

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**

**Consolidated Financial Statements**

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

Address: No. 1050, Jichang Rd., Rende Dist., Tainan City, Taiwan, R.O.C.

Telephone: (06)2681911

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

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安侯建業聯合會計師事務所  
KPMG

台南市700002中西區民生路二段279號16樓  
16F, No.279, Sec.2, Minsheng Road,  
Tainan City 700002, Taiwan (R.O.C.)

電話 Tel +886 6 211 9988  
傳真 Fax +886 6 229 3326  
網址 Web kpmg.com/tw

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## Independent Auditors' Review Report

To the Board of Directors of AIR ASIA CO., LTD.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of AIR ASIA CO., LTD. and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of AIR ASIA CO., LTD. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Su, Yen-Ta and Chen, Yung-Hsiang.

KPMG

Taipei, Taiwan (Republic of China)  
May 9, 2024

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

## AIR ASIA CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents(note (6)(a))	\$ 220,069	4	254,265	5	264,790	5	2100	Short-term loans(note (6)(l))	\$ 930,000	15	730,000	13	1,110,000	22
1110	Financial assets at fair value through profit or loss—current(note (6)(m))	-	-	-	-	15	-	2110	Short-term notes payable(note (6)(k))	399,334	6	-	-	849,092	17
1139	Financial assets for hedging—current(note (6)(b))	6,383	-	793	-	1,798	-	2126	Financial liabilities for hedging—current(note (6)(b))	-	-	5,235	-	1,165	-
1140	Contract assets—current(note (6)(t))	1,155,863	18	1,181,069	21	1,095,119	22	2130	Contract liabilities—current(note (6)(t))	66,065	1	51,585	1	62,755	1
1170	Notes and trade receivables, net(notes (6)(c), (t)and (7))	2,163,329	35	1,445,016	26	1,210,852	24	2170	Trade payables	377,436	6	322,617	6	311,896	7
1200	Other receivables(note (6)(d))	22,648	-	2,119	-	1,891	-	2200	Other payables(note (6)(r))	325,265	6	260,388	5	188,908	4
130X	Inventories(notes (6)(b)and (e))	1,114,879	18	1,051,800	19	1,176,004	23	2230	Current tax liabilities	7,449	-	-	-	-	-
1410	Prepayments(note (6)(f))	146,931	2	141,324	3	103,728	2	2250	Provisions—current(note (6)(n))	32,940	1	29,651	1	15,413	-
1478	Refundable deposits—current(note (8))	102,489	2	113,866	2	56,465	1	2280	Lease liabilities—current(note (6)(o))	21,364	-	21,277	-	20,654	-
1479	Other current assets	10,313	-	29,387	1	3,883	-	2320	Current portion of long-term loans(note (6)(l))	149,000	2	134,750	2	112,500	2
	<b>Total current assets</b>	<u>4,942,904</u>	<u>79</u>	<u>4,219,639</u>	<u>77</u>	<u>3,914,545</u>	<u>77</u>	2399	Other current liabilities	15,340	-	14,553	-	9,297	-
									<b>Total current liabilities</b>	<u>2,324,193</u>	<u>37</u>	<u>1,570,056</u>	<u>28</u>	<u>2,681,680</u>	<u>53</u>
<b>Non-current assets:</b>									<b>Non-Current liabilities:</b>						
1600	Property, plant and equipment(notes (6)(g)and (8))	795,638	13	756,171	14	717,369	14	2530	Bonds payable(note (6)(m))	-	-	-	-	150,149	3
1755	Right-of-use assets(note (6)(h))	238,426	4	244,666	5	261,361	5	2540	Long-term loans(note (6)(l))	325,500	6	271,000	5	161,500	3
1780	Intangible assets(note (6)(i))	14,855	-	14,509	-	15,005	-	2570	Deferred tax liabilities	-	-	-	-	515	-
1840	Deferred tax assets	49,643	1	53,944	1	64,505	2	2580	Lease liabilities—non-current(note (6)(o))	198,179	3	202,010	4	211,816	4
1955	Incremental costs of obtaining contracts—non-current(note (6)(t))	12,533	-	13,428	-	14,366	-		<b>Total non-current liabilities</b>	<u>523,679</u>	<u>9</u>	<u>473,010</u>	<u>9</u>	<u>523,980</u>	<u>10</u>
1990	Other non-current assets(notes (6)(g), (j)and (8))	164,144	3	174,680	3	87,345	2		<b>Total liabilities</b>	<u>2,847,872</u>	<u>46</u>	<u>2,043,066</u>	<u>37</u>	<u>3,205,660</u>	<u>63</u>
	<b>Total non-current assets</b>	<u>1,275,239</u>	<u>21</u>	<u>1,257,398</u>	<u>23</u>	<u>1,159,951</u>	<u>23</u>		<b>Equity attributable to owners of parent(notes (6)(b), (m), (q)and (r)):</b>						
								3110	Common stock	2,094,382	34	2,094,382	38	1,620,478	32
								3200	Capital surplus	1,090,004	17	1,153,005	21	112,263	2
									Retained earnings:						
								3310	Legal reserve	132,869	2	132,869	3	131,520	3
								3320	Special reserve	-	-	-	-	613	-
								3350	Unappropriated retained earnings	47,670	1	57,135	1	3,345	-
										<u>180,539</u>	<u>3</u>	<u>190,004</u>	<u>4</u>	<u>135,478</u>	<u>3</u>
