on 2022 Annual General Shareholders' Meeting to by-elect one director of the Company.</p> <p>5. To make proposal on 2022 Annual General Shareholders' Meeting to release the restriction of competitive activities of newly by-elected director.</p> <p>6. To convene 2022 Annual General Shareholders' Meeting.</p>	-	-

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
Mar. 14, 2022 (The 2 nd meeting of 2022)	<ol style="list-style-type: none"> 1. To approve 2021 Business Report. 2. To approve 2021 Parent-Company-Only Financial Statement and Consolidated Financial Statement. 3. To approve the earnings distribution of 2021. 4. To approve the "2021 Internal Control System Statement". 5. To amend "Internal Control System" and "Internal Audit Implementation Rules". 6. To enter into a conversion and maintenance contract with Israel Aerospace Industries Ltd. 7. To amend the "Procedures for Acquiring and Disposing of Assets". 8. To amend the "Table of Authority Limit of Acquiring and Disposing of Assets & Other Financial Matters". 	<p>Mar. 14, 2022 The 1st Audit Committee meeting of 2022</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: None. 	None
	<ol style="list-style-type: none"> 9. To approve 2021 employees' compensation. 10. To approve 2021 directors' remuneration. 	<p>Mar. 14, 2022 The 2nd Remuneration Committee meeting of 2022</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: None. 	None

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
	<p>11. To ratify the change of the representative of the Company's India Branch.</p> <p>12. To approve the capital increase record date of common stocks transferred from the 5th Domestic Unsecured Convertible Bond.</p> <p>13. To designate a specified person in charge of keeping the exclusive seal for endorsement/ guarantee.</p> <p>14. To amend "Articles of Incorporation".</p> <p>15. To nominate one director candidate.</p> <p>16. To amend the agenda of 2022 Annual General Shareholders' Meeting.</p>	-	-
<p>May 6, 2022 (The 4th meeting of 2022)</p>	<p>1. To ratify the subscription for the shares in EverFun Travel Services Corp. for cash capital increase.</p> <p><u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Director Chen, Hsien-Hung also served as the Chairman of EverFun Travel Services Corp. ● Except for the director who recused himself from the discussion and resolution, all 7 attendance directors agreed and approved the proposal. <p>2. To ratify the lease of real estate from Evergreen Air Cargo Services Corporation.</p> <p>3. To purchase one 777F freighter from the Boeing Company of the United States.</p> <p>4. To approve 2022 Q1 Consolidated Financial Statement.</p> <p>5. To amend "Internal Control System".</p>	<p>May 5, 2022 The 2nd Audit Committee meeting of 2022</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: None.</p>	None

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
	<p>6. To approve the capital increase record date of common stocks transferred from the 5th Domestic Unsecured Convertible Bond.</p> <p>7. To change bank account authorized person of the Company's Philippine Branch.</p> <p>8. To approve 2021 Modern Slavery Act Statement.</p>	-	-
Aug. 3, 2022 (The 5 th meeting of 2022)	<p>1. To renew the office lease from the related party "Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.".</p> <p>2. To approve 2022 Q2 Consolidated Financial Statement.</p>	<p>Aug. 3, 2022 The 3rd Audit Committee meeting of 2022</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: None.</p>	None
	<p>3. To establish the Munich office in Germany, amend the registered address and add new business items of the German branch.</p> <p>4. To approve the capital increase record date of common stocks transferred from the 5th Domestic Unsecured Convertible Bond.</p> <p>5. To change the authorized person for the financial institution and the authorized trading personnel for derivatives trading.</p> <p>6. To change bank account authorized person of the Company's Kuala Lumpur Branch in Malaysia.</p> <p>7. To amend "Implementation of Key Points for the Continuing Education of Directors".</p>	-	-

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
Nov. 2, 2022 (The 6 th meeting of 2022)	<p>1. To ratify the lease of eight passenger aircraft to UNI Airways Corp. <u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Director Sun, Chia-Ming and Director Chang, Ming-Yuh also served as the directors of UNI Airways Corp. ● Except for the directors who recused themselves from the discussion and resolution, all 7 attendance directors agreed and approved the proposal. <p>2. To terminate early the lease agreement of two ATR72-600 passenger aircraft with UNI Airways Corp., and to sell the said two passenger aircraft to UNI Airways Corp.. <u>Recusal of Directors and voting situation of Board of Directors</u></p> <ul style="list-style-type: none"> ● Director Sun, Chia-Ming and Director Chang, Ming-Yuh also served as the director of UNI Airways Corp. ● Except for the directors who recused themselves from the discussion and resolution, all 7 attendance directors agreed and approved the proposal. <p>3. To renew the office lease from the related party "Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd."</p> <p>4. To approve 2022 Q3 Consolidated Financial Statement.</p>	<p style="text-align: center;">Nov. 2, 2022 The 4th Audit Committee meeting of 2022</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: None.</p>	None
	<p>5. To approve the capital increase record date of common stocks transferred from the 5th Domestic Unsecured Convertible Bond.</p>	-	-

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
	6. To amend "Rules of Procedure for Board of Directors Meetings".		
	1. To approve the sale of shares in "Evergreen Steel Corporation". 2. To formulate the "Pre-approval Policy for Non-Assurance Services by Certified Public Accountants Firms". 3. To appoint the Company's certified public accountants and determine their remuneration.	Dec. 23, 2022 The 5 th Audit Committee meeting of 2022 1. Deliberation result: Approved unanimously by Audit Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors: None.	None
Dec. 23, 2022 (The 7 th meeting of 2022)	4. To amend the attachment "Salary and Compensation Structure for Managers' Ranks" of the "Payment Regulation of Managers Compensation". 5. To approve the 2022 Chairman's bonus. <u>Recusal of Directors and voting situation of Board of Directors</u> ● 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. 6. To approve the 2023 Chairman's compensation. <u>Recusal of Directors and voting situation of Board of Directors</u> ● Chairman Lin, Bou-Shiu has direct personal interest conflicts to the proposal.	Dec. 23, 2022 The 3 rd Remuneration Committee meeting of 2022 1. Deliberation result: Approved unanimously by Remuneration Committee members. 2. Adverse opinion, qualified opinion, or major recommendation raised by independent directors: None.	None

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
	<ul style="list-style-type: none"> ● Except for the director who recused himself from the discussion and resolution, all 8 attendance directors agreed and approved the proposal. <p>7. To approve the 2022 bonus for management. <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>8. To approve the 2023 compensation for management. <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 amend “2023 Internal Audit Plan”.</p> <p>10. To amend “Procedures for Handling Material Inside Information”.</p> <p>11. To establish the “Sustainability Committee” and formulate the “Sustainability Committee Charter”.</p> <p>12. To appoint the committee members for the first session of the “Sustainability Committee”.</p> <p>13. To amend “Corporate Governance Best Practice Principles”.</p> <p>14. To approve 2023 operation plan and budget.</p>	-	-

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
Feb. 10, 2023 (The 1 st meeting of 2023)	<ol style="list-style-type: none"> 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 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)	<ol style="list-style-type: none"> 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. 	<p style="text-align: center;">Mar. 13, 2023 The 1st Remuneration Committee meeting of 2023</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: None. 	None
	<ol style="list-style-type: none"> 5. To approve 2022 Business Report. 6. To approve 2022 Parent-Company-Only Financial Statement and Consolidated Financial Statement. 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. 	<p style="text-align: center;">Mar. 13, 2023 The 1st Audit Committee meeting of 2023</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: None. 	None

Date of Board of Director Meeting	Major Proposals	The date, independent directors' opinions and resolution of Audit Committee or Remuneration Committee or Sustainability Committee	The Company's response to the opinions of Audit Committee or Remuneration Committee or Sustainability Committee
	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. 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.	-	-

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

3.4.13 Resignation or Dismissal of the Company's Key Individuals: None.

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	Tang, Chia-Chien	01 Jan~ 31 Dec, 2022	6,170	4,149	10,319	The main components of non-audit service are as follows: 1. Tax certification 2. Tax consult 3. BEPS (Three-tiered TP Documentation) 4. Certification of dual-status business entities direct deduction method 5. Agreed-upon procedures and revenue audit for sky jet center 6. America airport tax filing 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: Due to the adjustment of part of audit fees to non-audit fees.

3.6 Replacement of CPA

3.6.1 Regarding the former CPA

Replacement Date	December 23, 2022		
Replacement reasons and explanations	Job rotation within the accounting firm.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	CPA / The Company
	Termination of appointment		None
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	V	
Remarks/specify details:			
Other Revealed Matters	None		

3.6.2 Regarding the successor CPA

Name of accounting firm	KPMG
Name of CPA	Chen, Ya-Ling, Su, Yen-Ta
Date of appointment	December 23, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.6.3 The former CPA relies by letter to base on the Article 10 subparagraph 6 item 1 and item 2-3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: 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 2022.

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	2022		As of March 26, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
	Representative: Lin, Bou-Shiu	0	0	0	0
Director	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
	Representative: Chen, Hsien-Hung	(439)	0	0	0
Director	Evergreen International Storage & Transport Corp.	0	0	0	0
	Exercising duties on the behalf of Evergreen International Storage & Transport Corp. : Tai, Jiin-Chyuan	0	0	0	0
Director	Evergreen International Corp.	163,034,000	0	0	0
	Representative: Wu, Jiang-Ming	0	0	0	0
	Representative: Chang, Ming-Yuh	0	0	0	0
Director	Evergreen Logistics Corp.	0	0	0	0
	Representative: 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
Major Shareholder	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
Major Shareholder	Evergreen International Corp.	163,034,000	0	0	0
President	Sun, Chia-Ming	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	(3,000)	0	0	0
Executive Vice President	Pu, Wei-Ping	0	0	0	0

Title	Name	2022		As of March 26, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Executive Vice President (Finance Officer)	Tsai, Ta-Wei	(45,000)	0	0	0
Executive Vice President	Liao, Chi-Wei	(75,000)	0	0	0
Executive Vice President	Pan, Hsin-Hsiu	0	0	0	0
Executive Vice President	Wang, Chen-Hsing	0	0	0	0
Executive Vice President	Lu, Yu-Chuan	0	0	0	0
Executive Vice President	Chuang, Shih-Hsiung	(9,000)	0	0	0
Executive Vice President	Lee, Cheng-Chieh	(9,000)	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	(8,000)	0	0	0
Executive Vice President	Yeh, Shih-Chung	(83,000)	0	0	0
Executive Vice President	Hou, Hsien-Yu	0	0	0	0
Executive Vice President	Su, Wei-Jen	(27,000)	0	0	0
Vice President	Chou, Yu-Chuan	0	0	0	0
Vice President	Lee, Yi-Chung	0	0	0	0
Vice President	Chen, Tzu-Ling (Effective Date:2023.01.01)	-	-	0	0
Vice President	Peng, Bo-Chou (Effective Date:2023.01.01)	-	-	0	0
Vice President	Soong, Allen	0	0	0	0
Vice President (Accounting Officer)	Chiang, Chin-Lan	0	0	0	0
Vice President	Ho, Li-Cheng	0	0	0	0
Vice President (Corporate Governance Officer)	Hsieh, Shu-Hui	0	0	0	0
Vice President	Chiang, Wei-Du	0	0	0	0

Title	Name	2022		As of March 26, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Lin, Shu-Fen	0	0	0	0
Vice President	Chen, Shih-Ming	0	0	0	0
Vice President	Yen, Wu-Han	0	0	0	0
Vice President	Chang, Yu-Heng	0	0	0	0
Vice President	Peng, Tsui-Li	1,000	0	0	0
Vice President	Chiu, Chung-Yu	0	0	0	0
Vice President	Tseng, Wen-Chiang	(3,000)	0	0	0
Vice President	Liu, Hsin-Cheng	0	0	0	0
Vice President	Lin, Hsuan-Hsiu (Effective Date:2023.01.01)	-	-	0	0
Vice President	Wu, Su-Shin	0	0	0	0
Vice President	Chen, Yu-Hou	0	0	0	0
Vice President	Chang, Ming-Hung	0	0	0	0
Vice President	Liu, Ying-Chun	0	0	0	0
Vice President	Kuo, Ming-Cheng	0	0	0	0
Vice President	Yang, Hsiu-Huey	0	0	0	0
Vice President	Hsu, Ping	0	0	0	0
Vice President	Liu, Ying	1,000	0	0	0
Vice President	Wang, Pei-Chi	0	0	0	0
Vice President	Lee, Chia-Fang	(15,000)	0	(2,000)	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
Vice President	Wang, Yuan-Shyang	0	0	0	0
Vice President	Hsu, Shu-Ching	0	0	0	0

Title	Name	2022		As of March 26, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Wang, Hwa-Tsai	(40,000)	0	0	0
Vice President	Lee, Kang	0	0	0	0
Vice President (Chief Information Security Officer)	Chen, Chia-Chuan	(7,000)	0	0	0
Vice President	Chen, Shui-Feng	0	0	0	0
Vice President	Chung, Kai-Cheng	0	0	0	0
Vice President	Yeh, Vanessa	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 26, 2023

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-remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Evergreen Marine Corp. (Taiwan) Ltd.	776,541,111	14.48	N/A		0	0	Evergreen International Storage & Transport Corp.	Evergreen Marine Corp. (Taiwan) Ltd. is the director of Evergreen International Storage & Transport Corp.	None
							Evergreen International Corp.	Reinvestment company of Major shareholders of Evergreen Marine Corp. (Taiwan) Ltd.	
							Evergreen Steel Corp.	Director of Evergreen Marine Corp. (Taiwan) Ltd.	
Representative: Chang, Yen-I	0	0.00	0	0.00	0	0	Evergreen International Storage & Transport Corp.	Director	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 Corp.	712,296,304	13.28	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	Chang, Kuo-Cheng	Major shareholder	None
Falcon Investment Services Ltd.	480,386,482	8.96	N/A		0	0	None	None	None
Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	229,560,000	4.28	N/A		0	0	None	None	None
Evergreen Steel Corp.	204,672,763	3.82	N/A		0	0	Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen Steel Corp. is the director of Evergreen Marine Corp. (Taiwan) Ltd.	None
Representative: Lin, Keng-Li	186,000	0.00	0	0.00	0	0	None	None	None
Chang, Yung-Fa	131,970,122	2.46	0	0.00	0	0	Chang, Kuo-Cheng	Within two degrees kinship	None
Chang, Kuo-Cheng	92,460,183	1.72	0	0.00	0	0	Chang, Yung-Fa	Within two degrees kinship	None
							Shine Glow Investments Ltd.	Major shareholder	None
New Labor Pension Fund	61,711,078	1.15	N/A		0	0	None	None	None
Evergreen International Storage & Transport Corp.	48,957,013	0.91	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	20,000	0.00	0	0.00	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	
Bank SinoPac as Custodian for ALL ASIA MANAGEMENT INC. Investment Account	36,840,000	0.69	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, 2022

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	58.44	41,123	0.01	206,230,364	58.45
Evergreen Airline Services Corp.	36,183,106	56.33	12,999,827	20.24	49,182,933	76.57

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managerial officers		Total Ownership	
	Shares	%	Shares	%	Shares	%
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	16,049,392	13.37	88,799,392	74.00
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	1,443,240	8.84	5,553,614	34.02

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

B. Type of Stock

Unit: thousand shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	5,358,125	1,641,875	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 26, 2023

(Shareholders' meeting book closure date)

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	8	26	523	304,579	1,404	306,540
Shareholding (shares)	83,086,934	61,040,293	1,860,472,326	1,979,756,651	1,378,917,396	5,363,273,600
Percentage (%)	1.55	1.14	34.69	36.91	25.71	100.00

4.1.3 Shareholding Distribution Status: Common Shares

As of MAR 26, 2023 (Shareholders' meeting book closure date)

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	61,440	14,711,490	0.27
1,000 ~ 5,000	182,225	395,822,608	7.38
5,001 ~ 10,000	32,561	261,799,491	4.88
10,001 ~ 15,000	9,931	127,965,560	2.39
15,001 ~ 20,000	6,699	125,114,896	2.33
20,001 ~ 30,000	5,296	137,393,873	2.56
30,001 ~ 40,000	2,470	89,451,507	1.67
40,001 ~ 50,000	1,543	72,540,929	1.35
50,001 ~ 100,000	2,531	183,624,119	3.42
100,001 ~ 200,000	1,000	142,717,733	2.66
200,001 ~ 400,000	429	120,205,031	2.24
400,001 ~ 600,000	133	65,762,127	1.23
600,001 ~ 800,000	46	32,164,174	0.60
800,001 ~ 1,000,000	37	34,394,066	0.64
1,000,001 or over	199	3,559,605,996	66.38
Total	306,540	5,363,273,600	100.00

4.1.4 List of Major Shareholders

As of MAR 26, 2023 (Shareholders' meeting book closure date)

Shareholder's name	Shareholding Number of Shares	Percentage (%)
Evergreen Marine Corp. (Taiwan) Ltd.	776,541,111	14.48
Evergreen International Corp.	712,296,304	13.28
Falcon Investment Services Ltd.	480,386,482	8.96
Bank SinoPac as Custodian ALLY HOLDING LTD. Investment Account	229,560,000	4.28
Evergreen Steel Corp.	204,672,763	3.82
Chang, Yung-Fa	131,970,122	2.46
Chang, Kuo-Cheng	92,460,183	1.72
New Labor Pension Fund	61,711,078	1.15
Evergreen International Storage & Transport Corp.	48,957,013	0.91
Bank SinoPac as Custodian for ALL ASIA MANAGEMENT INC. Investment Account	36,840,000	0.69

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

Unit: NT\$

Items	2021 (Distributed in 2022)	2022 (Distributed in 2023)	2023 (As of MAR 26) (Note 8)
Market Price per Share (Note 1)			
Highest Market Price	30.55	37.60	30.35
Lowest Market Price	11.90	22.75	25.75
Average Market Price	21.46	31.75	28.54
Net Worth per Share			
Before Distribution	16.52	16.41	(Note 10)
After Distribution	(Note 2) 15.91	15.61	-
Earnings per Share			
Weighted Average Shares (thousands)	5,047,217	5,308,111	-
Earnings per Share	1.31	1.34	(Note 10)
Adjusted Earnings per Share (Note 3)	1.31	(Note 9) 1.34	-
Dividends per Share			
Cash Dividends	0.59169450 元	0.8	-
Stock Dividends			
Dividends from Retained Earnings	-	(Note 9) -	-
Dividends from Capital Surplus	-	(Note 9) -	-
Accumulated Undistributed Dividends (Note 4)	-	(Note 9) -	-
Return on Investment			
Price / Earnings Ratio	14.34	22.72	-
Adjusted Price / Earnings Ratio (Note 5)	14.34	(Note 9) 22.72	-
Price / Dividend Ratio (Note 6)	31.74	38.06	-
Cash Dividend Yield Rate (Note 7)	3.15%	2.63%	-

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 2022 earnings distribution is pending for shareholders' approval.

Note 10: The Company's financial statements as of March 31, 2023 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 2022 earnings was approved at the Board meeting on March 13, 2023 and a report of such distribution will be submitted to the Annual General Shareholders' Meeting on May 24, 2023.

Cash Dividends to Common Shareholders	NT\$0.80/ per share	NT\$4,290,309,886
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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 2022 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 2022 employees' compensation and directors' remuneration on March 13, 2023, the distribution amount are as follows:

Item	Resolution of Board of Directors (Mar 13, 2023)
Employees' Compensation (Cash)	NT\$280,000,000
Directors' Remuneration (Cash)	NT\$8,883,562

- 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 directors' remuneration of NT\$9,117,808 and employees' compensation of NT\$453,180,000 of year 2021. 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

4.2.1 Outstanding Corporate Bond

Corporate bond type	5 th Domestic Unsecured Convertible Bond	
Issue date	September 1, 2021	
Denomination	NT\$100,000	
Issuing and transaction location	Republic of China	
Issue price	Issue by 100% of par value	
Total price	NT\$5,000,000,000	
Coupon rate	0% p.a.	
Tenor	5 years Maturity: Sep. 1, 2026	
Guarantee agency	None	
Consignee	Mega International Commercial Bank	
Underwriting institution	KGI Securities Co., Ltd.	
Certified lawyer	Peng, Yi-Chen (Handsome Attorneys-at-Law)	
CPA	Tang, Chia-Chien Su, Yen-Ta (KPMG)	
Repayment method	According to the offering of EVA 5 th Domestic Unsecured Convertible Bond Article 10, 18 and 19.	
Outstanding principal	NT\$690,200,000	
Terms of redemption or advance repayment	Please refer to the Procedures for Issuance and Conversion of 5 th Domestic Unsecured Convertible Bond.	
Restrictive clause	None	
Name of credit rating agency, rating date, rating of corporate bonds	None	
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	NT\$4,309,800,000
	Issuance and conversion (exchange or subscription) method	Please refer to the Procedures for Issuance and Conversion of 5 th Domestic Unsecured Convertible Bond.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	Impact on existing shareholders' equity is limited if all bonds are converted into common shares at NT\$18.9 per share, with a maximum equity dilution of 0.68%.	
Transfer agent	Not applicable	

4.2.2 Corporate Bond Under Processing: None.

4.2.3 Convertible Bond

Corporate bond type		5 th Domestic Unsecured Convertible Bond	
Item		Year	
		2022	As of Mar. 26, 2023
Market price of the convertible bond	Highest	194	159
	Lowest	122	137
	Average	164	149.05
Convertible price		18.9	
Issue date and conversion price at issuance		Issue Date: 2021/9/1 Conversion price at issuance: NT\$19.2/ per share	
Conversion methods		Issuing of new stocks	

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 26, 2023, 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	%
2022	31,875,006	23%	90,298,142	65%	15,895,459	12%	138,068,607	100%
2021	7,754,282	7%	85,180,787	82%	10,937,290	11%	103,872,359	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 cleanliness 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 introduction of the Boeing 787-9 passenger aircraft in 2023 will adopt a three-class configuration, providing passengers with diverse options and premium services.
- (2) We're revising the EVA Sky Shop duty free preorder website and App, developing a brand-new shopping website with responsive web pages to optimize passengers' multi-device shopping experience.
- (3) In 2023, we are promoting and building a cloud customer service system at all of our stations around the world, to provide more diversified telephone customer service for global passengers.
- (4) We are introducing new internet technologies into our new-generation core freight system, with integration and development happening in stages. Functions include a webified operating environment interface, customized quick links menu, easy-to-understand graphical interface design, comprehensive optimization of operation methods, as well as integration of automated, paperless data related to operating processes, so as to provide customers with services of better quality.
- (5) Enhance website/mobile channels capability
 - Introducing online bank transfer function for worldwide user (e.g. IATA Pay) to reduce the cost from credit card processing fees; and introducing popular electronic payment apps to help passenger complete the payment conveniently and easily.
 - For onboard duty-free product transactions, adding credit cards, Apple Pay, Google Pay, and Samsung Pay for contactless payments.
 - New English websites and App platforms for Australia and New Zealand, to expand digital services at global stations.
 - An add-on travel insurance service is added to the online booking process on the website and App for Singapore and Hong Kong markets. To strengthen web functions and to provide passengers with a one-stop convenient shopping experience, we plan to launch it in several additional markets this year.
- (6) Continued promotion of automation services
 - Introducing Regula products, to provide analysis of passport data and other travel documents, increase the correctness of data verification, and simplify airport operations and processes.
 - For some group passengers, providing check-in service on the website/mobile app that allows directly obtaining boarding passes.
 - The EVA Mobile App is available for staff/family travel with sub-load ticket for flight check-in, so as to improve the efficiency of airport operations.

- We expect to add facial recognition boarding functions at two more airports: New York (JFK) and Houston (IAH), in the United States.

5.1.2 Industry Overview

A. Current status and development of the industry

(1) Passenger market

International Air Transport Association (IATA) statistics show that the global aviation industry has lost nearly US\$190 billion due to the impact of the pandemic situation. With a rebound in passenger demand after the lockdown lifted, the global aviation industry's 2023 total net profit is estimated to reach US\$4.7 billion. The first time the aviation industry has shown profit rather than loss since the pandemic began. However, there are still enormous risks due to uncertainties such as global geopolitics, economic recession, and oil prices that might impact the industry.

(2) Cargo market

The IATA predicts that air cargo volume in 2023 is expected to fall 4.3% year on year to 57.7 million tons. This is primarily due to the decline in yields, reflecting the challenging of global economic backdrop in terms of global economic growth but also in terms of international trade. Nevertheless, revenue is still 50% higher than pre-COVID levels.

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) Comfort design for aircraft**

- Lighter, weight and optimized seats to increase passenger comfort and seating space.
- Personal electronic device wireless connect with the in-flight entertainment system minimizes contact risks.
- A Bluetooth interface allows passengers to use their personal Bluetooth headsets to enjoy high quality audio.
- Thinner, larger 4K UHD resolution screens, to provide immersive audio-visual experiences.
- High speed, stable inflight Wi-Fi connections provide passengers with smoother internet and wireless video streaming services.

(2) Expansion of market breadth and depth

As the aviation industry develops and moves forward, all airlines have been placing more and more emphasis on both quality and quantity in network deployment. We have expanded our networks to meet passenger demand by adding destinations, joining airline alliances, seeking joint venture partners, or air-land and sea-air combined transport.

(3) Differentiation of fare products

Our fare products will be designed based on service demand rather than airfare validity periods as in the past. We're launching innovative ancillary services to provide passengers with more diverse product options and to increase profit margins.

(4) Diversification of air cargo sources

The momentum for global import and export is strong. In addition to goods such as raw materials in traditional industries, semiconductor machinery, consumer electronics products and equipment, cold chain and temperature control services, the most marketable e-commerce products, urgent orders for sea-to-air transfers, etc. have created diversity in 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	2022					
	Passenger Operation				Cargo Operation	
	Number of Flights	Seat Capacity	Passenger Capacity	PLF (%)	Tons	LF (%)
EVA Air	12,492	3,996,534	2,156,895	54.0	763,748	86.13
China Airlines	12,419	3,694,199	1,472,545	39.9	1,050,997	76.24
Tigerair Taiwan	1,385	249,300	151,717	60.9	248	53.11
Mandarin Airlines	353	87,261	49,011	56.2	7,061	33.00
UNI Air	197	59,255	27,507	46.4	4,784	78.72
STARLUX Airlines	4,688	992,306	329,541	33.2	12,606	58.93
Other Foreign Carriers	13,010	3,382,333	1,561,262	46.2	748,599	N/A
Total	44,544	12,461,188	5,748,478	46.1	2,588,043	N/A

Data source: Monthly Digest of Statistics, December 2022, 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\$56 million on the development of following research products.

Research Product	Explanation
Introducing the new-generation customer service system	The Company has introduced a new generation cloud-based customer service system, and has successively completed the construction and activation of customer service centers in Taipei and in the Americas. This system is equipped with multi-channel inbound lines and provides a number of functions to improve the passenger service process such as Callback, Co-Browsing and Web Call, so as to achieve a significant milestone in the realization of rendering high-quality customer services both in Chinese and English, 24/7, anywhere around the world.

Research Product	Explanation
World Wide Web zero touch service development project	The Company has launched its in-flight digital journals- EVA e-Library and food & beverage e-Menu services on its website. In addition to reducing contact risks, the launches also reduce aircraft load from in-flight paper publications and aids in achieving the green corporate social responsibility objective of energy saving and carbon reduction. Furthermore, we also provide an online passport scanning service to achieve contactless, simplifying passenger check-in and document verification by airport operation.
Revising the freight rate management system	The Company has completed the strengthening operation of the new-generation freight rate management system, and has completely revised the old system to operate on the new-generation freight system platform, providing a unified operations platform for freight rate management and operating units; it has also optimized the system's auxiliary information to increase precision in controlling of information.
Revising the advance customs clearance system for freight	The advanced version of the new cargo customs clearance system breaks down the original functional framework, redefines new functions, and injects intelligent functions to achieve a simplified operating environment. It can save on operating time, prevent abnormal occurrences, and improve customs clearance quality.
Revising the cargo handling charges system	We have completed the revision and optimization operations of the cargo handling charges management system to better the convenience of operation, integrate and simplify the operation process, strengthen the articulation and management review mechanism, enhance exception control, and improve the quality and efficiency of control over freight handling charges so as to effectively control costs.
Introducing and building new-generation server monitoring system	We adopted the log collecting tool used in the existing information equipment to design a new generation server monitoring system so as to avoid cost expenditures, effectively expand the scope of server monitoring, and improve system service levels. In addition, by monitoring key performance indicators such as the utilization rate of the server CPU, disk space and memory, server visibility was fully achieved. Factors that had caused server interruptions were eliminated in advance, and the operational availability of the information application environment as well as the stability of the overall information service was improved.

Research Product	Explanation
Internet security protection mechanism for employees	Through the cloud based, secure web accessing mechanism, the Company's computers were prevented from directly connecting to external websites, thereby reducing the threat of zero-day attacks or malicious websites with security vulnerabilities, isolating potential risks, and improving Internet browsing security of employees in Taiwan.

B. Future Research Plan

(1) In 2023, the Company is estimated to invest NT\$263 million on following research items.

Research Product	Explanation	Estimated Completion Time
Airfare Management System	In order to simplify and unify fare filing operations, we are developing a fare management platform that will integrate fare application, approval, and audit processes. Digitalization data will be helpful in integrating and utilizing EVA Airway's internal systems, improving EVA Airway's fare filing efficiency and accuracy as well as reducing errors from manual operations. It will also provide flexibility in tracking and adjusting our marketing strategy.	DEC, 2023 40% Completion
New EVA Sky Shop website and App	It's crucial to stay competitive in e-commerce sector that should keep innovative and better user-experience for our valuable customers. As a result, we are developing a brand-new website for the EVA Sky Shop, using responsive web pages that will optimize multi-device shopping experiences. We are also adding more diverse, flexible promotion schemes, to match our marketing strategies, enhance competitiveness, and increase revenue.	JUL, 2023 70% Completion
Global customer service systems deployment project	We have already successfully introduced cloud-based customer service system for contact centers in Taipei and the Americas. In order to achieve the goal of the global 24/7 telephone customer service in both Mandarin and English, we plan to deploy this system to the rest of our global contact centers in 2023. This will provide passengers around the world with a higher level of telephone customer service.	DEC, 2023 10% Completion

Research Product	Explanation	Estimated Completion Time
Optimizing information environment management	We are introducing server management tools into routine and daily server maintenance and management. These will effectively improve efficiency and accuracy in server management, and enhance quality of operations. Servers, network facilities, and information will be systematically integrated, built, and maintained for use in daily maintenance, operations, and auditing.	DEC, 2023 30% Completion
Optimizing the cargo management system	In order to improve efficiency and accuracy of cargo management, for allotment management, we plan to add allotment control and inspection mechanism; for freight rate management, we plan to optimize freight rate setting and develop price validation of cargo collect-on-delivery operations, so as to improve freight rate precision and accuracy.	DEC, 2023 0% Completion
Old cargo system decommission	After years of development and delivery by phases, the new-generation of cargo system with new technology and design will be totally in place in 2023, and at the same time the old cargo system will be decommissioned. It marks the milestone of our air cargo business and operation which will be empowered by this evolution.	DEC, 2023 40% Completion
Data warehouse database migration	In order to rationalize the maintenance cost of the data warehousing system and effectively integrate the human resources of system management, the Company plans to migrate data warehouse databases and scheduling tools, with an aim to optimize systematic work scheduling and improving global operational efficiency.	SEP, 2023 55% Completion
Galley layout graphical loading development project	The 160 galley layouts in our current aircraft fleet will be presented through a graphical interface, and load balancing will be automatically calculated. This will facilitate load planning, and improve data timeliness and accuracy. Graphic galley layouts will be instantly provided to the outstation agent, sky catering, and crew members for loading confirmation. This will improve the ease and accuracy of loading planning, as well as convenience and readability of operator confirmations.	JUN, 2023 65% Completion

Research Product	Explanation	Estimated Completion Time
Integrating flight maintenance records and mobility development	In order to improve the quality of aircraft maintenance, we plan to build an aircraft maintenance record management platform. This will use mobile devices to log the maintenance records both in cockpit and cabin and to report current aircraft status in real time. These will help to speed up handling of maintenance problems.	JUN, 2023 90% Completion
Hyper-converged server architecture platform implementation project– Phase 3	This project is to design and build 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 provides high-speed information systems for EVA's users and customers, furthermore, it provide centralized management and stable services with high level security.	JUN, 2023 75% Completion
International network structure and security control project.	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.	AUG, 2024 25% Completion
Terminal device software auditing automation project	Currently, EVA audit applications on computer terminals by generating individual reports. However, this process requires manual confirmation with management, which consumes an enormous amount of labor and is difficult to control. To address this issue, this project aims to build a system that automates the generation of reports and follow-up confirmation of audit processes. By reducing manual auditing and increase auditing efficiency, this system will increase our information security.	SEP, 2023 70% Completion

(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) Flexibly adjust our aircraft fleet deployment to intensify regional transport capacity and optimize hub benefits.
- (2) Enrich ancillary services for airfare purchases and take the advantage of market rebound to increase passenger revenue.
- (3) Develop membership management and strengthen mileage usage.
- (4) Optimize the freighter network and maximize freighter utilization rates.
- (5) Flexibly adjust aircraft types and routes to optimize operating efficiency.

B. Long-term plan

- (1) Enhance the safety management system to uphold flight safety.
- (2) Working out for Net-zero carbon emissions and commit for sustainable development.
- (3) Optimize aircraft fleet size and evaluate introducing new-generation passenger aircraft to enhance market competitiveness.
- (4) Pay attention to market demand and develop potential destinations to enhance overall competitiveness.
- (5) Convert freighters and introduce new freighters to expand cargo capacity and increase cargo revenue ratios.

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	2021			2022		
	No. of Passenger	RPK (Million)	Revenue (NT\$ Million)	No. of Passenger	RPK (Million)	Revenue (NT\$ Million)
America	123,662	1,336	5,528	625,871	6,881	17,206
Europe	5,411	53	224	402,590	3,108	6,026
Asia	162,827	248	1,967	1,153,701	2,378	8,181
Oceania	790	5	35	24,193	163	462
Total	292,690	1,642	7,754	2,206,355	12,530	31,875

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

Cargo Operations:

Region \ Item	2021			2022		
	Cargo Carried (Tons)	FTK (Million)	Revenue (NT\$ Million)	Cargo Carried (Tons)	FTK (Million)	Revenue (NT\$ Million)
America	308,566	3,532	56,946	317,222	3,607	59,860
Europe	36,163	344	5,489	37,083	368	6,322
Asia	500,903	829	21,776	477,329	798	23,089
Oceania	11,780	80	970	10,800	73	1,027
Total	857,412	4,785	85,181	842,434	4,846	90,298

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		
	2021	2022	
Number of Flights	EVA Air	5,575	12,492
	Taiwan	21,101	44,544
	Market Share (%)	26.42	28.04
Number of Passengers	EVA Air	323,103	2,156,895
	Taiwan	1,011,419	5,748,478
	Market Share (%)	31.95	37.52
Tons of Cargo	EVA Air	765,582	763,748
	Taiwan	2,876,508	2,588,043
	Market Share (%)	26.61	29.51

Data Source: Monthly Digest of Statistics, December 2021 and December 2022, CAA.

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

Unit: %

Airline \ Year	2021		2022	
	Passenger	Cargo	Passenger	Cargo
China Airlines	15.32	42.11	25.62	40.61
EVA Airways	31.95	26.61	37.52	29.51
Mandarin Airlines	1.88	0.27	0.85	0.27
UNI Airways	1.34	0.19	0.48	0.18
Tigerair Taiwan	0.15	-	2.64	0.01
STARLUX Airlines	4.13	0.17	5.73	0.49

Data Source: Monthly Digest of Statistics, December 2021 and December 2022, CAA.

C. Market supply & demand and growth in the future

- (1) International Air Transport Association (IATA) statistics shows that the global passenger transport demands in 2023 will reach 85% of pre-pandemic levels; and demands in the Asia-Pacific region will reach 70% of pre-pandemic levels. The outlook for the global passenger transport market is optimistic.
- (2) Boeing forecasts that the strong growth in demand for e-commerce will bring growth momentum. It's foreseen the air cargo market will continue to grow at a compound annual growth rate of 4.0% to 4.6% over the next two decades; global demand for freighters in 2040 will be 70% higher than it is now.

D. Competitive Niche

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

- EVA Air has earned a spot among AirlineRatings' World's Top-20 Best Airlines, ranking 8th, as well as recognized EVA in 9th place in the World's Safest Airlines for 2022 for 10 consecutive years.
- In an evaluation of passengers on nearly 600 airlines and more than 1 million flights around the world, EVA Air once again won the recognition and trust of global passengers. The company was awarded as a Five Star Global Airline for 2023 by Airline Passenger Experience Association (APEX).

(2) Recognition of sustainable governance performance

In the 15th Taiwan Corporate Sustainability Awards (TCSA) for 2022, organized by the Taiwan Institute for Sustainable Energy, EVA Air was proud to receive five major awards:

- “Taiwan Top 100 Sustainable Enterprises Award – Corporate Sustainability Comprehensive Performance Category” .
- “Platinum Award for Transportation Industry – Corporate 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”.

EVA Air participated in the S&P Global Corporate Sustainability Assessment in 2022. The Company won the second place in the global aviation industry; it further won the honor “Top 5% S&P Global ESG Score” in The Sustainability Yearbook 2023 published in February, 2023.

(3) Continuing to introduce new-generation fleet

- The Boeing 787 Dreamliners are being delivered; the all-new cabin design provides greatly passenger comfort.
- The newly purchased 777F freighter will be delivered in December 2023.
- The conversion of three Boeing 777-300ER passenger aircraft to freighter configuration will be delivered starting 2025.

(4) Consolidating benefits of the hub-and-spoke network, and raising the bar for market competition

We have expanded our hub and spoke network by joining the Star Alliance and increasing our code-share partners. Together with our existing European and American network, and new routes to Milan, Munich and Clark Airport, it will make our network even more robust and help attract passengers traveling from North America and Europe to transit in Taiwan to elevate the value and niche of Taiwan as a transfer hub.

(5) Balanced development of passengers and cargo

We will maintain a balance between passengers and cargo development; aircraft and network optimized for the best combination of passengers and cargo. The aim is to achieve a balanced development of passenger and cargo with maximum synergy.

E. Favorable & Unfavorable Factors in Prospects and Countermeasures

■ Favorable Factors

- (1) A rapid bounce-back in passenger demand will increase confidence in operations.
- (2) Global reopening of borders will increase business travel.
- (3) The return of Taiwanese factories is expected to drive opportunities for air cargo exports.
- (4) Continuous growth in e-commerce will drive growth momentum for air cargo.

■ Unfavorable Factors

- (1) Global economy is under downward pressure as the economic growth slows down.
- (2) Geopolitics conflict and extreme climate impact industry operations.
- (3) The restructuring of the industrial supply chain changes the deployment of global freight network.

■ Countermeasures

- (1) Stay on top of the opportunities in tourism recovery and strive for regional charter flight services.
- (2) Focus on development of global corporate customers to increase stickiness and loyalty.
- (3) Monitor the opportunities for global supply chain diversion and restructuring.
- (4) Integrate human resources; strengthen automated services.
- (5) Allocate and deploy passenger and cargo aircraft effectively to bring the synergies of network into play.

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 not only sign fuel contracts with world-renowned fuel suppliers to insure steady fuel supply, but also adopt appropriate hedging strategies corresponding to fuel price trend. 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., CPC Corp., GE Engine Services, LLC., Air BP Limited., etc.

Major Supplier in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	(%)	Relationship with EVA AIR	Company Name	Amount	(%)	Relationship with EVA AIR
1	Formosa Petrochemical Corp.	7,283,076	22.24	None	Formosa Petrochemical Corp.	12,040,173	21.15	None
2	GE Engine Services, LLC.	5,343,610	16.32	None	CPC Corp.	8,709,229	15.30	None
3	CPC Corp.	4,389,974	13.40	None	GE Engine Services, LLC.	6,789,798	11.93	None
4	-	-	-	-	Air BP Limited	5,927,021	10.41	None
	Others	15,735,998	48.04		Others	23,450,105	41.21	
	Net Total	32,752,658	100.00		Net Total	56,916,326	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, and 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. As many countries started to lift their COVID lockdown in 2022, the flight number increased, and the international fuel price constantly rose in 2022, resulting in an increase in fuel costs.

5.2.5 Production in the Last Two Years

Year	2021	2022	Change rate
Capacity and Traffic			
Available Seat Kilometers (ASK)	8,205,188	20,615,762	151.25%
Revenue Passenger Kilometers (RPK)	1,642,247	12,530,049	662.98%
Passenger Load Factor (%)	20.01%	60.78%	40.76pp
Available Freight Tonne Kilometers (AFTK)	5,098,498	5,625,731	10.34%
Freight Tonne Kilometers (FTK)	4,785,143	4,845,654	1.26%
Cargo Load Factor (%)	93.85%	86.13%	-7.72pp
Available Tonne Kilometers (ATK)	5,836,965	7,481,149	28.17%
Revenue Tonne Kilometers (RTK)	4,932,945	5,973,358	21.09%
Overall Load Factor (%)	84.51%	79.85%	-4.67pp

5.2.6 Sales in the Last Two Years

Unit: NT\$ thousands

Sales	Year	2021		2022	
		Quantity	Amount	Quantity	Amount
Passenger		292,690	7,754,282	2,206,355	31,875,006
Cargo(Tons)		857,412	85,180,787	842,434	90,298,142
Others		-	10,937,290	-	15,895,471
Total		-	103,872,359	-	138,068,619

5.3 Human Resources

Year		2021	2022	As of MAR 26, 2023
Number of Employees	Male	9,417	9,227	9,311
	Female	7,443	7,740	7,803
	Total	16,860	16,967	17,114
Average Age		37.9	38.5	38.4
Average Years of Service		10.3	10.6	10.4
Education %	Ph.D.	0.1	0.1	0.1
	Masters	5.4	5.4	5.4
	Bachelor's Degree	79.3	79.1	79.5
	Senior High School	12.2	12.2	11.9
	Below Senior High School	3.0	3.2	3.1

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: None.

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 EGAT commits to provide a safe, healthy and environmental-friendly working environment for employees. All employees, top executives as well as grassroots staffs, have taken aggressive action in the environment protection during daily maintenance operations. EGAT will continue to reduce water consumption and all energy resources and properly control in the disposal and recycle of waste materials, in order to keep the promise of a safe, healthy working environment. Environmental monitoring will be conducted in accordance with the regulations during the expansion of the EGAT's plant.
 - (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.
 - (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 2022 was 282,688 kWh and 466,576 kWh, respectively.

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 obtained certification of the ISO 50001 Energy Management System on 2 December, 2015 and ISO 14001 Environmental Management System on 4 January, 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. The EMS was officially launched in January 2020. Conservation calculations are based on the air-conditioning system in Nankan Park, which is the highest energy-consuming facility. To reduce the energy consumption of air-conditioning, the smart overall control optimized the ice water air-conditioning and cooling water systems, both of which have the highest energy consumption. Results show that the average monthly air-conditioning energy saving in 2022 was 31.25%, which was equivalent to an average monthly energy saving of 7.9% in Nankan Park, and the cumulative energy saving was 2,679,890 kWh as of December 2022, since the system was launched.

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, the ISO14064: 2018 version has been adopted, which has included an inventory of other indirect greenhouse gas emission specified in the Scope 3 emissions inventory, to expand the inventory of other indirect GHG emission sources. In regard to the GHG emission of 2021 and 2022, please refer to "Corporate Governance Operation" page 98 of this Annual 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. On March 13, 2023, the plans of EVA Air's subsidiaries greenhouse gas inventory and verification was reported to the Board of Directors.

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

In 2018, EVA Air has formulated and submitted Emission Monitoring Plan

(EMP) to Civil Aeronautics Administration (CAA) to comply with CORSIA, proposing by International Civil Aviation Organization (ICAO). From 2019, the Airline is required to monitor fuel consumption based on the EMP and submit the carbon emission report (ER) to the Civil Aeronautics Administration after verification by a third party for international carbon offsetting and mitigation in the future. The Company has completed the verification and reporting of the ER for 2022 to the Civil Aeronautics Administration on March 31, 2022 and April 15, 2022, respectively.

(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, the Company continuously monitors the greenhouse gas emissions of its aircraft operating within the EU on an annual basis, and reports its annual emissions to the regulatory body in the Netherlands and surrendering carbon credits.

After the UK left the EU, the UK ETS has replaced the EU ETS previously implemented in the UK. EVA Air began reporting our annual emissions and surrendering carbon credits to the agency on an annual basis in 2022.

(4) Fuel conservation measures

With the expansion of routes and the increase of business scale, EVA Air has made various fuel conservation measures to analyze the fuel efficiency of various aircraft types. Meanwhile, the fuel conservation plans involve topics such as weight reduction of aircraft, 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.

During the COVID-19 pandemic, EVA Air continued to review and adjust our fuel conservation and carbon-reducing strategies in a timely way, working on the premise that it must not affect service quality. We did this by optimizing cabin service processes and adjusting service supplies. As the demand for cargo loaded on passenger aircraft increases, we further removed cabin seats and optimized aircraft dispatching operations, so as to reduce aircraft weights as well as to improve fuel efficiency, and further reduce carbon 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 latest generation of wide-body passenger aircraft: the Boeing 787 Dreamliner and Boeing 777 Freighter. Boeing analysis shows that these models will reduce fuel consumption and greenhouse gas emissions by

about 20%, as compared with old wide-body airliners.

G. The “Environment Committee” of EVA Air

In 2015, EVA Air formed the “Environment Promotion Sub-Committee”, which is the highest decision-making supervisory unit for environment management policy. In line with the restructuring of the Corporate Sustainability Committee, the Committee was renamed the “Environment Committee” in 2021. 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. EVA Air adopts active and advance prediction safety management methods to prevent potential hazards from environmental risks, and regularly reviews operation procedures to list adverse weather operations in the flight crew manual. Moreover, we fully grasp various hazard information through educational trainings, comprehensive information and adopting risk manage procedures. 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.

For TNFD information, please refer to Chapter 5 of the 2022 Sustainability Report.