								3400	Other equity	5,346	-	(3,420)	-	617	-
									<b>Total equity</b>	<u>3,370,271</u>	<u>54</u>	<u>3,433,971</u>	<u>63</u>	<u>1,868,836</u>	<u>37</u>
<b>Total assets</b>		<u>\$ 6,218,143</u>	<u>100</u>	<u>5,477,037</u>	<u>100</u>	<u>5,074,496</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 6,218,143</u>	<u>100</u>	<u>5,477,037</u>	<u>100</u>	<u>5,074,496</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**AIR ASIA CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>For the three months ended March 31,</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (notes (6)(t)and (7))	\$ 1,260,477	100	1,109,980	100
5000	<b>Operating costs</b> (notes (6)(b), (e), (o), (p), (t), (u), (7)and (12))	<u>1,149,251</u>	<u>91</u>	<u>1,042,962</u>	<u>94</u>
5900	<b>Gross profit</b>	<u>111,226</u>	<u>9</u>	<u>67,018</u>	<u>6</u>
6000	<b>Operating expenses</b> (notes (6)(c), (o), (p), (u), (7)and (12)):				
6100	Selling expenses	15,399	1	15,506	1
6200	Administrative expenses	42,055	3	39,965	4
6300	Research and development expenses	2,431	-	-	-
6450	Expected credit losses (profit)	<u>(1,311)</u>	<u>-</u>	<u>1,346</u>	<u>-</u>
		<u>58,574</u>	<u>4</u>	<u>56,817</u>	<u>5</u>
6900	<b>Operating profit</b>	<u>52,652</u>	<u>5</u>	<u>10,201</u>	<u>1</u>
7000	<b>Non-operating income and expenses</b> (notes (6)(g), (m), (o)and (v)):				
7100	Interest income	1,006	-	938	-
7010	Other income	974	-	1,365	-
7020	Other gains and losses	1,313	-	1,755	-
7050	Interest expenses	<u>(7,771)</u>	<u>(1)</u>	<u>(11,003)</u>	<u>(1)</u>
		<u>(4,478)</u>	<u>(1)</u>	<u>(6,945)</u>	<u>(1)</u>
7900	<b>Profit before tax</b>	48,174	4	3,256	-
7950	<b>Less: Income tax expenses</b> (note (6)(q))	<u>9,638</u>	<u>1</u>	<u>662</u>	<u>-</u>
	<b>Net profit</b>	<u>38,536</u>	<u>3</u>	<u>2,594</u>	<u>-</u>
8300	<b>Other comprehensive income</b> (notes (6)(b), (q)and (r)):				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains on hedging instruments	12,812	1	1,275	-
8349	Less:income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>2,165</u>	<u>-</u>	<u>31</u>	<u>-</u>
		<u>10,647</u>	<u>1</u>	<u>1,244</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	133	-	(28)	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>27</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
		<u>106</u>	<u>-</u>	<u>(22)</u>	<u>-</u>
8300	<b>Other comprehensive income, net</b>	<u>10,753</u>	<u>1</u>	<u>1,222</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 49,289</u>	<u>4</u>	<u>3,816</u>	<u>-</u>
	<b>Profit, attributable to:</b>				
8610	Owners of parent	<u>\$ 38,536</u>	<u>3</u>	<u>2,594</u>	<u>-</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	<u>\$ 49,289</u>	<u>4</u>	<u>3,816</u>	<u>-</u>
	<b>Earnings per share (note (6)(s)) (in New Taiwan dollars)</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 0.18</u>		<u>0.02</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.18</u>		<u>0.02</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**AIR ASIA CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Total	Total equity
	Retained earnings					Other equity			
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Gains (losses) on hedging instruments		
<b>Balance at January 1, 2023</b>	\$ 1,620,478	157,815	131,520	613	13,537	133	382	515	1,924,478
Net profit	-	-	-	-	2,594	-	-	-	2,594
Other comprehensive income	-	-	-	-	-	(22)	1,244	1,222	1,222
Total comprehensive income	-	-	-	-	2,594	(22)	1,244	1,222	3,816
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(12,786)	-	-	-	(12,786)
Cash dividends distributed from capital surplus	-	(45,552)	-	-	-	-	-	-	(45,552)
Changes in fair value of hedging instrument reclassified to inventories	-	-	-	-	-	-	(1,120)	(1,120)	(1,120)
<b>Balance at March 31, 2023</b>	\$ 1,620,478	112,263	131,520	613	3,345	111	506	617	1,868,836
<b>Balance at January 1, 2024</b>	\$ 2,094,382	1,153,005	132,869	-	57,135	134	(3,554)	(3,420)	3,433,971
Net profit	-	-	-	-	38,536	-	-	-	38,536
Other comprehensive income	-	-	-	-	-	106	10,647	10,753	10,753
Total comprehensive income	-	-	-	-	38,536	106	10,647	10,753	49,289
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(48,001)	-	-	-	(48,001)
Cash dividends distributed from capital surplus	-	(63,001)	-	-	-	-	-	-	(63,001)
Changes in fair value of hedging instrument reclassified to inventories	-	-	-	-	-	-	(1,987)	(1,987)	(1,987)
<b>Balance at March 31, 2024</b>	\$ 2,094,382	1,090,004	132,869	-	47,670	240	5,106	5,346	3,370,271

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**AIR ASIA CO., LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 48,174	3,256
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expenses	24,360	22,947
Amortization expenses	1,796	1,304
Expected credit losses (profit)	(1,311)	1,346
Interest expenses	7,771	11,003
Interest income	(1,006)	(938)
Gains on disposal of property, plant and equipment	(8)	(287)
Unrealized foreign exchange gains	(650)	(1,135)
Total adjustments to reconcile profit	<u>30,952</u>	<u>34,240</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in contract assets — current	25,206	(181,268)
Increase in notes and trade receivables, net	(715,847)	(3,839)
Decrease (increase) in other receivables	(20,379)	3,753
Decrease (increase) in inventories	(63,079)	15,762
Decrease (increase) in prepayments	(5,607)	8,352
Decrease in other current assets	19,074	1,311
Decrease in incremental costs of obtaining contracts — non-current	895	887
Total changes in operating assets	<u>(759,737)</u>	<u>(155,042)</u>
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities — current	14,480	54,158
Increase (decrease) in trade payables	52,755	(76,101)
Decrease in other payables	(65,282)	(128,143)
Increase (decrease) in provisions — current	3,289	(1,999)
Increase in other current liabilities	787	405
Total changes in operating liabilities	<u>6,029</u>	<u>(151,680)</u>
Net changes in operating assets and liabilities	<u>(753,708)</u>	<u>(306,722)</u>
Total adjustments	<u>(722,756)</u>	<u>(272,482)</u>
Cash flows used in operations	(674,582)	(269,226)
Interest received	866	858
Interest paid	(7,492)	(10,419)
Income tax paid	(80)	(84)
<b>Net cash used in operating activities</b>	<u>(681,288)</u>	<u>(278,871)</u>
<b>Cash flows from (used in) investing activities:</b>		
Decrease in refundable deposits	40,875	625
Acquisition of property, plant and equipment	(34,631)	(16,099)
Proceeds from disposal of property, plant and equipment	8	287
Acquisition of intangible assets	(2,142)	(352)
Increase in other non-current assets	(22,332)	(4,648)
<b>Net cash used in investing activities</b>	<u>(18,222)</u>	<u>(20,187)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	300,000	485,000
Decrease in short-term loans	(100,000)	(500,000)
Increase in short-term notes payable	998,744	699,131
Decrease in short-term notes payable	(599,410)	(399,743)
Proceeds from long-term loans	100,000	49,000
Repayments of long-term loans	(31,250)	(18,750)
Payment of lease liabilities	(4,470)	(3,595)
<b>Net cash generated from financing activities</b>	<u>663,614</u>	<u>311,043</u>
<b>Effects of exchange rate changes on balance of cash held in foreign currencies</b>	<u>1,700</u>	<u>(142)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(34,196)</u>	<u>11,843</u>
<b>Cash and cash equivalents at the beginning of year</b>	<u>254,265</u>	<u>252,947</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 220,069</u>	<u>264,790</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2024 and 2023**