I. The use of Sustainable Aviation Fuel (SAF)

EVA Air has declared that we will reach net zero emissions by 2050. To achieve this goal, we have formulated quantified targets for short-, mid- and long-term use, and 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. With the gradual

recovery of the passenger transport demand, EVA Air plans to add SAF on the new Boeing 787 delivery flight in 2023, so as to demonstrate our determination to implement net zero emissions.

J. 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 in the long-term (2050). EVA Air will review our achievements toward those goals every year, and adjust them on a rolling basis. We will actively work with domestic renewable-energy-based electricity retailing enterprise to gradually reduce carbon emissions, so as to achieve the goal of net zero carbon emissions by 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 2022 and 2023

Unit: NT\$ thousands

Item / Year	2022	2023 (Estimated)
Cleaning fee of litter	40,701	61,526
Aircraft noise prevention charge	101,868	153,858
EU and UK carbon emission processing fees	477	677
Expenses for development of the environmental and energy management system program	40,130	98,521
Disposal fee of polluted water	4,900	14,083
Pollution prevention facility	199	216

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 subsidy
- (B) Funeral subsidy
- (C) Injury and sickness consolation cash benefit
- (D) Festival vouchers or gifts
- (E) Free language courses subsidies
- (F) Recreation and fitness facilities
- (G) Using the Library, 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 subsidies, injury or sickness benefits, settlement subsidy for international job transfer, and subsidy 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 discount tickets.
- (12) Sports and leisure club subsidy.

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: functional training, annual training and international civil aviation organization training.

(A) Functional 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 & Balance Course, Baggage Course, Dangerous Goods Course, and also Aviation Security, 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 2022

Number of Trainees	Total Training Hours	Total Training Expenditure (NT\$ thousands)
45,859	109,619	4,198

(2) Cabin Crew Training

For the cabin crew, EVA provides the following trainings, and the 2022 training performance statistics are as follows:

Courses	Completed Counts	Training Hours (per person)
Recurrent Training	4,258	24
A321 Transition Training	17	16
B777 Transition Training (from broad to broad)	7	24
B777 Transition Training (from narrow to broad)	29	32
B787 Transition Training (from broad to broad)	150	24

Courses	Completed Counts	Training Hours (per person)
B787 Transition Training (from narrow to broad)	17	32
Substitute of CP Training	292	8
APT Advisor Training	48	6
Public Announcement Advanced Training (AP/CA)	28	16
Safety and Service Enhance Training (Taiwan)	1,849	8
Safety and Service Enhance Training (foreign)	466	16
Service Differentiation Training	11	24
Orientation Training from UNI Air transferred crew	16	16

(3) Flight Crew Training

For the flight crew, EVA provides the following trainings, and the 2022 training performance statistics are as follows:

Types of Training	Completed Counts	Training Hours (per person)
Initial New Hire	61	234
Transition Training-simulator phase	58	136
On-type Upgrade (Senior First Officer to Captain)	38	34
Upgrade (First Officer to Senior First Officer)	66	8
Requalification Training	89	38
Recurrent Simulator training	2,423	6
Annual Ground School	1,314	30
CRM-Joint Emergency Training	1,314	5

(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:
 - (A) EVA Airways Corporation and the Taoyuan Flight Attendants Union renewed its collective agreement (including an agreement of peace) on July 4, 2022, and the three-year term went into effect on July 6, 2022.
 - (B) EVA Airways Corporation and the EVA Airways Corporation Affiliated Enterprises Union entered into a collective agreement (including an agreement of peace) on November 1, 2022, and the three-year term went into effect on the same date.
- (3) Keep Labor-Management Communication Unimpeded:
 - (A) The Company maintains every communication channel well to garner consensus and effectively enhances every employee's cohesiveness, for instance, 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 good labor-management interactions.
 - (B) The Company continues to communicate and negotiate with unions, for various issues raised by the union, the Company will respond specifically and adjust the feasible countermeasures in a timely manner.

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\$2.8 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 \$0.55 million. The details are as follows:

Disposition Date	Disposition Number	Violated Article	Violated Article Content
Jun. 16, 2022	Taoyuan Labor Inspection No. 1110156771	Labor Standards Act Article 38 Paragraph 2	A worker who has worked continually for the same employer or business entity for a certain period of time shall be granted annual paid leaves on an annual basis based on the following conditions:
Dec. 29, 2022	Taoyuan Labor Inspection No. 1110358159	Labor Standards Act Article 38 Paragraph 2	<ol style="list-style-type: none"> 1. Three days for service of six months or more but less than one year. 2. Seven days for service of one year or more but less than two years. 3. Ten days for service of two years or more but less than three years. 4. Fourteen days for service of three years or more but less than five years. 5. Fifteen days for service of five years or more but less than ten years. 6. One additional day for each year of service over ten years up to a maximum of thirty days. <p>Annual paid leaves from the preceding paragraph are to be arranged by workers. The employer, however, in the light of urgent needs of the business operation or personal factors of workers, may consult and make adjustments with workers.</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 complaints are mostly about training compensation and employment disputes, 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.

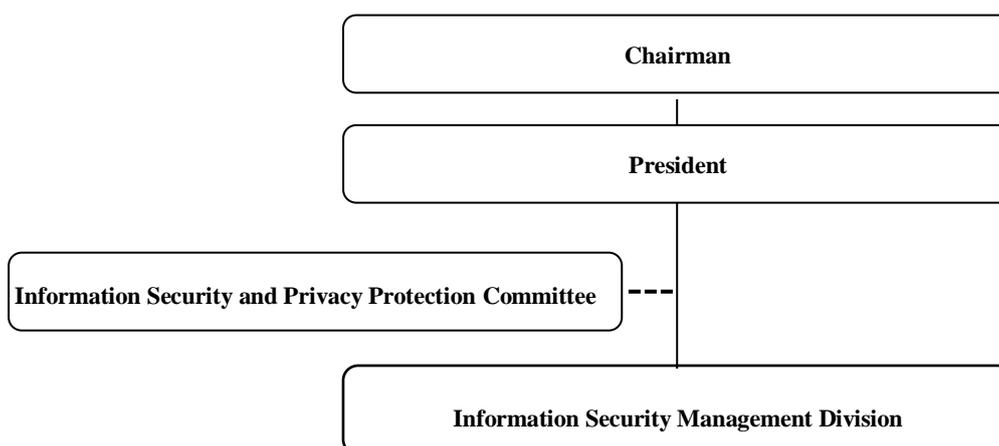
- (2) For the sake of employees' safety, the Company implements not only Labor Insurance and National Health Insurance, but also accident and injury insurance, medical insurance and so forth for those on overseas business trips and overseas dispatch.
- (3) The Company sets up Clinic Div. to regularly 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 labor safety and health work rules. We hold occupational safety and health committee meetings at least once every three months, and handle occupational accident investigations and statistics.
- (5) The Company executes inspection of fire security and public facilities on a regular time schedule to safeguard environment safety.
- (6) The Company organizes occupational safety and health educational training, fire-fighting lectures, and practical training for all new employees.

5.6 Information Security Management

5.6.1 Information security risk management framework, information security policies, concrete management programs and investments in resources for information security management

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 Management Division" in 2020, which is dedicated to the management and supervision of information security and privacy protection. With the "Information Security and Privacy Protection Committee", the scope of information security regulations has been expanded to cover various fields.

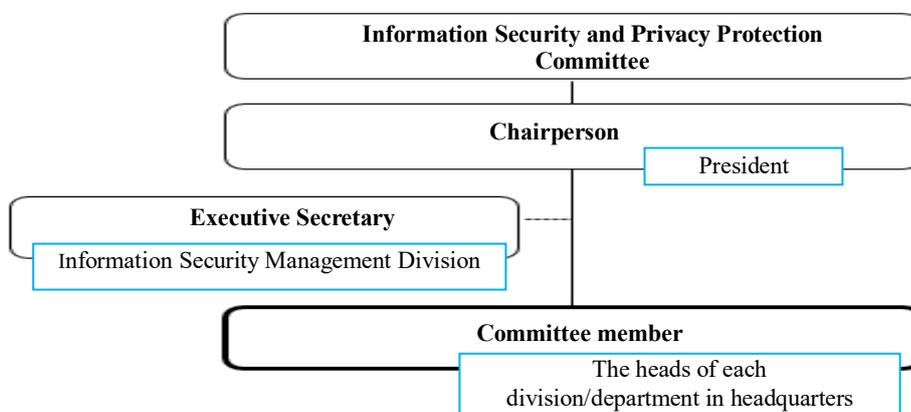


(1) Information Security Management Division

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., in order to expand the scope of information security to cover various business fields. Subsequently, the responsible units will formulate and implement the enforcement rules according to their respective attributes, and improve the information security management mechanism by reviewing the effectiveness assessment. The Information Security Management Division is headed by the Chief Information Security Officer, who oversees the promotion of information security 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 and requirements of information security development and to shape the information security 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. In order to realize information security governance, and carry out the continuation and implementation of information security policies, the senior management and senior executives of each department participate in the crucial decision-making processes to review information security-related policies, development planning and implementation effectiveness. 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

In order to establish mechanisms for managing information security and privacy protections, ISO 27001:2013 was implemented to strengthen our ISMS. We start with risk identification, then handle risks via the P-D-C-A (plan-do-check-act) cycle for continuous improvement. This is also reviewed by a third-party certification agency, so as to achieve the goal of effective implementation and to ensure the integrity and resilience of EVA Air's information security management system. EVA Air was accredited by the British Standards Institution (BSI) in November 2022, extending the validity of its ISO 27001:2013 Information Security Management System certification to October 25, 2025.



(2) Information Security Controls 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

Information Security Simulated Exercise

Social Engineering Drill
Conducted email social engineering drills for more than 35,000 participants.

Information Security Drill
Conducted altogether 23 personal data breach drills, information security incident drills, and core business system business continuity drills.

Audit Operations

Internal and External Audit
The scope of accreditation of ISO 27001 external audit and information security internal audit covered more than 1,316 people.

Competent Authority Checks
Conducted information security checks on 6 units under audit, with over 20 items checked.

Training/Advocacy and Promotion

All Employees
Conducted information security online training programs for all employees, and information security programs for newly promoted managers and expatriates for more than 10,088 participants.

Information Technology Staff
250 people attended professional information security-related programs for over 500 hours in total.

Supplier
1,938 people attended information security-related programs for over 2,680 hours in total.

Information Security Promotion

The Information Security and Personal Data Protection Committee organizes information security lectures and shares information security cases; domestic and foreign departments have conducted more than 50 annual advocacy sessions on information security awareness.

Information Technology Input

More than 22 information security related projects have been implemented, with an investment of more than NT\$66 million.

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 average completion rate is at least 98%.

Information Security Risk Assessment

Performed risk assessments and management of more than 19 internal and external information security issues.

Information Security Reporting Management

Received more than 103 reportings of suspected information security cases, and further clarified and handled more than 18 cases.

Information Security Management System Documents and Compliance with Laws and Regulations

Reviewed 54 information security policy and management system documents, and performed operation on follow-up compliance for 4 newly added laws and regulations.

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	Blackbird Capital II Leasing Ltd.	2021.03~2023.10	A321-200 (B-16206)	-
	Jin Shan Ireland Co. Ltd.	2014.10~2023.11	A321-200 (B-16207)	-
	Jin Shan Ireland Co. Ltd.	2014.10~2024.03	A321-200 (B-16208)	-
	Laf Leasing Ireland 2 Ltd.	2017.08~2024.03	A321-200 (B-16209)	-
	Zhuoshui Aviation Leasing Ltd.	2016.06~2024.05	A321-200 (B-16210)	-
	Jackson Square Aviation Ireland Ltd.	2016.09~2024.07	A321-200 (B-16211)	-
	Jackson Square Aviation Ireland Ltd.	2016.09~2024.09	A321-200 (B-16212)	-
	Eos Aviation 11 (Ireland) Limited	2022.07~2024.10	A321-200 (B-16213)	-
	BOC Aviation Ltd.	2015.03~2025.03	A321-200 (B-16215)	-
	BOC Aviation Ltd.	2015.04~2025.04	A321-200 (B-16216)	-
	BOC Aviation Ltd.	2015.05~2025.05	A321-200 (B-16217)	-
	BOC Aviation Ltd.	2015.06~2025.06	A321-200 (B-16218)	-
	BOC Aviation Ltd.	2015.07~2025.07	A321-200 (B-16219)	-
	BOC Aviation Ltd.	2015.08~2025.08	A321-200 (B-16220)	-
	BOC Aviation Ltd.	2016.01~2026.01	A321-200 (B-16221)	-
	BOC Aviation Ltd.	2016.02~2026.02	A321-200 (B-16222)	-
	BOC Aviation Ltd.	2016.04~2026.04	A321-200 (B-16223)	-
	BOC Aviation Ltd.	2016.05~2026.05	A321-200 (B-16225)	-
	BOC Aviation Ltd.	2016.09~2026.09	A321-200 (B-16226)	-
	BOC Aviation Ltd.	2016.10~2026.10	A321-200 (B-16227)	-
	CIT Aerospace International Unlimited Company	2011.10~2023.10	A330-300 (B-16331)	-
	CIT Aerospace International Unlimited Company	2011.11~2023.11	A330-300 (B-16332)	-
	CIT Aerospace International Unlimited Company	2011.12~2023.12	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)	-

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Leasing Contracts	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)	-
	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)	-	

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Leasing Contracts	Taoyuan Airport Corp.	2023.01~2025.12	Land and House Lease	-
	Taoyuan Airport Corp.	2015.07~2025.07	Land and House Lease	-
	CAA Taipei Station	2023.01~2025.12	Land and House Lease	-
	CAA Taipei Station	2022.03~2024.02	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 and 787-9 and 777F	-
Conversion Agreement	Israel Aerospace Industries Ltd.	Contract Signing Date 2022.03	Conversion of Boeing 777-300ER from passenger to freighter configuration	-

B. Loan Contract

Company	Contract Type	Institution	Loan period	Type of Loans	Restrictions
EVA Airways Corp.	Loan Contracts	Hua Nan Commercial Bank	2014.05~2026.05	Secured Loans (Aircraft Type : 777-300ER)	-
		Bank of Taiwan	2014.06~2026.06		-
		Hua Nan Commercial Bank	2015.10~2027.10		-
		Bank of Taiwan	2016.08~2028.08		-
		Cathay United Bank	2017.09~2029.09		-
		Mega International Commercial Bank	2017.12~2029.12		-
		Sunny Bank	2020.07~2024.07		-
		Mega International Commercial Bank	2021.02~2026.02		-
		Land Bank of Taiwan	2021.03~2026.03		-
		E.SUN Bank	2018.02~2030.02	Secured Loans (Aircraft Type : 777F)	-
		Bank of Taiwan	2018.06~2030.06		-
		Chang Hwa Commercial Bank	2018.12~2030.12		-
		Taiwan Business Bank	2019.01~2031.01		-
		Bank of Taiwan	2019.06~2031.06		-

Company	Contract Type	Institution	Loan period	Type of Loans	Restrictions
EVA Airways Corp.	Loan Contracts	Bank of Taiwan	2022.02~2034.02	Secured Loans (Aircraft Type : 777F)	-
		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		-
		Chang Hwa Commercial Bank	2020.11~2032.11		-
		Bank of Taiwan	2020.09~2027.09	Secured Loans Land & Buildings	-
		KGI Bank	2020.12~2027.12		-
		Bank of Taiwan	2018.08~2023.08	Unsecured Loans	-
		Agricultural Bank of Taiwan	2019.07~2024.07		-
		Chang Hwa Commercial Bank	2020.01~2025.01		-
		O-Bank	2020.03~2025.03		-
		The Export-Import Bank of the Republic of China	2020.09~2023.09		-
		Bank of Taiwan	2020.12~2025.12		-
		Mega International Commercial Bank	2021.03~2026.03		-
		CTBC Bank	2021.05~2026.05		-
		First Commercial Bank	2021.12~2026.12		-
		Bank of Taiwan	2022.01~2027.01		-
		Taishin International Bank	2022.02~2025.02		-
		First Commercial Bank	2022.02~2027.02		-
		Bank SinoPac	2022.10~2025.10		-
		Bank of Taiwan	2022.12~2025.12		-
		Cathay United Bank	2023.02~2028.02	-	
Mega International Commercial Bank	2023.02~2028.02	-			

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheets – Based on IFRS (Consolidated)

Unit: NT\$ thousands

Item		2018	2019	2020	2021	2022
Current Assets		75,996,433	77,199,776	55,932,512	65,182,413	84,726,886
Property, Plant and Equipment		143,960,512	138,646,890	133,221,419	136,413,683	123,604,287
Intangible Assets		2,123,769	1,977,277	1,700,564	1,408,660	1,204,884
Other Assets		19,113,189	138,427,751	138,712,760	122,309,294	109,995,730
Total Assets		241,193,903	356,251,694	329,567,255	325,314,050	319,531,787
Current Liabilities	Before Distribution	60,922,876	82,441,715	45,433,155	46,637,622	77,623,220
	After Distribution	63,266,523	83,655,107	45,433,155	49,800,955	(Note) 81,913,530
Non-current Liabilities		110,151,292	195,667,963	207,474,571	185,969,070	145,668,529
Total Liabilities	Before Distribution	171,074,168	278,109,678	252,907,726	232,606,692	223,291,749
	After Distribution	173,417,815	279,323,070	252,907,726	235,770,025	(Note) 227,582,059
Equity Attributable to Owners of Parent		63,582,269	71,252,182	70,797,388	85,657,277	87,936,555
Common Stock		43,821,215	48,535,695	48,535,695	51,385,387	53,581,255
Capital Collected In Advance		230,642	-	-	480,312	20,634
Capital Surplus		6,751,945	7,849,700	7,985,673	10,678,743	12,912,298
Retained Earnings	Before Distribution	12,344,382	12,117,248	7,827,138	14,503,880	20,610,902
	After Distribution	8,594,547	10,903,856	7,827,138	11,340,547	(Note) 16,320,592
Other Equity		434,085	2,749,539	6,448,882	8,608,955	811,466
Treasury Stock		-	-	-	-	-
Non-controlling Interests		6,537,466	6,889,834	5,862,141	7,050,081	8,303,483
Total Equity	Before Distribution	70,119,735	78,142,016	76,659,529	92,707,358	96,240,038
	After Distribution	67,776,088	76,928,624	76,659,529	89,544,025	(Note) 91,949,728

Note: As of the publication date of this annual report, the Board of Directors resolved the 2022 cash dividends on Mar. 13, 2023 while the 2022 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	2018	2019	2020	2021	2022
Operating Revenue	179,907,332	181,275,258	89,048,776	103,872,359	138,068,607
Gross Profit	22,117,690	22,827,135	8,557,105	19,324,624	19,711,890
Operating Income (Loss)	8,889,128	9,442,727	(827,124)	10,357,844	9,797,991
Non-operating Income and Expenses	266,803	(3,384,378)	(3,491,812)	(2,555,355)	(329,425)
Profit (Loss) Before Tax	9,155,931	6,058,349	(4,318,936)	7,802,489	9,468,566
Profit (Loss)	7,214,513	4,851,875	(3,276,719)	6,680,261	7,823,616
Other Comprehensive Income (Loss), Net of Tax	(543,495)	1,800,103	4,020,120	2,222,183	(5,462,661)
Comprehensive Income (Loss)	6,671,018	6,651,978	743,401	8,902,444	2,360,955
Profit or Loss Attribute to :					
Owners of Parent	6,552,827	3,982,467	(3,361,639)	6,608,496	7,091,299
Non-controlling Interests	661,686	869,408	84,920	71,765	732,317
Comprehensive Income or Loss Attribute to:					
Owners of Parent	6,059,260	5,838,155	622,625	8,826,408	1,468,161
Non-controlling Interests	611,758	813,823	120,776	76,036	892,794
Basic Earnings (Loss) per Share (Note)	1.45	0.83	(0.69)	1.31	1.34

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		2018	2019	2020	2021	2022
Current Assets		50,987,932	52,700,839	41,203,094	51,559,537	71,832,756
Property, Plant and Equipment		125,704,145	120,612,684	115,493,154	120,601,224	108,744,867
Intangible Assets		600,856	642,155	547,836	414,396	341,620
Other Assets		32,994,484	147,907,655	144,992,825	125,643,454	113,129,692
Total Assets		210,287,417	321,863,333	302,236,909	298,218,611	294,048,935
Current Liabilities	Before Distribution	53,593,885	73,188,121	41,251,262	42,724,931	73,551,849
	After Distribution	55,937,532	74,401,513	41,251,262	45,888,264	(Note) 77,842,159
Non-current Liabilities		93,111,263	177,423,030	190,188,259	169,836,403	132,560,531
Total Liabilities	Before Distribution	146,705,148	250,611,151	231,439,521	212,561,334	206,112,380
	After Distribution	149,048,795	251,824,543	231,439,521	215,724,667	(Note) 210,402,690
Common Stock		43,821,215	48,535,695	48,535,695	51,385,387	53,581,255
Capital Collected In Advance		230,642	-	-	480,312	20,634
Capital Surplus		6,751,945	7,849,700	7,985,673	10,678,743	12,912,298
Retained Earnings	Before Distribution	12,344,382	12,117,248	7,827,138	14,503,880	20,610,902
	After Distribution	8,594,547	10,903,856	7,827,138	11,340,547	(Note) 16,320,592
Other Equity		434,085	2,749,539	6,448,882	8,608,955	811,466
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	63,582,269	71,252,182	70,797,388	85,657,277	87,936,555
	After Distribution	61,238,622	70,038,790	70,797,388	82,493,944	(Note) 83,646,245

Note: As of the publication date of this annual report, the Board of Directors resolved the 2022 cash dividends on Mar. 13, 2023 while the 2022 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	2018	2019	2020	2021	2022
Operating Revenue	135,620,650	135,621,151	79,602,529	95,331,905	127,142,232
Gross Profit	17,989,483	18,143,869	6,513,825	17,690,065	17,028,465
Operating Income (Loss)	5,995,142	6,116,866	(1,854,164)	9,595,671	8,146,909
Non-operating Income and Expenses	1,672,375	(1,588,738)	(2,562,120)	(1,896,752)	148,488
Profit (Loss) before Tax	7,667,517	4,528,128	(4,416,284)	7,698,919	8,295,397
Profit (Loss)	6,552,827	3,982,467	(3,361,639)	6,608,496	7,091,299
Other Comprehensive Income (Loss), Net of Tax	(493,567)	1,855,688	3,984,264	2,217,912	(5,623,138)
Comprehensive Income (Loss)	6,059,260	5,838,155	622,625	8,826,408	1,468,161
Basic Earnings (Loss) per Share (Note)	1.45	0.83	(0.69)	1.31	1.34

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 2018 to 2022

Year	CPA	Audit Opinion
2018	Chen, Ya-Ling ; Su, Yen-Ta	An Unqualified Opinion
2019	Tang, Chia-Chien ; Su, Yen-Ta	
2020	Tang, Chia-Chien ; Su, Yen-Ta	
2021	Tang, Chia-Chien ; Su, Yen-Ta	
2022	Tang, Chia-Chien ; Su, Yen-Ta	

6.2 Five-Year Financial Analysis

A. Financial Analysis – Based on IFRS (Consolidated)

Item		2018	2019	2020	2021	2022
Financial Structure (%)	Debt-Asset Ratio	70.93	78.07	76.74	71.50	69.88
	Ratio of Long-Term Capital To Property, Plant And Equipment	125.22	197.49	213.28	204.29	195.71
Solvency (%)	Current Ratio	124.74	93.64	123.11	139.76	109.15
	Quick Ratio	114.23	87.34	112.67	131.50	103.82
	Interest Coverage Ratio	847.01	246.38	16.69	363.59	431.59
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)	1.29	1.28	0.66	0.77	1.06
	Total Assets Turnover Rate (Times)	0.77	0.61	0.26	0.32	0.43
Profitability	Return on Assets (%)	3.76	3.07	0.22	3.02	3.37
	Return on Equity (%)	10.74	6.55	(4.23)	7.89	8.28
	Ratio of Income Before Tax to Paid-In Capital (%) (Note 7)	20.89	12.48	(8.90)	15.04	17.66
	Profit Margin before Tax (%)	4.01	2.68	(3.68)	6.43	5.67
	Earnings (Loss) Per Share (NT\$) (Note)	1.45	0.83	(0.69)	1.31	1.34
Cash Flow (%)	Cash Flows Ratio	39.54	45.07	11.82	74.99	81.36
	Cash Flow Adequacy Ratio	91.52	105.76	100.62	120.26	202.26
	Cash Flow Reinvestment Ratio	9.39	15.87	1.69	13.20	23.77
Leverage	Operating Leverage	6.59	6.02	(53.32)	5.40	6.17
	Financial Leverage	1.29	2.34	0.14	1.63	1.63

Analysis of variation of 2022 vs. 2021 over 20%:

1. Current Ratio and Quick Ratio: The increase of current liabilities is greater than the increase of current assets in 2022 that result in decrease of the ratios.
2. Property, plant and equipment turnover rate and total assets turnover rate: The operating revenue increased in 2022 that result in increase of the turnover rate.
3. Cash flows: The net cash inflows from operating activities increased in 2022 caused the increase of cash flow adequacy ratio and cash flow reinvestment ratio.