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

**(1) Company history**

AIR ASIA CO., LTD. (the “Company”), was incorporated as a company limited by shares under the Company Act of the Republic of China (R.O.C.) on January 19, 1955. The Company’s registered and operating address is No. 1050, Jichang Rd., Rende Dist., Tainan City, Taiwan, R.O.C.

The consolidated financial statements comprise the Company and its subsidiaries (the “Group”).

The Group’s principal activities consist of maintenances, renovation, upgrades and integrated logistic support services for the aircraft and related components.

The Company listed their shares on the Taiwan Stock Exchange on 22 February 2018.

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

These consolidated financial statements were authorized for issuance by the Board of the Company on May 9, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

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

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

(Continued)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

(Continued)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material policies:**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS Accounting Standards endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			March 31, 2024	December 31, 2023	March 31, 2023
The Air Asia Company	Air Asia Company Ltd. (USA)	Logistics Services	100 %	100 %	100 %

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period. However, if the effective annual tax rate is estimated, the income tax benefit is expected to be generated in the year, but it is net loss before tax for now, then the net loss before tax is multiplied by the effective tax rate, and the amount is recognized as deferred income tax benefit and deferred income tax assets.

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

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

The Group classifies the asset 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 period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability 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 period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to Note 6 of the 2023 annual consolidated financial statements.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(a) **Cash and cash equivalents**

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Cash and cash on hand	\$ 856	849	823
Demand deposits	155,213	192,006	203,067
Time deposits	<u>64,000</u>	<u>61,410</u>	<u>60,900</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 220,069</u>	<u>254,265</u>	<u>264,790</u>

Please refer to note 6(w) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities.

(b) **Financial instruments used for hedging**

The details of financial assets and liabilities for hedging were as follows:

**Cash flow hedge:**

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Financial assets for hedging—current:			
Forward exchange contracts	\$ <u>6,383</u>	<u>793</u>	<u>1,798</u>
Financial liabilities for hedging—current:			
Forward exchange contracts	\$ <u>-</u>	<u>5,235</u>	<u>1,165</u>

1. Cash flow hedge—forward exchange contracts

The Group's strategy is to use the forward exchange contracts to hedge its estimated foreign currency exposure in respect of forecasted purchases transactions. When actual purchase occurs, the amount accumulated in gains (losses) on the effective portion of cash flow hedge under other equity interest will be reclassified to non-current assets in the same period. The terms of forward foreign exchange contract are coordinated with the hedged item. The unexpired forward exchange contracts held by the Group were as follows:

<u>March 31, 2024</u>				
	<u>Contract</u> <u>Amount</u> <u>(in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>	<u>Average</u> <u>strike price</u>
Forward exchange purchased	USD \$ <u>7,536</u>	TWD to USD	2024.04.10~2025.01.24	29.58~31.69
Forward exchange purchased	GBP \$ <u>952</u>	TWD to GBP	2024.07.25	39.91

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2023</b>				
	<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased	USD \$ <u>6,458</u>	TWD to USD	2024.01.10~2024.11.25	29.138~31.965
Forward exchange purchased	GBP \$ <u>952</u>	TWD to GBP	2024.03.25	39.42~39.559
<b>March 31, 2023</b>				
	<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased	USD \$ <u>7,351</u>	TWD to USD	2023.04.10~2024.03.25	29.095~30.945
Forward exchange purchased	GBP \$ <u>600</u>	TWD to GBP	2023.12.22	36.84

2. The details arising from cash flow hedges for the three months ended March 31, 2024 and 2023, were as follows:

<b>Account Item</b>	<b>January to March, 2024</b>	<b>January to March, 2023</b>
Recognized in other comprehensive income during the period	\$ <u>10,647</u>	<u>1,244</u>
Reclassification from equity to decrease in inventories for the period	\$ <u>1,987</u>	<u>1,120</u>

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

(c) **Notes and trade receivables**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable	\$ -	372	1,125
Trade receivables(including from related parties)	2,166,312	1,448,938	1,212,200
Less:Loss allowance	<u>(2,983)</u>	<u>(4,294)</u>	<u>(2,473)</u>
Total	<u>\$ 2,163,329</u>	<u>1,445,016</u>	<u>1,210,852</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 trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. If the receivables of government in group 1 will be collected based on the central government budget, the amount of the receivables will be regarded as not overdue with no impairment risk. The loss allowance provision was determined as follows:

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 1</u>			
Current	\$ <u><u>2,067,486</u></u>	0.00%	<u><u>-</u></u>
<u>Group 2</u>			
Current	\$ 93,085	1.22%	1,137
1 to 90 days past due	4,435	18.99%	842
91 to 180 days past due	478	40.59%	194
181 to 270 days past due	-	0	-
271 to 365 days past due	535	96.64%	517
More than 365 days past due	<u>293</u>	100%	<u>293</u>
	<u><u>\$ 98,826</u></u>		<u><u>2,983</u></u>
<u>December 31, 2023</u>			
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 1</u>			
Current	\$ <u><u>1,350,572</u></u>	0.00%	<u><u>-</u></u>
<u>Group 2</u>			
Current	\$ 83,660	0%~1.09%	905
1 to 90 days past due	14,243	20.18%	2,874
91 to 180 days past due	-	-	-
181 to 270 days past due	535	50.98%	273
271 to 365 days past due	300	80.76%	242
More than 365 days past due	-	-	-
	<u><u>\$ 98,738</u></u>		<u><u>4,294</u></u>
<u>March 31, 2023</u>			
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 1</u>			
Current	\$ <u><u>1,161,985</u></u>	0.00%	<u><u>-</u></u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 2</u>			
Current	\$ 44,926	0%~1.86%	814
1 to 90 days past due	5,676	16.23%	921
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 365 days past due	-	-	-
More than 365 days past due	<u>738</u>	100%	<u>738</u>
	<u><b>\$ 51,340</b></u>		<u><b>2,473</b></u>

The movement in the allowance for notes and trade receivables was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	4,294	1,127
Impairment losses (gains) recognized	<u>(1,311)</u>	<u>1,346</u>
Balance at March 31	<u><b>\$ 2,983</b></u>	<u><b>2,473</b></u>

The aforementioned notes and trade receivables were not pledged as collateral or restricted in any way.

(d) **Other receivables**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables—income taxes refund	\$ 751	751	280
Other receivables—equipment purchasing agent	20,076	-	-
Others	1,821	1,368	1,611
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 22,648</b></u>	<u><b>2,119</b></u>	<u><b>1,891</b></u>

For further credit risk information, please refers to note 6(w).

(e) **Inventories**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Repair materials and others	\$ 808,607	736,130	772,323
Finished goods	<u>306,272</u>	<u>315,670</u>	<u>403,681</u>
	<u><b>\$ 1,114,879</b></u>	<u><b>1,051,800</b></u>	<u><b>1,176,004</b></u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The details of the cost of sales were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Inventory that has been sold and service costs	\$ 1,118,612	1,006,522
Unallocated production overheads	27,577	30,185
Write-down of inventories	3,019	6,247
Losses on physical inventory	43	8
	<b>\$ 1,149,251</b>	<b>1,042,962</b>

The inventories of the Group were not pledged as collateral or restricted in any way.