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		2018	2019	2020	2021	2022
Financial Structure (%)	Debt-Asset Ratio	69.76	77.86	76.58	71.28	70.09
	Ratio of Long-Term Capital To Property, Plant And Equipment	124.65	206.18	225.97	211.85	202.77
Solvency (%)	Current Ratio	95.14	72.01	99.88	120.68	97.66
	Quick Ratio	90.21	67.86	93.64	116.86	95.69
	Interest Coverage Ratio	864.00	221.70	9.31	377.28	415.75
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)	1.11	1.10	0.67	0.81	1.11
	Total Assets Turnover Rate (Times)	0.66	0.51	0.26	0.32	0.43
Profitability	Return on Assets (%)	3.88	3.03	0.15	3.21	3.36
	Return on Equity (%)	10.78	5.91	(4.73)	8.45	8.17
	Ratio of Income Before Tax to Paid-In Capital (%) (Note 7)	17.50	9.33	(9.10)	14.84	15.48
	Profit Margin before Tax (%)	4.83	2.94	(4.22)	6.93	5.58
	Earnings (Loss) Per Share (NT\$) (Note)	1.45	0.83	(0.69)	1.31	1.34
Cash Flow (%)	Cash Flow Ratio	39.15	40.77	(7.69)	77.45	83.14
	Cash Flow Adequacy Ratio	95.17	106.06	90.63	110.86	191.56
	Cash Flow Reinvestment Ratio	9.54	14.78	(2.06)	14.26	26.34
Leverage	Operating Leverage	7.94	7.88	(19.79)	5.13	6.33
	Financial Leverage	1.43	6.03	0.28	1.66	1.78

Analysis of variation of 2022 vs. 2021 over 20%:

1. Property, plant and equipment turnover rate and total assets turnover rate: The operating revenue increased in 2022 that result in increase of the turnover rate.
2. Cash flow: The cash flow from operating activities increased in 2022 that result in the increase of cash flow adequacy ratio and cash flow reinvestment ratio.
3. Operating leverage: The operating income of year 2022 decreased compared to that of year 2021 which resulted in the operating leverage increased relatively.

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: 2023 Annual General Shareholders' Meeting

EVA Airways Corporation (EVA)

The Board of Directors has prepared the Company's 2022 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, 2023

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

Please refer to pages 195 to 292 Appendix 1.

6.5 The Parent-Company-Only Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

Please refer to pages 293 to 391 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	
	2022	2021	Amount	%
Current Assets	84,726,886	65,182,413	19,544,473	29.98
Property, Plant and Equipment	123,604,287	136,413,683	(12,809,396)	(9.39)
Intangible Assets	1,204,884	1,408,660	(203,776)	(14.47)
Other Assets	109,995,730	122,309,294	(12,313,564)	(10.07)
Total Assets	319,531,787	325,314,050	(5,782,263)	(1.78)
Current Liabilities	77,623,220	46,637,622	30,985,598	66.44
Non-current Liabilities	145,668,529	185,969,070	(40,300,541)	(21.67)
Total Liabilities	223,291,749	232,606,692	(9,314,943)	(4.00)
Equity Attributable to Owners of Parent	87,936,555	85,657,277	2,279,278	2.66
Capital Stock	53,581,255	51,385,387	2,195,868	4.27
Capital Collected In Advance	20,634	480,312	(459,678)	(95.70)
Capital Surplus	12,912,298	10,678,743	2,233,555	20.92
Retained Earnings	20,610,902	14,503,880	6,107,022	42.11
Other Equity	811,466	8,608,955	(7,797,489)	(90.57)
Non-controlling Interests	8,303,483	7,050,081	1,253,402	17.78
Total Equity	96,240,038	92,707,358	3,532,680	3.81

Analysis of deviation:

- (1) Current assets and Current liabilities: Mainly due to the continuation of high freight tariffs and space demand in the first half of 2022, the passenger transport market gradually recovered with greatly easing of border control measures by the government in the fourth quarter, and overall revenue grew significantly, resulting in increases in cash and advance receipts for flight tickets.
- (2) Non-current liabilities: Mainly due to the decrease in long-term borrowings.
- (3) Capital Surplus: Mainly due to the conversion of convertible bonds and the partial disposal of subsidiary company. The relevant gain on disposal is recognized under capital surplus.
- (4) Retained Earnings: Mainly due to the higher profit in 2022.
- (5) Other Equity: Mainly due to the unrealized loss on hedging instruments caused by exchange rate fluctuations.

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 (%)
	2022	2021		
Operating Revenue	138,068,607	103,872,359	34,196,248	32.92
Operating Cost	118,356,717	84,547,735	33,808,982	39.99
Gross Profit	19,711,890	19,324,624	387,266	2.00
Operating Expenses	9,913,899	8,966,780	947,119	10.56
Operating Income(Loss)	9,797,991	10,357,844	(559,853)	(5.41)
Non-operating Income and Expenses	(329,425)	(2,555,355)	2,225,930	87.11
Profit(Loss) before Tax	9,468,566	7,802,489	1,666,077	21.35
Income Tax Benefit (Expenses)	(1,644,950)	(1,122,228)	(522,722)	(46.58)
Profit(Loss)	7,823,616	6,680,261	1,143,355	17.12

Analysis of deviation:

(1) Increase in operating revenue:

Mainly due to the continuation of high freight tariffs and space demand in the first half of 2022, and the passenger transport market gradually recovered with greatly easing of border control measures by the government in the fourth quarter, made the overall revenue grow significantly.

(2) Increase in operating Cost: Mainly due to the increase in fuel costs.

(3) Increase in non-operating income and expenses, profit before tax and income tax expenses: Mainly due to increases in foreign currency exchange gains, interest income and overall profit.

7.3 Analysis of Cash Flow (Consolidated)

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Item	Year	2022	2021	Increase (Decrease) Amount	Change (%)
Cash and cash equivalents at the beginning of year		48,256,204	40,869,190	7,387,014	18.07
Net cash flows from (used in) operating activities		63,151,601	34,974,953	28,176,648	80.56
Net cash flows from (used in) investing activities		957,798	(11,787,988)	12,745,786	108.13
Net cash flows from (used in) financing activities		(44,979,439)	(15,796,916)	(29,182,523)	(184.74)
Effect of exchange rate changes		24,590	(3,035)	27,625	910.21
Cash and cash equivalents at the end of year		67,410,754	48,256,204	19,154,550	39.69

Analysis of deviation:

- A. Operating activities: Mainly due to increases in contract liabilities of advanced receipts for flight tickets in 2022.
- B. Investing activities: Mainly due to the decrease in purchase of aircraft in 2022.
- C. Financing activities: Mainly due to the decrease in long-term borrowings in 2022.
- D. Effect of exchange rate changes: Mainly 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
67,410,754	50,044,460	61,748,459	55,706,755	-	-

Analysis of cash flow deviation of year 2023:

- 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, the Company entered into an additional aircraft purchase contract with Boeing Company for one Boeing 777 freighter. The total contract price is US\$6.86 billion. As of December 31, 2022, twelve Boeing aircraft had not yet been delivered by Boeing Company. The Company has partially prepaid the price of NT\$12.53 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, 2022, three converted freighters had not yet been delivered by Israel Aerospace Industries Ltd. The Company has partially prepaid the price of NT\$286 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 entropot, 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 2022, the total recognized investment income from subsidiaries and associates was NT\$1,100.48 million, and the recognized investment income from associates by the consolidated company was NT\$205.64 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 make sure the interest rate will not fluctuate by time. 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\$756.01 million in 2022.

As for exchange rate, the Company and its subsidiaries operating revenue are mainly from international transportation income. In principle, those foreign currency income is sufficient

to pay foreign currency expenditures that spontaneously avoid exchange rate risks. For additional USD positions, exchange rate fluctuations and trends are monitored at all times, USD are bought and sold in the spot market so as to adjust USD positions, and the Company engages derivative products to reduce risks. A strengthening (weakening) of 1% of the TWD against USD, EUR, JPY, CNY and HKD as of December 31, 2022 with all other factors remaining constant, the Company and its subsidiaries' financial assets or liabilities affected by exchange rate fluctuation would have changed the profit before tax by NT\$235.22 million.

The Russo-Ukrainian War, intensifying US-China competition, and the global supply chain's reconfiguration in the post-pandemic era have driven up inflation, posing new challenges to the global economy. Central banks around the world have adopted interest rate hike policies to curb inflation. The Company continues to stay on top of domestic and international economic and financial trends and takes corresponding 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) Airfare Management System
- (2) New EVA Sky Shop website and App
- (3) Global customer service systems deployment project
- (4) Optimizing information environment management
- (5) Optimizing the cargo management system
- (6) Old cargo system decommission
- (7) Data warehouse database migration
- (8) Galley layout graphical loading development project
- (9) Integrating flight maintenance records and mobility development
- (10) Hyper-converged server architecture platform implementation project–Phase 3
- (11) International network structure and security control project

(12) Terminal device software auditing automation project

It is budgeted to spend NT\$263 million for the projects.

D. Effects of and response to changes in policies and regulations relating to corporate finance and sales: None.

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: None.

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%: None.

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

L. Litigation or non-litigation matters: None.

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) is the highest safety strategy and policy review committee. Its main responsibilities are to ensure the operational effectiveness of the Safety Management System and the achievement of safety goals, and to control corporate safety risks, including the assessment and responses of safety emerging risks. The eight SMS Action Teams are set up by department function under SPC, which adopts the system operation of Data Driven, Evidence Based and Systematic Approach based on the proactive and predictive concept, and combines intelligent analysis and application of artificial intelligence to grasp the operational risks of the Company, so that the best risk management and control measures can be formulated to ensure flight safety, hoping that each flight can meet the safety requirements of passengers.

(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 soon as possible 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 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 Board of Directors and formulate mitigating actions

b. Emerging risk identification results

Title	Challenge of stable production of sustainable aviation fuel	Geopolitical conflict
Description	<p>Using sustainable aviation fuel (SAF) is a key strategy for the aviation industry to achieve net-zero carbon emissions. However, the demand for SAF is greater than the supply in global markets. And in Taiwan, fuel suppliers are facing the challenge of inadequate supply due to a lack of appropriate regulatory standards, as well as insufficient raw materials for SAF production and high costs for imported raw materials.</p>	<p>After the 20th National Congress, the political and power structure of China has been moving toward “personal centralization”. Additionally, the intensification of US-China competition has increased the risk of military conflict across the Taiwan Strait. The South China Sea region contains important sea and air trade corridors and oil reserves, and the interests of China, the US, and other countries in the South China Sea are complex, which further increases the possibility of military conflicts in the Taiwan Strait.</p>
Impact on Our Operations	<p>The Company must conform to the requirements and trends of international carbon reduction regulations. As a company based in Taiwan, if global fuel suppliers are unable to provide SAF sufficiently and stably in the future, airline operators face the risk of not meeting carbon reduction requirement, leading to additional costs such as carbon taxes, carbon fees, and fines.</p>	<p>If cross-strait relations continue to deteriorate and escalate to sea and air blockades or military conflict, it will result in a complete or partial suspension of the Company's operations. Additionally, the South China Sea is an important sea and air trade corridors, and any conflict there will affect the Company's southbound flights, leading to significant changes in flight routes and increased operational costs.</p>
Mitigating Actions	<p>SAF is a key factor for the aviation industry to achieve net-zero carbon emissions by 2050. In response to the global challenge of an unstable supply of sustainable aviation fuel, EVA Air has taken the following measures:</p>	<ol style="list-style-type: none"> 1. Formulate contingency plans and conduct scenario-based exercises to reduce the impact and losses caused by new types of composite risks. 2. Maintain effective communication channels

Title	Challenge of stable production of sustainable aviation fuel	Geopolitical conflict
	<ol style="list-style-type: none"> 1. Actively participate in the government-led task force on SAF, to establish standards, regulations, and related support measures for the use of SAF, and propose tax incentives or subsidies to promote the production and supply of domestic SAF, in order to meet the needs of national airlines. 2. Continuously negotiate and sign long-term cooperation and procurement contracts with global SAF suppliers to ensure a sufficient supply of SAF and reasonable prices to reduce the risk of failing to meet carbon reduction requirement. 3. Cooperate with aviation alliances to jointly negotiate long-term procurement program with SAF suppliers, securing sufficient fuel sources at reasonable prices. 4. Evaluate the investment in raw material supplies or production facilities for sustainable aviation fuel, to increase SAF production capacity. 	<p>with the government, diplomatic and national security unit, and keep a close eye on political developments in Indo-Pacific. Conduct risk assessment to identify relevant threats, and adjust flight routes and fuel on board in advance to ensure flight safety.</p> <ol style="list-style-type: none"> 3. Strengthen the crew members' risk management of airspace closure, navigation signal interference and other hazards derived from geopolitical conflicts. 4. Diversify the suppliers of duty-free and service-related products or switch to domestic procurement in response to crises such as supply shortages that may be caused by geopolitical conflicts.

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, integrating and supervising the implementation of risk management policies as well as the implementation and improvement progress of risk control by various competent departments, and reporting the operational status to the Board of Directors on a regular basis every year. In addition, 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 economy (including corporate governance), environment, society, and other aspects. 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 risks that may affect the Company due to changes of dimensions in the international political and economic situation, trends in industrial development, competition among the same trade or different industries, brand image, intellectual capital, etc.
Operational Risk	Include possible impact on operations, such as market changes, flight safety, information security, labor relations, legal compliance, supply chain management, and other risks that may cause company losses.
Financial Risk	Foreign exchange risk, investment risk, capital risk, liquidity risk, credit risk, hedging operations, etc., that may cause possible losses.
Environmental Risk	Include 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, as well as risks of the need to conform to international and local environmental protection laws and regulations or environmental assessment requirements, etc.
Other Risks	Refer to various risks that are not included in the items mentioned above, but risks, such as long-term emerging risks, major external, uncontrollable or non-man-made hazards, will cause the Company to incur significant losses. In addition, appropriate risk control and handling procedures for other risks shall be established based on the characteristics of the risks and the level of impact.

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, 2022)

EVA Airways Corp.	
Evergreen Aviation Technologies Corp. 58.44%	
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, 2022

Company	Date Founded	Location	Capital	Principal Activities
Evergreen Aviation Technologies Corp.	Nov.10.1997	Taiwan	NT\$3.5 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 invested and has 50% or higher voting share, or the means to control, either directly or through a subsidiary company.

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, 2022

Unit: Shares, %

Company	Title	Name and Representative	Shares Holding	
			Shares	%
Evergreen Aviation Technologies Corp.	Chairman	EVA Airways Corp.	206,189,241	58.44%
		Representative : Huang, Nan-Horang	45,000	0.01%
	Director	EVA Airways Corp.	206,189,241	58.44%
		Representative : Lin, Bou-Shiu	--	--
	Director	EVA Airways Corp.	206,189,241	58.44%
		Representative : Sun, Chia-Ming	1,679	0.00%
	Director	UNI Airways Corp.	50,847,721	14.41%
		Representative : Cheng, Ching-Fen	--	--
	Director	UNI Airways Corp.	50,847,721	14.41%
		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	Kuo, Sheng-Yih	35,000	0.01%	
President	Lee, Wei-Chang	40,000	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 : Cheah Chi Choy		--	--	
Supervisor	Ko, Lee-Ching	--	--	
Supervisor	Tsai, Ta-Wei	--	--	
President	Tsai, Ming-Fang	--	--	
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 : Tsai, Ming-Fang	--	--
	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, 2022

Unit: NT\$ thousands

Company	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (Loss)	Profit (Loss)	EPS (Dollars)
Evergreen Aviation Technologies Corp.	3,528,069	21,774,703	10,862,517	10,912,186	11,847,386	1,399,268	1,581,224	4.48
Evergreen Airline Services Corp.	642,312	5,584,588	3,920,196	1,664,392	2,170,484	(7,611)	28,263	0.44
Evergreen Sky Catering Corp.	1,537,305	6,423,681	2,920,573	3,503,108	1,533,631	(282,546)	(230,799)	(1.50)
Evergreen Air Cargo Services Corp.	1,200,000	3,886,667	1,025,835	2,860,832	2,010,895	570,948	459,448	3.83
Hsiang-Li Investment Corp.	26,800	59,070	433	58,637	4,933	4,594	4,691	1.75
Everfamily International Foods Corp.	300,000	310,512	12,675	297,837	8,941	(2,399)	(2,163)	(0.07)
Sky Castle Investment Ltd.	179,173	435,127	522	434,605	25,784	25,272	25,284	4.60
Evergreen Airways Service (Macau) Ltd.	327	137,119	669	136,450	12,169	11,554	11,955	-
PT Perdana Andalan Air Service	5,280	74,584	31,453	43,131	22,352	4,168	4,841	60.51
EVA Flight Training Academy	932,050	689,245	69,733	619,512	78,918	(50,001)	(47,507)	(4.75)

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, 2022 and 2021**

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, 2022 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, 2023



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 sheets as of December 31, 2022 and 2021, the consolidated statements 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 significant 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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matter

Key audit matter 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.

- Contract liabilities—mileage redemption revenue

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

Description of key audit matter:

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



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

How the matter was addressed in our audit:

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

Other Matter

EVA Airways Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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 Chia-Chien Tang and Yen-Ta Su.

KPMG

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

Notes to Readers

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

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022.12.31		2021.12.31			2022.12.31		2021.12.31	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a))	\$ 67,410,754	21	48,256,204	15	2100				
1110 Financial assets at fair value through profit or loss — current (note 6(b))	731,486	-	1,671,992	1	2126				
1136 Financial assets at amortized cost — current (note 6(b))	1,115,094	1	615,205	-	2130				
1140 Contract assets — current (note 6(x))	423,089	-	427,434	-	2160				
1150 Notes receivable, net (note 6(d))	294,488	-	6,809	-	2170				
1160 Notes receivable — related parties (notes 6(d) and 7)	27,149	-	-	-	2180				
1170 Accounts receivable, net (note 6(d))	9,768,024	3	9,755,180	3	2200				
1180 Accounts receivable — related parties (notes 6(d) and 7)	331,496	-	314,623	-	2230				
1220 Current tax assets	47,480	-	163,909	-	2280				
130x Inventories (note 6(f))	3,676,304	1	3,248,010	1	2320				
1460 Non-current assets or disposal group classified as held for sale, net (note 6(g))	-	-	37,437	-	2399				
1470 Other current assets (notes 6(e), 6(o) and 7)	901,522	-	685,610	-					
Total current assets	84,726,886	26	65,182,413	20					
Non-current assets:									
1510 Financial assets at fair value through profit or loss — non-current (notes 6(b) and 6(p))	4,641	-	21,612	-	2511				
1517 Financial assets at fair value through other comprehensive income — non-current (note 6(b))	1,900,527	1	4,177,826	1	2570				
1550 Investments accounted for using equity method (notes 6(h) and 7)	2,470,953	1	2,209,782	1	2580				
1600 Property, plant and equipment (notes 6(k), 7 and 8)	123,604,287	38	136,413,683	42	2640				
1755 Right-of-use assets (notes 6(l), 6(r) and 7)	82,146,610	25	95,526,179	29	2670				
1760 Investment property, net (notes 6(m), 6(s), 7 and 8)	1,517,420	1	1,737,340	1					
1780 Intangible assets (notes 6(n) and 7)	1,204,884	1	1,408,660	-					
1840 Deferred tax assets (note 6(u))	5,081,483	2	4,911,719	2					
1975 Net defined benefit asset, non-current (note 6(t))	167,701	-	-	-	3110				
1990 Other non-current assets (notes 6(o), 7, 8 and 9)	16,706,395	5	13,724,836	4	3140				
Total non-current assets	234,804,901	74	260,131,637	80					
Total assets	\$ 319,531,787	100	325,314,050	100					
Liabilities and Equity									
Current liabilities:									
Short-term borrowings (notes 6(p) and 8)	\$ 300,000	-	-	-					
Financial liabilities for hedging — current (notes 6(c), 6(q) and 7)	13,084,120	4	11,664,825	4					
Contract liabilities — current (note 6(x))	21,125,312	7	5,099,153	2					
Notes payable — related parties (note 7)	-	-	826	-					
Notes and accounts payable	8,477,328	3	4,805,799	1					
Accounts payable — related parties (note 7)	52,979	-	48,204	-					
Other payables (notes 6(y), 7 and 9)	7,852,419	2	7,431,463	2					
Current tax liabilities	2,269,398	1	961,724	-					
Lease liabilities — current (notes 6(q) and 7)	301,826	-	342,140	-					
Current portion of long-term liabilities (notes 6(p) and 8)	13,955,388	4	14,113,890	4					
Other current liabilities (note 6(r))	10,204,450	3	2,169,598	1					
Total current liabilities	77,623,220	24	46,637,622	14					
Non-current liabilities:									
Financial liabilities for hedging — non-current (notes 6(c), 6(q) and 7)	57,352,309	18	63,305,090	20					
Contract liabilities — non-current (note 6(x))	1,426,556	1	1,054,975	1					
Bonds payable (note 6(p))	718,559	-	3,871,341	1					
Long-term borrowings (notes 6(p) and 8)	61,345,829	19	88,751,190	27					
Deferred tax liabilities (note 6(u))	79,498	-	1,914,661	1					
Lease liabilities — non-current (notes 6(q) and 7)	4,185,326	1	4,232,350	1					
Net defined benefit liabilities — non-current (note 6(t))	1,228,721	1	3,182,585	1					
Other non-current liabilities (note 6(r))	19,331,731	6	19,656,878	6					
Total non-current liabilities	145,668,529	46	185,969,070	58					
Total liabilities	223,291,749	70	232,606,692	72					
Equity (notes 6(b), 6(c), 6(i), 6(p), 6(u), 6(v) and 7):									
Ordinary share	53,581,255	17	51,385,387	16					
Advance receipts for share capital	20,634	-	480,312	-					
Capital surplus	12,912,298	4	10,678,743	3					
Retained earnings	20,610,902	6	14,503,880	4					
Other equity interest	811,466	-	8,608,955	3					
Total equity attributable to owners of parent	87,936,555	27	85,657,277	26					
Non-controlling interests (notes 6(i), 6(j) and 6(v))	8,303,483	3	7,050,081	2					
Total equity	96,240,038	30	92,707,358	28					
Total liabilities and equity	\$ 319,531,787	100	325,314,050	100					

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(s), 6(x) and 7)	\$138,068,607	100	103,872,359	100
5000	Operating costs (notes 6(e), 6(f), 6(k), 6(l), 6(n), 6(q), 6(t), 6(y), 7 and 9)	<u>(118,356,717)</u>	<u>(86)</u>	<u>(84,547,735)</u>	<u>(81)</u>
5900	Gross profit from operations	19,711,890	14	19,324,624	19
6000	Operating expenses (notes 6(d), 6(e), 6(k), 6(l), 6(m), 6(n), 6(q), 6(t), 6(y) and 7)	<u>(9,913,899)</u>	<u>(7)</u>	<u>(8,966,780)</u>	<u>(9)</u>
6900	Net operating income (loss)	<u>9,797,991</u>	<u>7</u>	<u>10,357,844</u>	<u>10</u>
7000	Non-operating income and expenses (notes 6(c), 6(h), 6(q), 6(r), 6(z) and 7):				
7010	Other income	1,140,811	1	326,459	1
7020	Other gains and losses	2,119,073	2	1,037,067	1
7050	Finance costs	<u>(3,794,951)</u>	<u>(3)</u>	<u>(3,999,666)</u>	<u>(4)</u>
7060	Share of profit of associates accounted for using equity method	<u>205,642</u>	<u>-</u>	<u>80,785</u>	<u>-</u>
	Total non-operating income and expenses	<u>(329,425)</u>	<u>-</u>	<u>(2,555,355)</u>	<u>(2)</u>
7900	Profit (loss) before tax	9,468,566	7	7,802,489	8
7950	Income tax benefit (expenses) (note 6(u))	<u>(1,644,950)</u>	<u>(1)</u>	<u>(1,122,228)</u>	<u>(1)</u>
8200	Profit (loss)	<u>7,823,616</u>	<u>6</u>	<u>6,680,261</u>	<u>7</u>
8300	Other comprehensive income (notes 6(b), 6(c), 6(h), 6(t), 6(u) and 6(v)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans	1,533,210	1	(136,623)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(309,461)</u>	<u>-</u>	<u>1,371,778</u>	<u>1</u>
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	19,857	-	(10,287)	-
8349	Income tax benefit (expenses) related to components of other comprehensive income that will not be reclassified to profit or loss	<u>(303,180)</u>	<u>-</u>	<u>27,016</u>	<u>-</u>
	Total components of other comprehensive income that will not be reclassified to profit or loss	<u>940,426</u>	<u>1</u>	<u>1,251,884</u>	<u>1</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	90,880	-	(27,379)	-
8368	Gains (losses) on hedging instruments	<u>(8,187,525)</u>	<u>(6)</u>	<u>1,275,943</u>	<u>1</u>
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	56,053	-	(23,076)	-
8399	Income tax benefit (expenses) related to components of other comprehensive income that will be reclassified to profit or loss	<u>1,637,505</u>	<u>1</u>	<u>(255,189)</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(6,403,087)</u>	<u>(5)</u>	<u>970,299</u>	<u>1</u>
8300	Other comprehensive income, net of tax	<u>(5,462,661)</u>	<u>(4)</u>	<u>2,222,183</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 2,360,955</u>	<u>2</u>	<u>8,902,444</u>	<u>9</u>
	Profit (loss), attributable to:				
8610	Owners of parent	\$ 7,091,299	5	6,608,496	7
8620	Non-controlling interests	<u>732,317</u>	<u>1</u>	<u>71,765</u>	<u>-</u>
		<u>\$ 7,823,616</u>	<u>6</u>	<u>6,680,261</u>	<u>7</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 1,468,161	1	8,826,408	9
8720	Non-controlling interests	<u>892,794</u>	<u>1</u>	<u>76,036</u>	<u>-</u>
		<u>\$ 2,360,955</u>	<u>2</u>	<u>8,902,444</u>	<u>9</u>
	Earnings per share (note 6(w))				
9750	Basic earnings per share (in New Taiwan Dollars)	<u>\$ 1.34</u>		<u>1.31</u>	
9850	Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 1.32</u>		<u>1.29</u>	

See accompanying notes to consolidated financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(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
\$	48,535,695	-	7,985,673	2,574,002	5,253,136	7,827,138	(113,246)	1,113,299	5,448,829	6,448,882	70,797,388	5,862,141	76,659,529
Due to donated assets received	-	-	34,729	-	-	-	-	-	-	-	34,729	-	34,729
Due to recognition of equity component of convertible bonds issued	-	-	255,744	-	-	-	-	-	-	-	255,744	-	255,744
Profit (loss)	-	-	-	-	6,608,496	6,608,496	-	-	-	-	6,608,496	71,765	6,680,261
Other comprehensive income	-	-	-	-	(103,490)	(103,490)	(45,491)	1,346,139	1,020,754	2,321,402	2,217,912	4,271	2,222,183
Total comprehensive income	-	-	-	-	6,505,006	6,505,006	(45,491)	1,346,139	1,020,754	2,321,402	8,826,408	76,036	8,902,444
Conversion of convertible bonds	2,849,692	480,312	625,328	-	-	-	-	-	-	-	3,955,332	-	3,955,332
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	1,777,956	-	-	-	-	-	-	-	1,777,956	1,425,333	3,203,289
Changes in equity of associates accounted for using equity method	-	-	(687)	-	-	-	10,407	-	-	10,407	9,720	(10,407)	(687)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	171,736	171,736	-	(171,736)	-	(171,736)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(303,022)	(303,022)
Balance on December 31, 2021	51,385,387	480,312	10,678,743	2,574,002	11,929,878	14,503,880	(148,330)	2,287,702	6,469,583	8,608,955	85,657,277	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	-	-	-	667,674	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,163,333)	(3,163,333)	-	-	-	-	(3,163,333)	-	(3,163,333)
Profit (loss)	-	-	-	-	7,091,299	7,091,299	-	-	-	-	7,091,299	732,317	7,823,616
Other comprehensive income	-	-	-	-	1,084,554	1,084,554	123,491	(281,163)	(6,550,020)	(6,707,692)	(5,623,138)	160,477	(5,462,661)
Total 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
Conversion of convertible bonds	2,195,868	(459,678)	1,413,847	-	-	-	-	-	-	-	3,150,037	-	3,150,037
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	-	-	-	-	-	-	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

See accompanying notes to consolidated financial statements.

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

	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 9,468,566	7,802,489
Adjustments:		
Adjustments to reconcile profit (loss):		
Expected credit loss (gain)	(90,543)	(55,029)
Depreciation expense	29,166,661	28,042,310
Amortization expense	331,340	382,466
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(9,622)	(43,349)
Interest expense	3,794,951	3,999,666
Interest income	(901,105)	(157,252)
Dividend income	(209,010)	(144,898)
Share of profit of associates accounted for using equity method	(205,642)	(80,785)
Losses (gains) on disposal of property, plant and equipment	(38,095)	22,507
Losses (gains) on disposal of non-current assets classified as held for sale	(87,596)	(11,484)
Losses (gains) on disposal of investments	(76,931)	-
Unrealized foreign exchange losses (gains)	1,321,540	(1,533,477)
Others	(283,148)	(296,564)
Total adjustments to reconcile profit (loss)	32,712,800	30,124,111
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	4,345	19,004
Notes receivable, net	(287,679)	1,815
Notes receivable—related parties	(27,149)	840
Accounts receivable, net	77,699	(3,437,421)
Accounts receivable—related parties	(16,460)	92,278
Inventories	(428,188)	(75,386)
Other current assets	29,568	196,098
Total changes in operating assets	(647,864)	(3,202,772)
Changes in operating liabilities:		
Contract liabilities	16,397,379	(1,012,598)
Notes payable—related parties	(826)	826
Notes and accounts payable	3,671,502	1,889,686
Accounts payable—related parties	4,775	(48,866)
Other payables	550,778	2,180,939
Other current liabilities	2,470,088	(1,822,347)
Net defined benefit liabilities—non-current	(588,355)	(534,456)
Other non-current liabilities	4,207	(5,002)
Total changes in operating liabilities	22,509,548	648,182
Total changes in operating assets and liabilities	21,861,684	(2,554,590)
Total adjustments	54,574,484	27,569,521
Cash inflow (outflow) generated from operations	64,043,050	35,372,010
Income taxes paid	(891,449)	(397,057)
Net cash flows from (used in) operating activities	63,151,601	34,974,953

See accompanying notes to consolidated financial statements.

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

	2022	2021
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,964,502	238,711
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,344	-
Acquisition of financial assets at amortized cost	(808,411)	-
Proceeds from disposal of financial assets at amortised cost	311,220	188,613
Acquisition of financial assets at fair value through profit or loss	(50,000)	(380,000)
Proceeds from disposal of financial assets at fair value through profit or loss	995,765	690,298
Acquisition of investments accounted for using equity method	(116,919)	(76,695)
Proceeds from disposal of investments accounted for using equity method	192,984	-
Proceeds from disposal of non-current assets classified as held for sale	338,664	85,461
Acquisition of property, plant and equipment	(562,384)	(9,715,481)
Proceeds from disposal of property, plant and equipment	884,803	24,012
Acquisition of intangible assets	(126,282)	(90,413)
Proceeds from disposal of intangible assets	320	-
Acquisition of investment properties	(54,393)	(109,134)
Decrease (increase) in other non-current assets	46,232	56,349
Decrease (increase) in prepayments for business facilities	(3,042,160)	(3,111,366)
Interest received	710,153	155,247
Dividends received	270,360	256,410
Net cash flows from (used in) investing activities	957,798	(11,787,988)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	300,000	50,000
Decrease in short-term borrowings	-	(130,000)
Proceeds from issuance of bonds payable	-	4,995,010
Repayments of bonds payable	-	(4,253,300)
Proceeds from long-term borrowings	13,382,700	13,132,500
Repayments of long-term borrowings	(40,946,563)	(17,861,948)
Payments of lease liabilities	(12,739,774)	(11,456,785)
Increase (decrease) in other non-current liabilities	76,032	39,284
Cash dividends paid	(3,163,333)	-
Disposal of ownership interests in subsidiaries (without losing control)	1,431,840	3,202,602
Interest paid	(3,073,195)	(3,245,986)
Changes in non-controlling interests	(271,635)	(303,022)
Other financing activities	24,489	34,729
Net cash from (used in) financing activities	(44,979,439)	(15,796,916)
Effect of exchange rate changes on cash and cash equivalents	24,590	(3,035)
Net increase (decrease) in cash and cash equivalents	19,154,550	7,387,014
Cash and cash equivalents at beginning of period	48,256,204	40,869,190
Cash and cash equivalents at end of period	\$ 67,410,754	48,256,204

See accompanying notes to consolidated financial statements.

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

(1) Company history

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

The 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

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

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

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

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

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

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

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

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

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

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

The significant accounting policies 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
			2022.12.31	2021.12.31	
The Company	Evergreen Aviation Technologies Corp.	Maintenance, manufacture, processing and sale of aircraft, parts and engine	58.44 %	64.90 %	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 %	-	Note 3

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

Note 2: The 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.

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

(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 (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, other financial assets, etc.) 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.

(Continued)

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 being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- 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
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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	10 to 55 years
Others	4 to 35 years
- 3) Machinery and equipment:

Electro-mechanical equipment	2 to 18 years
Others	1 to 32 years
- 4) Aircraft:

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

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

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(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.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(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.

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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(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.

(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: 30 years
- (ii) Computer software: 2 to 5 years

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(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.

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. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the work performed incurred to date as a proportion of the total estimated work of the transaction.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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.

(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.

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(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.

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.

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

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

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

- (i) The 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.

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(u) 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.

(v) 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) Significant 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.

There is no information about critical judgments in the consolidated financial statements.

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

Contract liabilities— mileage redemption revenue

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

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The accounting policy and disclosure of the Group include measuring the 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(g), 6(m) and 6(aa).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 81,229	77,343
Cash in bank	67,329,525	48,178,861
	\$ 67,410,754	48,256,204

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

	2022.12.31	2021.12.31
Financial assets mandatorily measured at fair value through profit or loss:		
Money market funds	\$ 731,486	1,671,992
Convertible bonds with embedded derivatives	4,641	21,612
	\$ 736,127	1,693,604

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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The derivative financial instruments arose from the issuance of convertible bonds of the Group were stated in note 6(p).

- (ii) Financial assets at amortized cost – current

	2022.12.31	2021.12.31
Time deposits over three months	\$ 1,115,094	615,205

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

	2022.12.31	2021.12.31
Equity investments at fair value through other comprehensive income:		
Publicly traded stocks	\$ 1,075,695	3,549,775
Non-publicly traded stocks	<u>824,832</u>	<u>628,051</u>
	\$ 1,900,527	4,177,826

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.

For the years of 2022 and 2021, 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 \$238,711, and the Group recognized a gains of \$1,094,502 and \$171,736, which was accounted for as other equity, respectively. The gains has been transferred to retained earnings.

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

- (v) The aforementioned financial assets were not pledged.

- (c) Financial instruments used for hedging

The details of financial liabilities for hedging were as follows:

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

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- (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, 2022 and 2021, the cash flow hedged items and non-derivative financial hedging instruments were as follows:

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

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

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

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

- (d) Notes and accounts receivable

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable (including related parties)	\$ 321,637	6,809
Accounts receivable (including related parties)	10,142,317	10,210,743
Less: allowance for impairment	<u>(42,797)</u>	<u>(140,940)</u>
	<u>\$ 10,421,157</u>	<u>10,076,612</u>

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:

	<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	\$ 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	<u>7,453</u>	100%	<u>7,453</u>
	<u>\$ 10,463,954</u>		<u>41,624</u>

(Continued)

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	2021.12.31		
	Notes and accounts receivable (including related parties) carrying amount	Weighted- average loss rate	Loss allowance provision
Not overdue	\$ 10,117,726	0.56%	56,381
Overdue within 30 days	78,230	85.24%	66,687
Overdue 31~60 days	8,307	55.17%	4,583
Overdue over 60 days but less than one year	495	100%	495
Overdue more than one year	12,794	100%	12,794
	\$ 10,217,552		140,940

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

	2022	2021
Balance on January 1	\$ 140,940	215,412
Impairment losses recognized (reversed)	(90,543)	(55,029)
Amounts written off	(7,600)	(19,443)
Balance on December 31	\$ 42,797	140,940

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

(e) Other receivables

	2022.12.31	2021.12.31
Other receivables – related parties	\$ 237,636	165,282
Others	249,011	114,003
Less: allowance for impairment	(145)	(145)
	\$ 486,502	279,140

For the years ended December 31, 2022 and 2021, the Group was awarded government grants amounting to \$901,195 and \$1,997,125, respectively, due to COVID-19 pandemic. The grants that compensated the Group for expenses or losses incurred were recognized in profit or loss in the periods in which the expenses or losses were recognized. As of December 31, 2022 and 2021, the receivables related to the abovementioned grant amounted to \$20,422 and \$79,597, respectively.

There was no change on the movement in the allowance for impairment of other receivables for the year ended December 31, 2022 and 2021.

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

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(f) Inventories

(i) The components were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Aircraft spare parts	\$ 933,878	707,465
Consumables for use and merchandise for in-flight sales	883,558	985,044
Aircraft components and others	<u>1,858,868</u>	<u>1,555,501</u>
	<u>\$ 3,676,304</u>	<u>3,248,010</u>

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

	<u>2022</u>	<u>2021</u>
Losses on (gains on reversal) valuation of inventories and obsolescence	\$ (25,932)	(681,855)
Unallocated fixed manufacturing overhead	216,591	243,602
Losses (gains) on inventory count	(7)	(16)
Proceeds from disposal of scraps	<u>(7,696)</u>	<u>(7,595)</u>
Total	<u>\$ 182,956</u>	<u>(445,864)</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, 2022 and 2021, these inventories were not pledged.

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

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

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

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

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(h) 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:

	2022.12.31	2021.12.31
Associates	\$ 2,470,953	2,209,782

In 2021, the Group acquired 49% shares of Spirit Evergreen Aftermarket Solutions Co., Ltd. and 35% shares of Ever Superior Technologies Corporation for \$13,695 and \$63,000 in cash, respectively, resulting in the Group to have significant influence over the aforementioned companies.

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	
			2022.12.31	2021.12.31
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:

	2022.12.31	2021.12.31
Current assets	\$ 6,323,491	4,214,812
Non-current assets	3,490,839	3,549,967
Current liabilities	4,438,283	2,851,231
Non-current liabilities	716,605	738,684
Net assets	\$ 4,659,442	4,174,864
Net assets attributable to the Group	\$ 2,283,125	2,045,682

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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	<u>2022</u>	<u>2021</u>
Operating revenues	<u>\$ 18,517,186</u>	<u>15,162,486</u>
Profit (loss)	\$ 409,144	85,094
Other comprehensive income	139,820	(62,930)
Comprehensive income	<u>\$ 548,964</u>	<u>22,164</u>
Comprehensive income attributable to the Group	<u>\$ 268,993</u>	<u>10,861</u>

	<u>2022</u>	<u>2021</u>
Share of net assets of the associate as of January 1	\$ 2,045,682	2,136,830
Comprehensive income attributable to the Group	268,993	10,860
Dividends received from the associate	(31,550)	(102,008)
Share of net assets of the associate as of December 31	2,283,125	2,045,682
Less: downstream transaction unrealized gain	(467,591)	(533,967)
Carrying amount of the associate equity as of December 31	<u>\$ 1,815,534</u>	<u>1,511,715</u>

- (ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 655,419</u>	<u>698,067</u>
	<u>2022</u>	<u>2021</u>
Attributable to the Group:		
Profit (loss)	\$ 5,161	39,089
Other comprehensive income	7,398	(2,528)
Comprehensive income	<u>\$ 12,559</u>	<u>36,561</u>

- (iii) The aforementioned investments accounted for using equity method were not pledged.

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

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(j) 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>2022.12.31</u>	<u>2021.12.31</u>
Evergreen Sky Catering Corp. and its subsidiary	Taiwan	50.2 %	50.2 %
Evergreen Aviation Technologies Corp.	Taiwan	41.56 %	35.1 %

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>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 1,181,385	956,278
Non-current assets	5,388,047	5,627,844
Current liabilities	1,012,666	391,431
Non-current liabilities	1,919,631	2,488,917
Net assets	<u>\$ 3,637,135</u>	<u>3,703,774</u>
Carrying amounts of non-controlling interests	<u>\$ 1,892,587</u>	<u>1,859,295</u>
	<u>2022</u>	<u>2021</u>
Operating revenues	<u>\$ 1,542,360</u>	<u>692,286</u>
Profit (loss)	\$ (231,772)	(509,462)
Other comprehensive income	30,133	(718)
Comprehensive income	<u>\$ (201,639)</u>	<u>(510,180)</u>
Profit (loss) attributable to non-controlling interests	<u>\$ (116,835)</u>	<u>(255,750)</u>
Comprehensive income attributable to non-controlling interests	<u>\$ (101,708)</u>	<u>(256,110)</u>

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	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities	\$ (324,433)	(417,661)
Cash flows from (used in) investing activities	33,005	(12,675)
Cash flows from (used in) financing activities	<u>81,250</u>	<u>254,724</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (210,178)</u>	<u>(175,612)</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>2022.12.31</u>	<u>2021.12.31</u>
Current assets	\$ 9,648,531	10,074,863
Non-current assets	12,126,172	12,375,029
Current liabilities	3,281,919	3,522,180
Non-current liabilities	<u>7,580,598</u>	<u>9,198,375</u>
Net assets	<u>\$ 10,912,186</u>	<u>9,729,337</u>
Carrying amounts of non-controlling interests	<u>\$ 4,535,105</u>	<u>3,414,997</u>

	<u>2022</u>	<u>2021</u>
Operating revenues	<u>\$ 11,847,386</u>	<u>9,616,931</u>
Profit (loss)	\$ 1,581,224	880,785
Other comprehensive income	<u>307,239</u>	<u>(45,121)</u>
Comprehensive income	<u>\$ 1,888,463</u>	<u>835,664</u>
Profit (loss) attributable to non-controlling interests	<u>\$ 653,411</u>	<u>182,431</u>
Comprehensive income attributable to non-controlling interests	<u>\$ 781,100</u>	<u>169,784</u>

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities	\$ 1,237,572	1,550,251
Cash flows from (used in) investing activities	(187,364)	(298,084)
Cash flows from (used in) financing activities	<u>(2,817,547)</u>	<u>(2,314,071)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (1,767,339)</u>	<u>(1,061,904)</u>
Dividend paid for non-controlling interests	<u>\$ 293,235</u>	<u>217,853</u>

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(k) 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, 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>
Beginning balance as of January 1, 2021	\$ 5,388,250	23,551,022	31,160,065	1,673,950	145,549,912	570,910	207,894,109
Additions	-	150	983,181	1,928	8,609,786	151,136	9,746,181
Disposals	-	(1,160)	(971,531)	(46,046)	-	-	(1,018,737)
Reclassification (Note)	(351,025)	33,452	964,215	-	5,153,235	(687,987)	5,111,890
Effect of exchange rate changes	-	(10,188)	(4,013)	-	-	(768)	(14,969)
Balance as of December 31, 2021	<u>\$ 5,037,225</u>	<u>23,573,276</u>	<u>32,131,917</u>	<u>1,629,832</u>	<u>159,312,933</u>	<u>33,291</u>	<u>221,718,474</u>
Accumulated depreciation:							
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>
Beginning balance as of January 1, 2021	\$ -	8,649,536	17,120,788	1,087,141	47,815,225	-	74,672,690
Depreciation expense	-	826,852	2,139,903	139,758	8,894,970	-	12,001,483
Disposals	-	(209)	(926,188)	(45,821)	-	-	(972,218)
Reclassification (Note)	-	-	(393,613)	-	-	-	(393,613)
Effect of exchange rate changes	-	(1,578)	(1,973)	-	-	-	(3,551)
Balance as of December 31, 2021	<u>\$ -</u>	<u>9,474,601</u>	<u>17,938,917</u>	<u>1,181,078</u>	<u>56,710,195</u>	<u>-</u>	<u>85,304,791</u>
Carrying amounts:							
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 December 31, 2021	<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>
Balance as of January 1, 2021	<u>\$ 5,388,250</u>	<u>14,901,486</u>	<u>14,039,277</u>	<u>586,809</u>	<u>97,734,687</u>	<u>570,910</u>	<u>133,221,419</u>

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

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(i) Leased aircraft

The estimated recovery costs incurred by leasing aircraft are recognized as right-of-use assets, please refer to note 6(l). 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(r) for the movements of restoration obligations.

(ii) 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.

(iii) Impairment test

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

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

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

(iv) Pledge

As of December 31, 2022 and 2021, 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.

(v) For the years ended December 31, 2022 and 2021, the Group capitalized the interest expenses amounting to \$166,572 and \$125,024, respectively. The ranges of the monthly interest rate used for capitalization calculation were 0.13%~0.14% and 0.07%~0.08%, respectively.

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(l) 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, 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>
Beginning balance as of January 1, 2021	\$ 4,928,698	1,560,262	140,729,381	105,743	147,324,084
Additions	128,298	213,081	405,703	29,751	776,833
Decrease	(5,082)	(31,255)	-	(21,447)	(57,784)
Effect of exchange rate changes	-	-	-	-	-
Balance as of December 31, 2021	<u>\$ 5,051,914</u>	<u>1,742,088</u>	<u>141,135,084</u>	<u>114,047</u>	<u>148,043,133</u>
Accumulated depreciation:					
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>
Beginning balance as of January 1, 2021	\$ 480,850	811,374	35,238,630	52,383	36,583,237
Depreciation expense	239,076	423,786	15,288,242	28,852	15,979,956
Decrease	(3,580)	(23,960)	-	(18,699)	(46,239)
Effect of exchange rate changes	-	-	-	-	-
Balance as of December 31, 2021	<u>\$ 716,346</u>	<u>1,211,200</u>	<u>50,526,872</u>	<u>62,536</u>	<u>52,516,954</u>
Carrying amount:					
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 December 31, 2021	<u>\$ 4,335,568</u>	<u>530,888</u>	<u>90,608,212</u>	<u>51,511</u>	<u>95,526,179</u>
Balance as of January 1, 2021	<u>\$ 4,447,848</u>	<u>748,888</u>	<u>105,490,751</u>	<u>53,360</u>	<u>110,740,847</u>

(m) 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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, 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>
Beginning balance as of January 1, 2021	\$ -	-	-
Additions	-	109,134	109,134
Transfer from property, plant and equipment	354,061	628,396	982,457
Transfer from non-current assets classified as held for sale	86,159	657,898	744,057
Transferred to non-current assets classified as held for sale	(4,507)	(34,430)	(38,937)
Balance as of December 31, 2021	<u>\$ 435,713</u>	<u>1,360,998</u>	<u>1,796,711</u>
Accumulated depreciation:			
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>
Beginning balance as of January 1, 2021	\$ -	-	-
Depreciation expense	-	60,871	60,871
Transferred to non-current assets classified as held for sale	-	(1,500)	(1,500)
Balance as of December 31, 2021	<u>\$ -</u>	<u>59,371</u>	<u>59,371</u>
Carrying amounts:			
Balance as of December 31, 2022	<u>\$ 409,633</u>	<u>1,107,787</u>	<u>1,517,420</u>
Balance as of December 31, 2021	<u>\$ 435,713</u>	<u>1,301,627</u>	<u>1,737,340</u>
Balance as of January 1, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fair value amount:			
Balance as of December 31, 2022			<u>\$ 2,137,670</u>
Balance as of December 31, 2021			<u>\$ 2,241,800</u>
Balance as of January 1, 2021			<u>\$ -</u>

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, 2022 and 2021, the Group's investment property of the pledged disclosure please refer to note 8.

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(n) Intangible assets

The movements of Group's intangible assets were as follows:

	<u>Operating concession</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
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>4,460,666</u>
Beginning balance as of January 1, 2021	\$ 3,423,792	1,317,420	4,741,212
Additions	-	90,413	90,413
Disposals	-	(332,335)	(332,335)
Reclassification	-	149	149
Balance as of December 31, 2021	<u>\$ 3,423,792</u>	<u>1,075,647</u>	<u>4,499,439</u>
Accumulated amortization:			
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>3,255,782</u>
Beginning balance as of January 1, 2021	\$ 2,338,378	702,270	3,040,648
Amortization expense	134,297	248,169	382,466
Disposals	-	(332,335)	(332,335)
Balance as of December 31, 2021	<u>\$ 2,472,675</u>	<u>618,104</u>	<u>3,090,779</u>
Carrying amounts:			
Balance as of December 31, 2022	<u>\$ 835,730</u>	<u>369,154</u>	<u>1,204,884</u>
Balance as of December 31, 2021	<u>\$ 951,117</u>	<u>457,543</u>	<u>1,408,660</u>
Balance as of January 1, 2021	<u>\$ 1,085,414</u>	<u>615,150</u>	<u>1,700,564</u>

(i) Amortization

For the years ended December 31, 2022 and 2021, 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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(o) Other current assets and other non-current assets

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Prepaid expense	\$ 282,066	288,957
Other receivables (including related parties)	486,502	279,140
Others	<u>132,954</u>	<u>117,513</u>
Total	<u>\$ 901,522</u>	<u>685,610</u>

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Prepayments for business facilities	\$ 15,342,713	12,313,485
Refundable deposits	1,092,939	1,072,531
Pledged time deposits	253,055	326,186
Others	<u>17,688</u>	<u>12,634</u>
Total	<u>\$ 16,706,395</u>	<u>13,724,836</u>

(p) 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>2022.12.31</u>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
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	<u>57,393,974</u>
Subtotal				75,301,217
Less: Current portion				<u>(13,955,388)</u>
Total				<u>\$ 61,345,829</u>
<u>2021.12.31</u>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Amount</u>
Unsecured convertible bonds	TWD	-	2026/09/01	\$ 3,871,341
Less: Current portion (included in current portion of long-term liabilities)				-
Total				<u>\$ 3,871,341</u>
Unsecured loans	TWD	0.90%~1.20%	2022/01/01~2026/12/14	\$ 43,960,674
Secured loans	TWD	0.97%~1.18%	2022/01/17~2034/10/31	<u>58,904,406</u>
Subtotal				102,865,080
Less: Current portion				<u>(14,113,890)</u>
Total				<u>\$ 88,751,190</u>

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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The details of convertible bonds were as follows:

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

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

- (i) Total issue amount: TWD7,000,000
- (ii) Issue price: At par value 100.2%.
- (iii) Maturity date: Five years, with the maturity date on October 27, 2022.
- (iv) Coupon rate: 0%.
- (v) Conversion target: Ordinary shares of the Company.
- (vi) Conversion price: The price determination day was October 19, 2017; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104.24% (rounded off to the 1st decimal place). If the ex-dividend or the ex-rights date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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- (vii) Conversion period: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:
- 1) The closing period in accordance with the applicable laws;
 - 2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
 - 3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.
- (viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100% of the par value within 5 business days following such date.
- (ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount.
- If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.
- (x) Others: As of December 31, 2021, the third unsecured domestic convertible bonds, with a face value of \$682,200 and a conversion price before exercising the redemption price of \$13.4 per share, had been converted into 48,075 thousand ordinary shares. In addition, the Company put/called its third unsecured domestic convertible bonds amounting to \$6,317,800. It has also exercised its redemption rights by terminating the OTC trading of its third domestic unsecured convertible bonds in August 2021.

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

- (i) Total issue amount: TWD3,000,000
- (ii) Issue price: At par value
- (iii) Maturity date: Five years, with the maturity date on October 21, 2025.
- (iv) Coupon rate: 0%.
- (v) Conversion target: Ordinary shares of the Company.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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- (vi) Conversion price: The price determination day was October 13, 2020; the conversion price shall be the simple arithmetical average closing price of the ordinary shares of the Company for either one, three or five business days before the pricing date (exclusive), multiplied by the premium ratio of 104% (rounded off to the 1st decimal place). If the ex-dividend or the ex-rights date happens before the pricing date, the closing price which was adopted to calculate the conversion price should be adjusted for the distribution of stock dividends or cash dividends; and if the ex-dividend or the ex-rights date happens between the conversion price determination date and the actual issuance date, the conversion price should be modified by the conversion price adjustment formula.
- (vii) Conversion period: The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day, except for the following:
- 1) The closing period in accordance with the applicable laws;
 - 2) The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
 - 3) The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease;
 - 4) The period from the date of the suspension of the conversion in respect of the change of par value of the Issuer's shares to one day prior to the first trading date of shares reissued after the change of par value.
- (viii) Repurchase at the option of the bondholders (put option of the bondholders): Bondholders have the option to notify the Company of their request for bond redemption within 40 days prior to the third anniversary of the issuance date, and the Company should redeem the bonds at 100.75% of the par value within 5 business days following such date.
- (ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount.
- If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount.
- (x) Others: As of December 31, 2021, the fourth unsecured domestic convertible bonds, with a face value of \$2,998,500 and a conversion price before exercising the redemption price of \$11.2 per share, had been converted into 267,723 thousand ordinary shares. In addition, the Company called its fourth unsecured domestic convertible bonds amounting to \$1,500. It has also exercised its redemption rights by terminating the OTC trading of its fourth domestic unsecured convertible bonds in August 2021.

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

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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- (ix) Redemption at the option of the Company (call option of the Company): If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their principal amount.

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

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

<u>Year due</u>	<u>Amount</u>
2023.1.1~2023.12.31	\$ 13,955,388
2024.1.1~2027.12.31	45,592,087
2028.1.1 and thereafter	<u>16,472,301</u>
	<u>\$ 76,019,776</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, 2022 and 2021, the unused credit lines for short-term and long-term borrowings amounted to \$8,073,719 and \$16,411,342, respectively.

- (iii) Guarantee from the government for loans

As of December 31, 2022 and 2021, the Group applied to different financial institutions for its project loans amounting to \$241,800 and \$33,280,000, respectively, which were guaranteed by the government in accordance with the "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens" endorsed by the Ministry of Transportation and Communications and by the Ministry of Economic Affairs, wherein the outstanding credit lines amounting to \$241,800 and \$24,900,000, respectively. The guarantee loans shall be repaid within two to five years from their initial withdrawal.

- (q) Lease liabilities

The components of lease liabilities were as follow:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial liabilities for hedging — current	\$ <u>13,084,120</u>	<u>11,664,825</u>
Financial liabilities for hedging — non-current	\$ <u>57,352,309</u>	<u>63,305,090</u>
Lease liabilities — current	\$ <u>301,826</u>	<u>342,140</u>
Lease liabilities — non-current	\$ <u>4,185,326</u>	<u>4,232,350</u>

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>1,929,897</u>	<u>2,272,152</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>10,175</u>	<u>9,249</u>
Revenue of subleasing right-of-use assets	\$ <u>47</u>	<u>56</u>
Expenses relating to short-term leases	\$ <u>141,571</u>	<u>124,782</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>6,059</u>	<u>5,900</u>
COVID-19-related rent concessions	\$ <u>188,878</u>	<u>304,060</u>

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

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>14,803,985</u>	<u>13,840,948</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.

(r) Restoration obligations

The movements of the restoration obligations were as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance as of January 1	\$ 21,326,586	21,900,283
Additions	3,343,621	1,231,449
Decreases	(2,661,469)	(1,561,746)
Effect of exchange rate changes	<u>1,845,909</u>	<u>(243,400)</u>
Balance as of December 31	\$ <u>23,854,647</u>	<u>21,326,586</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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(s) 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(m) 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>2022.12.31</u>	<u>2021.12.31</u>
Less than one year	\$ 18,656	16,649
One to two years	18,843	16,816
Two to three years	19,031	16,984
Three to four years	19,222	17,154
Four to five years	19,414	17,325
More than five years	<u>280,019</u>	<u>269,889</u>
Total undiscounted lease payments	<u>\$ 375,185</u>	<u>354,817</u>

The rent revenue from investment property were as follow:

	<u>2022</u>	<u>2021</u>
Rent revenue	<u>\$ 17,817</u>	<u>9,739</u>

(t) Employee benefits

(i) Defined benefit plans

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Total present value of defined benefit obligations	\$ 11,256,674	12,375,151
Fair value of plan assets	<u>(10,195,654)</u>	<u>(9,192,566)</u>
	<u>\$ 1,061,020</u>	<u>3,182,585</u>
Recognized assets of net defined benefit obligations	\$ (167,701)	-
Recognized liabilities of net defined benefit obligations	<u>1,228,721</u>	<u>3,182,585</u>
	<u>\$ 1,061,020</u>	<u>3,182,585</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.

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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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.

The Group's labor pension reserve account balance in Bank of Taiwan amounted to \$10,024,768 as of December 31, 2022. The utilization of the labor pension fund assets, including the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	<u>2022</u>	<u>2021</u>
Defined benefit obligations as of January 1	\$ 12,375,151	12,470,749
Benefits paid by the plan	(584,384)	(634,117)
Current service costs and interest	297,920	303,108
Net remeasurements of defined benefit liabilities		
— Experience adjustments	91,916	(211,423)
— Actuarial losses (gains) arising from changes in demographic assumptions	68,576	245,645
— Actuarial losses (gains) arising from changes in financial assumptions	(992,505)	201,189
Defined benefit obligations as of December 31	<u>\$ 11,256,674</u>	<u>12,375,151</u>

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

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

	<u>2022</u>	<u>2021</u>
Fair value of plan assets as of January 1	\$ 9,192,566	8,890,331
Contributions from plan participants	733,369	738,609
Benefits paid by the plan	(488,170)	(589,618)
Expected return on plan assets	56,692	54,456
Net remeasurements of defined benefit liabilities/assets)		
— Return on plan assets (excluding the amounts included in net interest expense)	701,197	98,788
Fair value of plan assets as of December 31	<u>\$ 10,195,654</u>	<u>9,192,566</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>2022</u>	<u>2021</u>
Current services costs	\$ 222,497	227,816
Net interest on the net defined benefit liabilities/assets)	<u>18,731</u>	<u>20,836</u>
	<u>\$ 241,228</u>	<u>248,652</u>
Operating costs	\$ 201,673	206,200
Operating expenses	<u>39,555</u>	<u>42,452</u>
	<u>\$ 241,228</u>	<u>248,652</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>2022</u>	<u>2021</u>
Accumulated losses as of January 1	\$ (5,917,664)	(5,781,041)
Gains (losses) recognized during the period	<u>1,533,210</u>	<u>(136,623)</u>
Accumulated losses as of December 31	<u>\$ (4,384,454)</u>	<u>(5,917,664)</u>

6) Actuarial assumptions

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.42%~7.69%	0.5%~7.1%
Future salary increases	1.71%~8%	1.14%~8%

The Group expects to make contributions of \$773,236 to the defined benefit plans in the next year starting from December 31, 2022.

The weighted average of the defined benefit plans is 9~16.86 years.

7) Sensitivity analysis

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

	<u>Effects to the defined benefit obligations</u>			
	<u>Favorable</u>		<u>Unfavorable</u>	
	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate (0.25%)	311,728	293,134	322,136	303,209
Future salary increases (0.25%)	300,317	278,213	308,659	286,198

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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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 \$731,413 and \$730,150 as pension costs under the defined contribution plans for the years ended December 31, 2022 and 2021, respectively.

(u) Income tax

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

	<u>2022</u>	<u>2021</u>
Current tax benefit (expenses)	\$ (2,315,552)	(195,092)
Deferred tax benefit (expenses)	<u>670,602</u>	<u>(927,136)</u>
Income tax benefit (expenses)	<u>\$ (1,644,950)</u>	<u>(1,122,228)</u>

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

	<u>2022</u>	<u>2021</u>
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	\$ (306,696)	27,261
Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	<u>3,516</u>	<u>(245)</u>
	<u>\$ (303,180)</u>	<u>27,016</u>
Components of other comprehensive income that will be reclassified to profit or loss:		
Gains or losses on hedging instruments	<u>\$ 1,637,505</u>	<u>(255,189)</u>

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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Reconciliations of income tax benefit (expenses) and profit (loss) before tax were as follows:

	<u>2022</u>	<u>2021</u>
Profit (loss) before tax	\$ <u>9,468,566</u>	<u>7,802,489</u>
Income tax using the Company's domestic tax rate	\$ (1,893,713)	(1,560,498)
Exempt income	460,100	560,870
Income basic Tax	-	(184,794)
Additional tax on undistributed earnings	(142,836)	-
Others	<u>(68,501)</u>	<u>62,194</u>
Total	\$ <u><u>(1,644,950)</u></u>	<u><u>(1,122,228)</u></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>2022.12.31</u>	<u>2021.12.31</u>
Unrecognized deferred tax assets:		
The carryforward of unused tax losses	\$ 433	-
Investment loss of foreign operations accounted for using equity method	\$ 59,547	50,046
Restoration obligations	<u>33,484</u>	<u>101,781</u>
Total	\$ <u><u>93,464</u></u>	<u><u>151,827</u></u>

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, 2022, 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	\$ 1,376,095	-	1,376,095	2030
2021	1,329,977	-	1,329,977	2031
2022	<u>382,949</u>	<u>2,163</u>	<u>385,112</u>	2032
	<u><u>\$ 3,089,021</u></u>	<u><u>2,163</u></u>	<u><u>3,091,184</u></u>	

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

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

	Loss carryforwards	Loss on valuation of inventories	Defined benefit plans	Restoration obligations	Mileage revenue	Unrealized foreign exchange losses	Others	Total
Deferred tax assets:								
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>
Beginning balance as of January 1, 2021	\$ 1,373,759	358,842	787,088	2,101,600	734,218	7,456	413,749	5,776,712
Recognized in profit or loss	(785,980)	(144,535)	(114,049)	219,381	(45,888)	(2,135)	(19,048)	(892,254)
Recognized in other comprehensive income	-	-	27,261	-	-	-	-	27,261
Balance as of December 31, 2021	<u>\$ 587,779</u>	<u>214,307</u>	<u>700,300</u>	<u>2,320,981</u>	<u>688,330</u>	<u>5,321</u>	<u>394,701</u>	<u>4,911,719</u>

	Unrealized foreign exchange gains	Investment gains of foreign operations accounted for using equity method	Others	Total
Deferred tax liabilities:				
Beginning balance as of January 1, 2022	\$ 1,839,565	71,267	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>313</u>	<u>79,498</u>
Beginning balance as of January 1, 2021	\$ 1,558,003	62,758	3,584	1,624,345
Recognized in profit or loss	26,373	8,509	-	34,882
Recognized in other comprehensive income	255,189	-	245	255,434
Balance as of December 31, 2021	<u>\$ 1,839,565</u>	<u>71,267</u>	<u>3,829</u>	<u>1,914,661</u>

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

(v) Capital and other equity

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

(i) Ordinary shares

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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(ii) Capital surplus

The details of capital surplus were as follows:

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

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

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset accumulated losses (if any), then set aside 10% of the balance as the statutory surplus reserve, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. And the Company shall also set aside or reverse special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the shareholders' meeting for approval, and then distribute it. The dividends can be distributed wholly or partly in cash only after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

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

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

1) Legal reserve

If a company has no accumulated deficit, it may, as per Article 240 and 241 of the Company Act, distribute its legal reserve, in whole or in part, for the portion in excess of 25% of the paid-in capital, by issuing new shares or cash to its original shareholders in proportion to the number of shares being held by each of them. The distribution can be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting for approval.

2) Special reserve

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

3) Earnings distribution

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

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

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

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EVA AIRWAYS CORP. AND SUBSIDIARIES
Notes to the Consolidated 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	Non-controlling interests	Total
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	<u>\$ (20,134)</u>	<u>912,037</u>	<u>(80,437)</u>	<u>4,410</u>	<u>815,876</u>
Balance as of January 1, 2021	\$ (113,246)	1,113,299	5,448,829	(6,967)	6,441,915
Exchange differences on translation of foreign financial statements	(27,324)	-	-	(55)	(27,379)
Exchange differences on associates accounted for using equity method	(18,167)	-	-	(4,909)	(23,076)
Disposal of shares in subsidiary	10,407	-	-	(10,407)	-
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	1,346,139	-	25,394	1,371,533
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(171,736)	-	-	(171,736)
Changes in fair value of hedging instrument	-	-	2,052,818	-	2,052,818
Changes in fair value of hedging instrument reclassified to profit or loss	-	-	(1,032,064)	-	(1,032,064)
Balance as of December 31, 2021	<u>\$ (148,330)</u>	<u>2,287,702</u>	<u>6,469,583</u>	<u>3,056</u>	<u>8,612,011</u>

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

(w) 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 Group’s earnings per share were calculated as follows:

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

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(x) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022				
		Aviation transportation segment	Aircraft maintenance and manufacture segment	Sky catering and food manufacture segment	Other segments	Total
Primary geographical markets:						
Taiwan	\$	35,865,255	1,382,999	360,026	1,913,021	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	5	2,948	30,167,773
Others		536,055	144,702	-	-	680,757
		<u>\$ 127,066,312</u>	<u>8,725,823</u>	<u>360,503</u>	<u>1,915,969</u>	<u>138,068,607</u>
Major products / services lines:						
Aviation transportation revenue	\$	122,173,148	-	-	-	122,173,148
Services revenue		-	6,117,043	-	1,783,602	7,900,645
Others		4,893,164	2,608,780	360,503	132,367	7,994,814
		<u>\$ 127,066,312</u>	<u>8,725,823</u>	<u>360,503</u>	<u>1,915,969</u>	<u>138,068,607</u>
		2021				
		Aviation transportation segment	Aircraft maintenance and manufacture segment	Sky catering and food manufacture segment	Other segments	Total
Primary geographical markets:						
Taiwan	\$	27,153,345	1,061,810	210,493	1,514,977	29,940,625
Asia		56,140,959	1,692,398	1,227	-	57,834,584
Europe		1,601,576	367,466	-	-	1,969,042
North America		10,124,248	3,720,549	106	565	13,845,468
Others		257,396	25,244	-	-	282,640
		<u>\$ 95,277,524</u>	<u>6,867,467</u>	<u>211,826</u>	<u>1,515,542</u>	<u>103,872,359</u>
Major products / services lines:						
Aviation transportation revenue	\$	92,935,069	-	-	-	92,935,069
Services revenue		-	5,120,118	-	1,400,007	6,520,125
Others		2,342,455	1,747,349	211,826	115,535	4,417,165
		<u>\$ 95,277,524</u>	<u>6,867,467</u>	<u>211,826</u>	<u>1,515,542</u>	<u>103,872,359</u>

(ii) Contract balances

	2022.12.31	2021.12.31	2021.1.1
Contract assets-maintenance services	<u>\$ 423,089</u>	<u>427,434</u>	<u>446,438</u>
Contract liabilities-tickets services, customer loyalty programs, etc.	<u>\$ 22,551,868</u>	<u>6,154,128</u>	<u>7,166,810</u>

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the contract liabilities balances at the beginning of the period were \$2,028,284 and \$1,746,422, respectively.

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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:

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

(iii) Transaction price allocated to the remaining performance obligations

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

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.

The definition of annual earnings, as described in the above-mentioned paragraph, is the Company's profit before tax, excluding the amount of the employees' remuneration, and the directors' remuneration.

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

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

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

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

(z) Non-operating income and expenses

(i) Other income

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 204,077	141,335
Interest income		
Interest income from bank deposits	891,544	152,996
Other interest	<u>9,561</u>	<u>4,256</u>
Total interest income	901,105	157,252
Others	<u>35,629</u>	<u>27,872</u>
	<u><u>\$ 1,140,811</u></u>	<u><u>326,459</u></u>

(ii) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains (losses) on disposal of property, plant and equipment	\$ 38,095	(22,507)
Gains (losses) on disposal of investments	76,931	-
Foreign exchange gains (losses)	1,667,604	790,625
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	9,622	43,349
Losses on financial liabilities measured at amortized cost	-	(89)
Gains on disposal of non-current assets classified as held for sale	87,596	11,484
Others gains and losses	<u>239,225</u>	<u>214,205</u>
	<u><u>\$ 2,119,073</u></u>	<u><u>1,037,067</u></u>

(iii) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expense		
Bank borrowings	\$ 1,172,449	884,261
Bonds Payable	18,590	73,277
Lease liabilities	1,929,897	2,272,152
Others	840,587	895,000
Less: capitalized interest	<u>(166,572)</u>	<u>(125,024)</u>
	<u><u>\$ 3,794,951</u></u>	<u><u>3,999,666</u></u>

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

(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).

(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, 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)	7,852,419	7,852,419	7,852,419	-	-
Total	\$ 167,626,083	177,953,443	46,917,894	95,347,689	35,687,860
As of December 31, 2021					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	\$ 102,865,080	106,380,081	15,153,733	72,198,546	19,027,802
Bonds payable	3,871,341	4,077,800	-	4,077,800	-
Lease liabilities and financial liabilities for hedging	79,544,405	86,563,209	13,827,572	46,109,794	26,625,843
Notes and accounts payable (including related parties)	4,854,829	4,854,829	4,854,829	-	-
Other payables (including related parties)	7,431,463	7,431,463	7,431,463	-	-
Total	\$ 198,567,118	209,307,382	41,267,597	122,386,140	45,653,645

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

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

(iii) Currency risk

1) Exposure to currency risk

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

	2022.12.31			2021.12.31				
	Foreign Currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD		
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	\$ 1,353,679	USD/TWD=	30.71	41,571,485	\$ 966,269	USD/TWD=	27.68	26,746,332
EUR	10,922	EUR/TWD=	32.72	357,359	1,210	EUR/TWD=	31.32	37,896
JPY	1,338,718	JPY/TWD=	0.2324	311,118	867,237	JPY/TWD=	0.2405	208,571
HKD	174,976	HKD/TWD=	3.9380	689,057	295,216	HKD/TWD=	3.5490	1,047,720
CNY	245,643	CNY/TWD=	4.4080	<u>1,082,797</u>	322,254	CNY/TWD=	4.3440	<u>1,399,871</u>
				<u>\$ 44,011,816</u>				<u>\$ 29,440,390</u>
<u>Non-monetary items</u>								
USD	\$ 97,842	USD/TWD=	30.71	3,004,737	\$ 94,407	USD/TWD=	27.68	2,613,173
CNY	74,917	USD/CNY=	6.9669	382,778	80,350	USD/CNY=	6.3720	396,399
IDR	10,998,409	IDR/TWD=	0.0020	21,997	9,226,508	IDR/TWD=	0.0020	18,453
MOP	25,721	USD/MOP=	8.0291	<u>98,378</u>	27,797	USD/MOP=	8.0312	<u>95,804</u>
				<u>\$ 3,507,890</u>				<u>\$ 3,123,829</u>
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD	\$ 2,898,578	USD/TWD=	30.71	89,015,336	\$ 3,353,086	USD/TWD=	27.68	92,813,419
EUR	18,643	EUR/TWD=	32.72	610,008	6,069	EUR/TWD=	31.32	190,080
JPY	1,428,358	JPY/TWD=	0.2324	331,950	1,438,243	JPY/TWD=	0.2405	345,897
HKD	32,798	HKD/TWD=	3.9380	129,158	27,596	HKD/TWD=	3.5490	97,938
CNY	167,124	CNY/TWD=	4.4080	<u>736,681</u>	144,313	CNY/TWD=	4.3440	<u>626,896</u>
				<u>\$ 90,823,133</u>				<u>\$ 94,074,230</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, 2022 and 2021, would have changed the profit (loss) before tax by \$235,222 and \$102,427 and the equity by \$703,335 and \$748,765 due to cash flow hedges, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022 and 2021.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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, 2022 and 2021, the Group's foreign exchange gains (losses), net (including realized and unrealized of monetary items) amounted to \$1,667,604 and \$790,625, respectively.

(iv) Interest rate risk

The interest rate exposure of the Group's financial liabilities are illustrated in note 6(aa) 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 \$756,012 and \$1,028,651 for the years ended December 31, 2022 and 2021, 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	2022		2021	
	Other Comprehensive		Other Comprehensive	
	Income, net of tax	Profit (losses)	Income, net of tax	Profit (losses)
increase 5%	\$ <u>94,922</u>	<u>-</u>	<u>208,611</u>	<u>-</u>
decrease 5%	\$ <u>(94,922)</u>	<u>-</u>	<u>(208,611)</u>	<u>-</u>

(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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	2021.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities for hedging – non-derivatives	\$ 74,969,915	-	-	-	-
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	102,865,080	-	-	-	-
Bonds payable	3,871,341	-	3,842,511	-	3,842,511
Lease liabilities	4,574,490	-	-	-	-
Notes and accounts payable (including related parties)	4,854,829	-	-	-	-
Other payables (including related parties)	7,431,463	-	-	-	-
Subtotal	<u>123,597,203</u>	<u>-</u>	<u>3,842,511</u>	<u>-</u>	<u>3,842,511</u>
Total	<u>\$ 198,567,118</u>	<u>-</u>	<u>3,842,511</u>	<u>-</u>	<u>3,842,511</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

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

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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

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

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

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

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

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

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

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

	Fair value through other comprehensive income
	Unquoted equity instruments
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	\$ 824,832
Balance as of January 1, 2021	\$ 1,728,203
Total gains or losses:	
Recognized in other comprehensive income	269,376
Transfer out	(1,369,528)
Balance as of December 31, 2021	\$ 628,051

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

	2022	2021
Other comprehensive income (including in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income)	\$ 196,781	94,413

- 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, 2022 and 2021 were 0.90~3.66, 0.87~3.39 and , respectively) • Market liquidity discount rate (as of December 31, 2022 and 2021 were 80% of market price) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

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

The fair value measurements of the 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, 2022 and 2021, 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	
		2022.12.31	2021.12.31	2022.12.31	2021.12.31
Price-book ratio	5%	36,804	27,868	(44,415)	(34,001)
Market liquidity discount rate	5%	36,804	27,868	(44,415)	(34,001)

(Continued)

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

(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.

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

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.

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, 2022, 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.

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

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.

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.

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EVA AIRWAYS CORP. AND SUBSIDIARIES
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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.

(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, 2022, 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, 2022 and 2021, were as follows:

	<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>

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

	<u>2021.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>2021.12.31</u>
			<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	
Short-term borrowings	\$ 80,000	(80,000)	-	-	-	-
Bonds payable	7,332,941	741,710	28,168	-	(4,231,478)	3,871,341
Long-term borrowings	107,594,362	(4,729,448)	166	-	-	102,865,080
Lease liabilities and financial liabilities for hedging	93,452,920	(13,701,017)	2,272,152	(1,290,079)	(1,189,571)	79,544,405
Total liabilities from financing activities	\$ <u>208,460,223</u>	<u>(17,768,755)</u>	<u>2,300,486</u>	<u>(1,290,079)</u>	<u>(5,421,049)</u>	<u>186,280,826</u>

(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. (Note)	Other related parties
Evergreen International S.A.	Other related parties
Evergreen International Corp.	Other related parties
Evergreen Marine Corp. (Taiwan) Ltd.	Other related parties
Evergreen International Storage & Transport Corp.	Other related parties
Evergreen Logistics Corp.	Other related parties
UNI Airways Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
Evergreen Steel Corp.	Other related parties
Evergreen Shipping Agency (Europe) GMBH SP. Z O.O.	Other related parties
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Other related parties
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Other related parties
Evergreen Shipping Agency (Japan) Corporation	Other related parties
Evergreen Insurance Company Limited	Other related parties

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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<u>Names of related parties</u>	<u>Relationship with the Group</u>
SATS Ltd.	Other related parties
SATS Catering Private Limited	Other related parties
SATS Airport Services Pte. Ltd.	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
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
The management who's title is above Executive Vice President	The Group's key management personnel

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

(b) Significant transactions with related parties

(i) Operating revenue

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

	<u>2022</u>	<u>2021</u>
Associates	\$ 501,899	456,349
Other related parties	<u>2,532,211</u>	<u>1,994,634</u>
	<u>\$ 3,034,110</u>	<u>2,450,983</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.

(Continued)

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

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 Group leased out plants and parcels of land to its related parties, with monthly rentals based on the market price in the neighboring areas.

The prices for sales to related parties are not materially different from those of the third-party 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.

(ii) Operating costs

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

	<u>2022</u>	<u>2021</u>
Associates	\$ 88,695	133,906
Other related parties	<u>630,745</u>	<u>450,585</u>
	<u>\$ 719,440</u>	<u>584,491</u>

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

(iii) Operating expenses

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

	<u>2022</u>	<u>2021</u>
Associates	\$ 35,041	86,647
Other related parties	<u>207,418</u>	<u>162,336</u>
	<u>\$ 242,459</u>	<u>248,983</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>2022</u>	<u>2021</u>
Associates	\$ 302	9,180
Other related parties	<u>29,455</u>	<u>7,175</u>
	<u>\$ 29,757</u>	<u>16,355</u>

(Continued)

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

2) Disposals of property, plant and equipment

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

	2022		2021	
	Disposal price	Gain from disposal	Disposal price	Gain from disposal
Associates	\$ 29,295	6,410	-	-
UNI Airways Corp.	740,966	-	20	-
	\$ 770,261	6,410	20	-

3) Acquisitions of other assets

The prices of intangible assets purchased from related parties were summarized as follows:

	2022	2021
Other related parties	\$ 892	2,012

4) Disposals of other assets

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

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

5) Others

Significant deferred gains from disposal from transactions with related parties were as follows:

	Deferred gains from disposal	
	2022.12.31	2021.12.31
GE Evergreen Engine Services Corp.	\$ 467,591	533,967

(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 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. As of December 31, 2022 and 2021, EGAT has paid the price of \$680,613 and \$634,719, respectively.

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

(vi) Leases

The Group rented its offices from associates and other related enterprise. For the years ended December 31, 2022 and 2021, the Group recognized the amount of \$1,575 and \$1,563, respectively, as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to \$77,775 and \$57,327, respectively.

(vii) Dividends received

For the year 2022, the Group received dividends from associates and other related parties of \$61,350 and \$209,010, respectively.

For the year 2021, the Group received dividends from associates and other related parties of \$111,512 and \$144,898, respectively.

(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>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable	EverFun Travel Service Corp.	\$ 27,149	-
Accounts receivable	Associates	74,433	55,552
Accounts receivable	Other related parties	<u>257,063</u>	<u>259,071</u>
Subtotal		<u>358,645</u>	<u>314,623</u>
Other receivables	Associates	66,910	7,181
	Other related parties		
Other receivables	UNI Airways Corp.	136,878	130,489
Other receivables	Other related parties	<u>33,848</u>	<u>27,612</u>
Subtotal		<u>237,636</u>	<u>165,282</u>
Total		<u>\$ 596,281</u>	<u>479,905</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>2022.12.31</u>	<u>2021.12.31</u>
Notes payable	Trade-Van Information Services Co.	\$ -	826
Accounts payable	Associates	4,411	15,203
Accounts payable	Other related parties	<u>48,568</u>	<u>33,001</u>
Subtotal		<u>52,979</u>	<u>49,030</u>
Other payables	Associates	8,487	20,805
Other payables	Other related parties	<u>40,826</u>	<u>43,296</u>
Subtotal		<u>49,313</u>	<u>64,101</u>
Total		<u>\$ 102,292</u>	<u>113,131</u>

(Continued)

EVA AIRWAYS CORP. AND SUBSIDIARIES
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(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 166,069	153,080
Post-employment benefits	4,746	5,835
	<u>\$ 170,815</u>	<u>158,915</u>

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Property, plant, and equipment	Short-term and long-term borrowings	\$ 87,597,989	89,391,700
Investment property	Long-term borrowings	1,075,420	-
Time deposits— included in other non-current assets	Letters of credit and contract performance guarantees	253,055	326,186
		<u>\$ 88,926,464</u>	<u>89,717,886</u>

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant contingent liabilities: None.

(b) Significant commitments:

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

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

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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Unused letters of credit	<u>\$ 2,454,529</u>	<u>2,252,485</u>

(iv) 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 2023) 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.

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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, 2022, the estimated royalty amounted to \$117,866, which was recorded as operating costs.

Besides, as of December 31, 2022, 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:

On December 19, 2022, the Board of Directors of the consolidated subsidiary, Evergreen Aviation Technologies Corp., has approved the paid-in capital increase for pre-IPO underwriting by issuing 21,764 thousand shares, amounting to \$217,640 thousand, at a par value of \$10 per share and an issuance price of \$68 per share, with the base date set on March 10, 2023.

(12) Other

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

By item	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	13,271,970	5,448,997	18,720,967	11,489,024	4,873,119	16,362,143
Labor and health insurance	948,170	367,155	1,315,325	927,704	358,864	1,286,568
Pension	700,935	271,706	972,641	706,784	272,018	978,802
Remuneration of directors	-	48,217	48,217	-	39,000	39,000
Others	2,217,954	410,293	2,628,247	1,551,471	454,262	2,005,733
Depreciation (Note)	27,946,466	1,014,988	28,961,454	26,661,909	1,060,012	27,721,921
Amortization	116,844	214,496	331,340	139,907	242,559	382,466

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EVA AIRWAYS CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note: For the years ended December 31, 2022 and 2021, the depreciation expenses recognized were \$29,166,661 and \$28,042,310, respectively, less deferred gains of \$16,329 and \$16,329, respectively, and subsidy and rent concession of \$188,878 and \$304,060, respectively.

- (b) COVID-19 outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment at each destinations around the globe and has impacted the Group's operations, including cancellation or restriction of flights. Facing the impact of the pandemic, the Group continuously reviews its flight status, implements flight suspensions and raises the daily utilization rates of its freighters, in order to maximize its operating revenue. Meanwhile, the Group simplified its service and selling process, reduced personnel cost, postponed unnecessary capital expenditures, as well as performed other cost-controlling activities. The Group has applied for operating and interest subsidies from the government. Notably, the Group has received a government bailout loan amounting to \$33.28 billion. In addition, the Group has also acquired additional loans from banks, and will raise fund timely from capital market, in order to meet the future demand of working capital. For the information of the guarantee from the government for loans and the outstanding credit lines, please refer to note 6(p).

(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, 2022:

- (i) Financings provided: None.
- (ii) Guarantee and Endorsement provided: None.
- (iii) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 1 attached.
- (iv) Accumulated buying/selling of the same marketable securities for which the dollar amount at least \$300 million or 20% of paid-in capital: Please see Table 2 attached.
- (v) Acquisition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: None.
- (vi) Disposition of real estate for which the dollar amount at least \$300 million or 20% of paid-in capital: Please see Table 3 attached.
- (vii) Total purchases from or sales to related parties with the dollar amount at least \$100 million or 20% of paid-in capital: Please see Table 4 attached.
- (viii) Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital: Please see Table 5 attached.
- (ix) Derivative transactions: None.
- (x) Business relationships and significant inter-company transactions: Please see Table 6 attached.

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

- (b) Information on investees:

The followings are the information on investees for the years ended December 31, 2022 (excluding investees in Mainland China): Please see Table 7 attached.

- (c) Information on investment in Mainland China : Please see Table 8 attached.

- (d) Major shareholders:

(in shares)

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

(14) Segment information

- (a) General information

The Group has three reportable segments: aviation transportation segment, the aircraft maintenance, manufacture segment and the catering and food 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. Catering and food manufacture segment is involved in catering services and food manufacturing.

Other operating segments are mainly involved in ground handling services, travel agency, air cargo service, investment, and flight training. For the years ended December 31, 2022 and 2021, 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 “significant accounting policies”.

The Group treats intersegment sales and transfers as third-party transactions, which are measured at market price.

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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	Sky catering and food manufacture segment	Other segments	Reconciliation and elimination	Total
For the years ended December 31, 2022						
Revenue:						
Revenue from external customers	\$ 127,066,312	8,725,823	360,503	1,953,921	(37,952)	138,068,607
Intersegment revenue	75,920	3,121,563	1,181,857	2,371,614	(6,750,954)	-
Interest income	832,907	45,024	3,029	20,145	-	901,105
Total revenue	<u>\$ 127,975,139</u>	<u>11,892,410</u>	<u>1,545,389</u>	<u>4,345,680</u>	<u>(6,788,906)</u>	<u>138,969,712</u>
Interest expense	<u>\$ (3,570,657)</u>	<u>(133,599)</u>	<u>(29,715)</u>	<u>(61,402)</u>	<u>422</u>	<u>(3,794,951)</u>
Depreciation and amortization	<u>\$ 27,632,651</u>	<u>873,916</u>	<u>245,862</u>	<u>558,653</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>-</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>(284,455)</u>	<u>558,923</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>-</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>16,488</u>	<u>232,627</u>	<u>-</u>	<u>3,785,219</u>
Reportable segment assets	<u>\$ 294,048,935</u>	<u>21,774,703</u>	<u>6,569,432</u>	<u>10,866,400</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>2,932,297</u>	<u>5,048,840</u>	<u>(1,664,285)</u>	<u>223,291,749</u>
For the years ended December 31, 2021						
Revenue:						
Revenue from external customers	\$ 95,277,524	6,867,467	211,826	1,569,339	(53,797)	103,872,359
Intersegment revenue	54,381	2,749,465	417,460	1,929,098	(5,150,404)	-
Interest income	121,241	21,905	3,248	10,858	-	157,252
Total revenue	<u>\$ 95,453,146</u>	<u>9,638,837</u>	<u>632,534</u>	<u>3,509,295</u>	<u>(5,204,201)</u>	<u>104,029,611</u>
Interest expense	<u>\$ (3,798,154)</u>	<u>(124,324)</u>	<u>(21,620)</u>	<u>(55,692)</u>	<u>124</u>	<u>(3,999,666)</u>
Depreciation and amortization	<u>\$ 26,486,031</u>	<u>805,012</u>	<u>261,760</u>	<u>569,776</u>	<u>(18,192)</u>	<u>28,104,387</u>
Share of profit (loss) of associates accounted for using equity method	<u>\$ 670,817</u>	<u>35,734</u>	<u>-</u>	<u>-</u>	<u>(625,766)</u>	<u>80,785</u>
Reportable segment profit or loss	<u>\$ 9,595,671</u>	<u>1,152,007</u>	<u>(675,414)</u>	<u>320,403</u>	<u>(34,823)</u>	<u>10,357,844</u>
Assets:						
Investments accounted for using equity method	<u>\$ 11,886,824</u>	<u>1,582,449</u>	<u>-</u>	<u>492,204</u>	<u>(11,751,695)</u>	<u>2,209,782</u>
Capital expenditures of non-current assets	<u>\$ 12,545,180</u>	<u>349,713</u>	<u>14,908</u>	<u>116,593</u>	<u>-</u>	<u>13,026,394</u>
Reportable segment assets	<u>\$ 298,218,611</u>	<u>22,449,892</u>	<u>6,584,122</u>	<u>10,933,430</u>	<u>(12,872,005)</u>	<u>325,314,050</u>
Reportable segment liabilities	<u>\$ 212,561,334</u>	<u>12,720,555</u>	<u>2,880,348</u>	<u>5,417,303</u>	<u>(972,848)</u>	<u>232,606,692</u>

For the years ended December 31, 2022 and 2021, reportable segment profit or loss excludes non-operating income and expenses.

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

(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.

(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, 2022 and 2021, please refer note 6(x).

Non-current assets:

<u>Geography</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Taiwan	\$ 221,257,249	244,444,811
Asia	390,029	385,940
Others	<u>2,183,851</u>	<u>2,578,160</u>
	<u>\$ 223,831,129</u>	<u>247,408,911</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
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Table 1 Marketable Securities Held (excluding investments in subsidiaries, associates and joint ventures)
(December 31, 2022)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2022			Highest Shareholding in the Period or Capital Contribution	Notes
				Shares/Units	Book value	Percentage of ownership		
The Company	Jih Sun Money Market Fund	None	Financial assets at fair value through profit or loss – current	45,187,711	681,015	-	45,187,711	
"	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss – current	3,666,549	50,471	-	3,666,549	
					<u>731,486</u>			
The Company	Shares of Everest Investment Holdings Ltd.	None	Financial assets at fair value through other comprehensive income – non-current	2,849	3,240	2.11	231,580	
"	Shares of Trade-Van Information Services Co.	Other related party	Financial assets at fair value through other comprehensive income – non-current	8,502,418	501,643	5.67	8,502,418	
"	Shares of Central Reinsurance Corporation	Other related party	Financial assets at fair value through other comprehensive income – non-current	28,630,008	486,710	3.58	28,630,008	
"	Shares of UNI Airways Corp.	Other related party	Financial assets at fair value through other comprehensive income – non-current	37,606,277	757,390	9.98	37,606,277	
"	Shares of Chung Hwa Express Corp.	Other related party	Financial assets at fair value through other comprehensive income – non-current	1,000,000	56,870	10.00	1,000,000	
"	Star Alliance Services GmbH	None	Financial assets at fair value through other comprehensive income – non-current	1	7,180	4.55	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	36,339	0.01	557,349	
"	Shares of Evergreen International Storage & Transport Corp.	Other related party	Financial assets at fair value through other comprehensive income – non-current	158,800	4,414	0.01	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	46,589	0.34	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	500	152	0.0024	500	
					<u>1,900,527</u>		<u>1,900,527</u>	

(in shares)

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, 2022)

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	Amount	Shares/Units	Book value	Gain/ Loss on Disposal	Other adjustments	Shares/Units	Amount
The Company	Equity	Investments accounted for using equity method	Specific person	-	-	228,985,241	6,166,878	-	-	1,431,840	632,050	802,579 (Note 1)	(706,588) (Note 2)	206,189,241	6,241,416
The Company	Equity	Financial assets at fair value through other comprehensive income — non-current	-	None	38,201,625	2,101,089	-	-	1,964,502	870,000	1,094,502 (Note 3)	-	-	-	-
The Company	Fund	Financial assets at fair value through profit or loss — current	First Securities Investment Trust Co., Ltd.	None	2,564,182	462,109	-	-	462,479	460,023	2,456	-	-	-	-

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Notes
			Purchases/Sales	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Accounts/Notes Receivable (Payable)	
The Company	UNI Airways Corp.	Other related party	Sales	1,422,794	1.12	60 days	-	-	114,820	1.36	
"	Evergreen Logistics Corp.	Other related party	Sales	433,219	0.34	60 days	-	-	12,340	0.15	
"	Evergreen Airline Services Corp.	The Company's subsidiary	Purchases	1,798,797	1.63	60 days	-	-	(337,062)	3.78	(Note)
"	Evergreen Sky Catering Corp.	The Company's subsidiary	Purchases	1,038,148	0.94	60 days	-	-	(421,773)	4.73	(Note)
"	Evergreen Aviation Technologies Corp.	The Company's subsidiary	Purchases	3,114,560	2.83	60 days	-	-	(609,685)	6.83	(Note)
"	Evergreen Air Cargo Services Corp.	The Company's subsidiary	Purchases	412,111	0.37	60 days	-	-	(62,277)	0.70	(Note)
"	Evergreen Insurance Company Ltd.	Other related party	Purchases	120,802	0.11	60 days	-	-	(1,381)	0.02	
Evergreen Airline Services Corp.	The Company	Parent company	Sales	1,798,797	82.88	60 days	-	-	347,839	88.34	(Note)
"	UNI Airways Corp.	Other related party	Sales	191,156	8.81	60 days	-	-	21,344	5.42	
Evergreen Aviation Technologies Corp.	The Company	Parent company	Sales	3,121,432	26.35	60 days	-	-	704,378	27.85	(Note)
"	GE Evergreen Engine Services Corp.	Associates	Sales	434,980	3.67	30 days	-	-	69,201	2.74	
"	UNI Airways Corp.	Other related party	Sales	318,484	2.69	60 days	-	-	84,509	3.34	
Evergreen Sky Catering Corp.	The Company	Parent company	Sales	1,038,148	67.69	60 days	-	-	433,596	87.04	(Note)
Evergreen Air Cargo Services Corp.	The Company	Parent company	Sales	412,111	20.49	60 days	-	-	65,674	40.80	(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 5 Accounts receivable from related parties for which the dollar amount at least \$100 million or 20% of paid-in capital
(December 31, 2022)

Company Name	Related Party	Relationship	Balance of Receivables from Related Party	Turnover Rate	Past - due Receivables from Related Party		Amounts Received in Subsequent Period	Allowances for Impairment Loss
					Amount	Action taken		
The Company	UNI Airways Corp.	Other related party	250,599	(Note 1)	-		250,599	-
Evergreen Airline Services Corp.	The Company	Parent company	361,048	5.42 (Note 2)	-		361,048	-
Evergreen Sky Catering Corp.	The Company	Parent company	434,058	4.37 (Note 2)	-		434,058	-
Evergreen Aviation Technologies Corp.	The Company	Parent company	705,628	5.32 (Note 2)	-		705,628	-

Note1 : Accounts receivable and revenue were not directly correlated because of the particular industry characteristics, and therefore, the turnover rate was not applicable.

Note2 : 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 6 Business relationships and significant inter-company transactions
(December 31, 2022)

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	1,798,797	as general transactions	1.30	
0	"	Evergreen Sky Catering Corp.	1	Operating costs	1,038,148	as general transactions	0.75	
0	"	Evergreen Aviation Technologies Corp.	1	Operating costs	3,114,560	as general transactions	2.26	
0	"	Evergreen Air Cargo Services Corp.	1	Operating costs	412,111	as general transactions	0.30	
0	"	Evergreen Airline Services Corp.	1	Accounts payable—related parties	337,062	as general transactions	0.11	
0	"	Evergreen Sky Catering Corp.	1	Accounts payable—related parties	421,773	as general transactions	0.13	
0	"	Evergreen Aviation Technologies Corp.	1	Accounts payable—related parties	609,685	as general transactions	0.19	

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

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

(in shares)

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 2022, the Group disposed all shares of Evergreen Security Corp. For the related information, please refer to note 6(h).

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

Table 8 Information on investment in Mainland China
(December 31, 2022)

1. Information on Investment in Mainland China:

Investee Company	Main Business and Products	Total Amount of Paid-in Capital (CNY in Thousands)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of investee	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, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow							
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	CNY 254,480	2	138,784	-	-	138,784	80,924	14.00%	14.00 %	11,329	248,642	106,670
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	103,520	14.00%	14.00 %	14,455	134,136	58,498

(Note 1) Ways to Invest in Mainland China:

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

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

2. Limitation on investment in Mainland China:

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

Note : Investment amounts in Mainland China were translated to TWD at the exchange rates of the dates of the remittance; investment amounts authorized by Investment Commission, MOEA were translated to TWD at the exchange rates of the dates of the authorization.

3. Significant transactions : None.

EVA AIRWAYS CORP.
Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended
December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors of EVA Airways Corp.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

- Contract liabilities — mileage redemption revenue

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

Description of key audit matter:

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

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



How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

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

KPMG

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

Notes to Readers

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

EVA AIRWAYS CORP.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

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

EVA AIRWAYS CORP.

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

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

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

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

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

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

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

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

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

EVA AIRWAYS CORP.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

The Company’s business activities are

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

(2) Approval date and procedures of the financial statements

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

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C.(“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

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

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

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

(Continued)

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

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

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

- (ii) Other amendments

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

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

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

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

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

(4) Summary of significant accounting policies

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

- (a) Statement of compliance

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

(Continued)

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transactions

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

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

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

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

(Continued)

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

(ii) Foreign operations

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

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

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

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

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

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

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

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

(Continued)

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

(e) Cash and cash equivalents

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

(f) Financial instruments

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

(Continued)

EVA AIRWAYS CORP.

Notes to the Parent-Company-Only Financial Statements

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

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3) Compound financial instruments

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

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

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

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

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

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(iii) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

(g) Inventories

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

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

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

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

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

(i) Investment in associates

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

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

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

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

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

(j) Investment in subsidiaries

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

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

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(k) Investment property

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

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

(l) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Major inspection and overhaul cost

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

(iii) Subsequent cost

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

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Notes to the Parent-Company-Only Financial Statements

(iv) Depreciation

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

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

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

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

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

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

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

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

(m) Leases

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

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(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) As a lessor

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

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

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

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

(n) Impairment of non-financial assets

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

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

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

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EVA AIRWAYS CORP.
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(o) Provision

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

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

(p) Intangible assets

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

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

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

(q) Revenue recognition

(i) Revenue from contracts with customers

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

1) Aviation transportation revenue

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

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2) Customer loyalty program

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

3) Sale of goods

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

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

4) Financing components

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

(r) Government grants

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

(s) Employee benefits

(i) Defined contribution plans

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

(Continued)

EVA AIRWAYS CORP.
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(ii) Defined benefit plans

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

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

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

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

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

(iii) Short-term employee benefits

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

(t) Income taxes

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

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

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

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

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

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

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

(u) Earnings per share (EPS)

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

(v) Operating segment

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

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

The preparation of the parent-company-only financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

Contract liabilities – mileage redemption revenue

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

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

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

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

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

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

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

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

(b) Financial assets

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

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

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

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

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

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

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

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

(iv) The aforementioned financial assets were not pledged.

(Continued)

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

(c) Financial instruments used for hedging

The details of financial liabilities for hedging were as follows:

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

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

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

		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	2022.12.31	2021.12.31		
Foreign currency of operating revenue	Foreign currency of lease liabilities	\$ <u>70,436,429</u>	<u>74,969,915</u>	2021~2032	2021~2032

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

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

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

(d) Notes and accounts receivable

	2022.12.31	2021.12.31
Notes receivable (including related parties)	\$ 320,739	5,313
Accounts receivable (including related parties)	8,106,001	8,717,948
Less: allowance for impairment	<u>(4,928)</u>	<u>(10,139)</u>
	<u>\$ 8,421,812</u>	<u>8,713,122</u>

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

(Continued)

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

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

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

(f) Inventories

(i) The components were as follows:

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

(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:

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

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

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

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

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

	2022.12.31	2021.12.31
Property, plant and equipment	\$ -	37,437

(Continued)

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

(h) Investments accounted for using equity method

The components were as follows:

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

(i) Subsidiaries

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

(ii) Associates

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

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

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

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

(iii) Pledged

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

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EVA AIRWAYS CORP.
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(i) Changes in a parent's ownership interest in subsidiaries

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

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

(j) Property, plant and equipment

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

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

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

(i) Leased aircraft

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

(ii) Impairment test

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

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

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

(iii) Pledge

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

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

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

(k) Right-of-use assets

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

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

(l) Investment property

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

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

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

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

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

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

(m) Intangible assets

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

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

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

(i) Amortization

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

(ii) Pledge

The aforementioned intangible assets were not pledged.

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

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

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

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

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

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(o) Long-term borrowings and bonds payable

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

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

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

The details of convertible bonds were as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) Pledge for borrowings

The pledge for borrowings is disclosed in note 8.

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(ii) Unused lines of credit

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

(iii) Guarantee from the government for loans

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

(p) Lease liabilities

The components of lease liabilities were as follow:

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

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

The amounts recognized in profit or loss were as follows:

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

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

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

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

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

(q) Restoration obligations

The movements of the restoration obligations were as follows:

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

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

(r) Employee benefits

(i) Defined benefit plans

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

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

(Continued)

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

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

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

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

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

(Continued)

EVA AIRWAYS CORP.
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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

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

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

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

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

6) Actuarial assumptions

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

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

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

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

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7) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

(s) Income tax

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

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

(Continued)

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

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

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

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

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

- (iii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets and liabilities

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

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

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

(Continued)

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2) Recognized deferred tax assets and liabilities

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

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

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

(t) Capital and other equity

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

(i) Ordinary shares

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

(Continued)

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(ii) Capital surplus

The details of capital surplus were as follows:

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

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

(iii) Retained earnings

According to the Company's Articles of Incorporation, if the Company reports a surplus at the year end, after clearing taxes, the Company shall first offset accumulated losses (if any), then set aside 10% of the balance as the statutory surplus reserve, where such legal reserve amounts to the total paid-in capital, this provision shall not apply. And the Company shall also set aside or reverse special surplus reserve per the provisions. After that, the Board of Directors shall propose a surplus distribution plan of the balance plus the retained earnings accrued from prior years, submit the distribution plan to the shareholders' meeting for approval, and then distribute it. The dividends can be distributed wholly or partly in cash only after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

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

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

1) Legal reserve

If a company has no accumulated deficit, it may, as per Article 240 and 241 of the Company Act, distribute its legal reserve, in whole or in part, for the portion in excess of 25% of the paid-in capital, by issuing new shares or cash to its original shareholders in proportion to the number of shares being held by each of them. The distribution can be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting for approval.

2) Special reserve

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

3) Earnings distribution

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

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

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

(Continued)

EVA AIRWAYS CORP.
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, 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	\$ (20,134)	912,037	(80,437)	811,466
Balance as of January 1, 2021	\$ (113,246)	1,113,299	5,448,829	6,448,882
Exchange differences on translation of foreign financial statements	(27,324)	-	-	(27,324)
Exchange differences on associates accounted for using equity method	(18,167)	-	-	(18,167)
Disposal of shares in subsidiary	10,407	-	-	10,407
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	1,295,445	-	1,295,445
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(171,736)	-	(171,736)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	50,694	-	50,694
Changes in fair value of hedging instrument	-	-	2,052,818	2,052,818
Changes in fair value of hedging instrument reclassified to profit or loss	-	-	(1,032,064)	(1,032,064)
Balance as of December 31, 2021	\$ (148,330)	2,287,702	6,469,583	8,608,955

(Continued)

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

(u) Earnings per share (“EPS”)

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

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

(Continued)

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

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

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

(ii) Contract balances

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

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

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

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

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

(Continued)

EVA AIRWAYS CORP.
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(iii) Transaction price allocated to the remaining performance obligations

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

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

(w) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company incurs profit in a fiscal year, a minimum of 1% will be distributed as employees' remuneration and a maximum of 2% will be allotted for directors' remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit.

The definition of annual earnings, as described in the above-mentioned paragraph, is the Company's profit before tax, excluding the amount of the employees' remuneration, and the directors' remuneration.

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

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

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

(x) Non-operating income and expenses

(i) Other income

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

(Continued)

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

(ii) Other gains and losses

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

(iii) Finance costs

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

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Circumstances of concentration of credit risk

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

(Continued)

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

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and time deposits.

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

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
As of December 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	\$ 63,600,194	67,617,069	12,469,697	39,313,395	15,833,977
Bonds payable	718,559	748,500	-	748,500	-
Lease liabilities and financial liabilities for hedging	70,929,014	75,989,715	14,771,529	46,141,700	15,076,486
Notes and accounts payable (including related parties)	8,920,479	8,920,479	8,920,479	-	-
Other payables (including related parties)	<u>7,096,691</u>	<u>7,096,691</u>	<u>7,096,691</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 151,264,937</u>	<u>160,372,454</u>	<u>43,258,396</u>	<u>86,203,595</u>	<u>30,910,463</u>
As of December 31, 2021					
Non-derivative financial liabilities					
Long-term borrowings (including current portion of long-term liabilities)	\$ 88,614,295	91,734,651	12,432,978	61,837,608	17,464,065
Bonds payable	3,871,341	4,077,800	-	4,077,800	-
Lease liabilities and financial liabilities for hedging	75,434,238	81,665,285	13,570,551	45,145,591	22,949,143
Notes and accounts payable (including related parties)	5,092,224	5,092,224	5,092,224	-	-
Other payables (including related parties)	<u>6,573,854</u>	<u>6,573,854</u>	<u>6,573,854</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 179,585,952</u>	<u>189,143,814</u>	<u>37,669,607</u>	<u>111,060,999</u>	<u>40,413,208</u>

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

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

(iii) Currency risk

1) Exposure to currency risk

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

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

2) Sensitivity analysis

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

(Continued)

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

(iv) Interest rate risk

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

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

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

(v) Other market price risk

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

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

(vi) Fair value

1) Categories and fair values of financial instruments

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

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EVA AIRWAYS CORP.
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	2021.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities for hedging – non-derivative	\$ 74,969,915	-	-	-	-
Financial liabilities measured at amortized cost					
Long-term borrowings (including current portion of long-term liabilities)	88,614,295	-	-	-	-
Bonds payable	3,871,341	-	3,842,511	-	3,842,511
Lease liabilities	464,323	-	-	-	-
Notes and accounts payable (including related parties)	5,092,224	-	-	-	-
Other payables (including related parties)	6,573,854	-	-	-	-
Subtotal	<u>104,616,037</u>	<u>-</u>	<u>3,842,511</u>	<u>-</u>	<u>3,842,511</u>
Total	<u>\$ 179,585,952</u>	<u>-</u>	<u>3,842,511</u>	<u>-</u>	<u>3,842,511</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

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

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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

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

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

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

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

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 3

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

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

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

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

(Continued)

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

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

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

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

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

The significant unobservable inputs were as follows:

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, 2022 and 2021 were 0.90~3.66 and 0.87~3.39, respectively) • Market liquidity discount rate (as of December 31, 2022 and 2021 were 80% of market price) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

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

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

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

(Continued)

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

(z) Management of financial risk

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

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

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

(ii) Risk management framework

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

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

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

(iii) Credit risk

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

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EVA AIRWAYS CORP.
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1) Notes and accounts receivable

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

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

2) Investments

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

3) Guarantees

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

(iv) Liquidity risk

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

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

(v) Market risk

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

(Continued)

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.

(Continued)

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.

(aa) Capital management

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

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

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

(ab) Financing activities not affecting current cash flow

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

	<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>	
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
			<u>Non-cash changes</u>			
	<u>2021.1.1</u>	<u>Cash flows</u>	<u>Interest expense</u>	<u>Foreign exchange movement</u>	<u>Other</u>	<u>2021.12.31</u>
Bonds payable	\$ 7,332,941	741,710	28,168	-	(4,231,478)	3,871,341
Long-term borrowings	92,262,765	(3,648,636)	166	-	-	88,614,295
Lease liabilities and financial liabilities for hedging	89,215,199	(13,523,358)	2,213,057	(1,290,079)	(1,180,581)	75,434,238
Total liabilities from financing activities	\$ 188,810,905	(16,430,284)	2,241,391	(1,290,079)	(5,412,059)	167,919,874

(Continued)

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. (Note)	Other related parties
Evergreen International S.A.	Other related parties
Evergreen International Corp.	Other related parties
Evergreen Marine Corp. (Taiwan) Ltd.	Other related parties
Evergreen International Storage & Transport Corp.	Other related parties
Evergreen Logistics Corp.	Other related parties
UNI Airways Corp.	Other related parties
Ever Accord Construction Corp.	Other related parties
Evergreen Steel Corp.	Other related parties
Evergreen Shipping Agency (Europe) GMBH SP. Z O.O.	Other related parties
Ever Shine (Shenzhen) Enterprise Management Consulting Co., Ltd.	Other related parties
Ever Shine (Shanghai) Enterprise Management Consulting Co., Ltd.	Other related parties
Evergreen Shipping Agency (Japan) Corporation	Other related parties
Evergreen Insurance Company Limited	Other related parties

(Continued)

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

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

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

(b) Significant transactions with related parties

(i) Operating revenue

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

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

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

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

(Continued)

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

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

(ii) Operating costs

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

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

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

(iii) Operating expenses

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

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

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

(iv) Property transaction

1) Purchases of property, plant and equipment

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

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

(Continued)

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

2) Disposals of property, plant and equipment

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

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

3) Disposals of other assets

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

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

(v) Leases

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

(vi) Dividends received

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

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

(Continued)

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

(vii) Receivables from related parties

Receivables from related parties of the Company were as follows:

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

(viii) Payables to related parties

Payables to related parties of the Company were as follows:

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

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

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

(Continued)

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

(8) Pledged assets

The carrying amounts of the pledged assets were as follows:

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

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant contingent liabilities: None.

(b) Significant commitments:

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

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

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

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

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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

(12) Other

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

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

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

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

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

(Continued)

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

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

(i) The principle of remuneration policy

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

(ii) Remuneration policy

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

(iii) Remuneration portfolios of directors and managers

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

(iv) Remuneration composition of employees

Fixed remuneration :

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

Variable remuneration :

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

(Continued)

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

(13) Other disclosures

(a) Information on significant transactions

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

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

(b) Information on investees:

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

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

(d) Major shareholders:

(in shares)

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

(14) Segment information

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

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

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

(in shares)

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

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

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

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

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

(Continued)

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

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

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

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

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

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

(in shares)

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

Note 1: List of subsidiaries of the Company.

Note 2: Investments were accounted for using equity method.

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

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

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

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

1. Information on Investment in Mainland China:

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

(Note 1) Ways to Invest in Mainland China:

1. Investment in Mainland China companies by remittance through a third region.
 2. Investment in Mainland China companies through a company invested and established in a third region.
 3. Investment in Mainland China companies through an existing company established in a third region.
 4. Direct investment in Mainland China.
 5. Other methods of investing in Mainland China. EX : Entrusted investment.
- (Note 2) The financial statements of the investee company were audited by the global accounting firm in a cooperation with R.O.C. accounting firm. The Company recognized share of profit of associates accounted for using equity method by shareholding percentage.

2. Limitation on investment in Mainland China:

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

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

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

3. Significant transactions : None.

EVA AIRWAYS CORP.

Statement of cash and cash equivalents

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

The rates of foreign deposits are as follows:

USD : TWD = 1 : 30.71

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

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

EVA AIRWAYS CORP.

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

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/Units)

(1) Money Market Fund

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

(2) Others

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

EVA AIRWAYS CORP.

Statement of notes receivable

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

Statement of accounts receivable

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

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

EVA AIRWAYS CORP.

Statement of inventories

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Cost</u>	<u>Net realizable value</u>
Aircraft spare parts	\$ 953,745	394,965
Consumables for use and merchandise for in-flight sales	966,987	883,558
Fuel for aircraft and others	<u>71,419</u>	<u>71,419</u>
Subtotal	1,992,151	<u><u>1,349,942</u></u>
Less: Loss on valuation of inventories	<u>(839,273)</u>	
Total	<u><u>\$ 1,152,878</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, 2022
(Expressed in Thousands of New Taiwan Dollars/ Shares)

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

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

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

EVA AIRWAYS CORP.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars/ Shares)

Name	Beginning balance		Addition		Decrease		Exchange differences on translation of investor'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			
	Shares	Amount	Shares	Amount	Shares	Amount					Share holdings (%)	Shares	Unit price	Amount	Collateral	
Sky Castle Investment, Ltd.	5,500	\$ 397,397	-	25,284	-	-	11,924	-	-	-	100	5,500	-	434,605	None	
Evergreen Airways Service (Macau) Ltd.	No issue	101,544	-	11,835	-	-	14,307	7,399	-	-	99	No issue	-	135,085	None	
PT Perdana Andalan Air Service	41	18,453	-	2,470	-	-	-	-	1,074	-	51	41	-	21,997	None	
EVA Flight Training Academy	10,000	602,516	-	-	(47,507)	-	64,504	-	-	-	100	10,000	-	619,513	None	
Evergreen Aviation Technologies Corp. (Note 1)	228,985	6,166,878	-	939,609	(22,796)	(1,844,218)	37,461	-	794,893	146,793	58.44	206,189	-	6,377,081	None	
Evergreen Airline Services Corp.	36,183	911,086	-	15,920	-	-	-	(22,519)	-	33,065	56.33	36,183	-	937,552	None	
Evergreen Sky Catering Corp.	76,558	1,844,479	-	-	(114,938)	-	-	-	-	15,007	49.80	76,558	-	1,744,548	None	
Evergreen Air Cargo Services Corp.	72,750	1,617,763	-	278,541	(174,600)	-	-	-	-	12,676	60.625	72,750	-	1,734,380	None	
Hsiang Li Investment Corp.	2,680	91,578	-	4,691	(2,964)	-	-	(34,668)	-	-	100	2,680	-	58,637	None	
Evergreen Security Corp. (Note 2)	6,336	113,084	-	2,969	(6,336)	(116,053)	-	-	-	-	-	-	-	-	None	
EverFun Travel Service Corp. (Note 3)	4,164	22,046	-	19,062	(54)	(6,506)	-	-	326	-	25.18	-	-	-	None	
Total		<u>\$ 11,886,824</u>		<u>1,300,381</u>		<u>(2,306,876)</u>	<u>128,196</u>	<u>(49,788)</u>	<u>795,219</u>	<u>208,615</u>		<u>4,110</u>		<u>34,838</u>	<u>11,962,571</u>	

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

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

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

EVA AIRWAYS CORP.

Statement of accounts payable

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

Statement of other payables

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

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

EVA AIRWAYS CORP.

**Statement of contract liabilities—current and
other current liabilities**

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

Statement of bonds payable

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

EVA AIRWAYS CORP.

Statement of long-term borrowings (1)

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

EVA AIRWAYS CORP.

Statement of long-term borrowings (2)

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

EVA AIRWAYS CORP.

**Statement of contract liabilities – non-current and
other non-current liabilities**

December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

Statement of lease liabilities

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

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

EVA AIRWAYS CORP.

Statement of operating revenue

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

Statement of operating costs

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

EVA AIRWAYS CORP.

Statement of operating expenses

For the year ended December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



A STAR ALLIANCE MEMBER 