**(f) Prepayments**

The details of prepayments were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Prepayment for materials	\$ 117,854	123,221	83,971
Prepayment of bank performance guarantee fees	5,420	6,280	6,942
Prepayment – other	23,657	11,823	12,815
	<b>\$ 146,931</b>	<b>141,324</b>	<b>103,728</b>

**(g) Property, plant and equipment**

The movement in cost, accumulated depreciation, and impairment loss of the property, plant and equipment was as follows:

	<b>Land</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Transportation equipment</b>	<b>Construction in process and testing equipment</b>	<b>Total</b>
<b>Cost or deemed cost:</b>							
Balance at January 1, 2024	\$ 275,211	723,850	716,119	76,077	94,727	58,750	1,944,734
Additions	-	531	10,916	658	136	21,207	33,448
Disposals	-	-	(375)	(975)	-	-	(1,350)
Reclassification	-	-	17,722	-	764	4,927	23,413 (Note)
Balance at March 31, 2024	<b>\$ 275,211</b>	<b>724,381</b>	<b>744,382</b>	<b>75,760</b>	<b>95,627</b>	<b>84,884</b>	<b>2,000,245</b>
Balance at January 1, 2023	\$ 275,211	690,176	677,716	72,430	94,634	41,147	1,851,314
Additions	-	487	8,965	2,644	-	3,366	15,462
Disposals	-	(270)	(2,946)	(251)	-	-	(3,467)
Reclassification	-	-	5,660	-	-	-	5,660 (Note)
Balance at March 31, 2023	<b>\$ 275,211</b>	<b>690,393</b>	<b>689,395</b>	<b>74,823</b>	<b>94,634</b>	<b>44,513</b>	<b>1,868,969</b>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Construction in process and testing equipment</u>	<u>Total</u>
<b>Accumulated depreciation and impairment loss:</b>							
Balance at January 1, 2024	\$ -	459,708	606,256	52,343	70,256	-	1,188,563
Depreciation	-	4,850	9,572	1,852	1,120	-	17,394
Disposals	-	-	(375)	(975)	-	-	(1,350)
Balance at March 31, 2024	<u>\$ -</u>	<u>464,558</u>	<u>615,453</u>	<u>53,220</u>	<u>71,376</u>	<u>-</u>	<u>1,204,607</u>
Balance at January 1, 2023	\$ -	444,395	580,366	48,801	65,464	-	1,139,026
Depreciation	-	4,576	8,329	1,820	1,316	-	16,041
Disposals	-	(270)	(2,946)	(251)	-	-	(3,467)
Balance at March 31, 2023	<u>\$ -</u>	<u>448,701</u>	<u>585,749</u>	<u>50,370</u>	<u>66,780</u>	<u>-</u>	<u>1,151,600</u>
<b>Carrying value:</b>							
Balance at January 1, 2024	<u>\$ 275,211</u>	<u>264,142</u>	<u>109,863</u>	<u>23,734</u>	<u>24,471</u>	<u>58,750</u>	<u>756,171</u>
Balance at March 31, 2024	<u>\$ 275,211</u>	<u>259,823</u>	<u>128,929</u>	<u>22,540</u>	<u>24,251</u>	<u>84,884</u>	<u>795,638</u>
Balance at January 1, 2023	<u>\$ 275,211</u>	<u>245,781</u>	<u>97,350</u>	<u>23,629</u>	<u>29,170</u>	<u>41,147</u>	<u>712,288</u>
Balance at March 31, 2023	<u>\$ 275,211</u>	<u>241,692</u>	<u>103,646</u>	<u>24,453</u>	<u>27,854</u>	<u>44,513</u>	<u>717,369</u>

Note: The amount of \$23,413 and \$5,660 transferred from other non-current assets – prepayment for equipment.

The capitalized borrowing costs related to the construction of the administration building amounted to \$0 and \$191, respectively, for the three months ended March 31, 2024 and 2023, calculated using a capitalization rate of 0% and 1.80%, respectively.

Property, plant and equipment of the Group had been pledged as collateral or restricted, please refer to note 8.

**(h) Right-of-use assets**

The Group leases land, buildings and structures and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Total</u>
<b>Cost:</b>				
Balance at January 1, 2024	\$ 281,821	47,656	9,136	338,613
Additions	-	-	726	726
Reduction	-	-	(776)	(776)
Balance at March 31, 2024	<u>\$ 281,821</u>	<u>47,656</u>	<u>9,086</u>	<u>338,563</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<u>Land</u>	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Total</u>
Balance at January 1, 2023	\$ 281,689	46,602	8,204	336,495
Additions	132	1,054	2,159	3,345
Reduction	-	-	(2,684)	(2,684)
Balance at March 31, 2023	<u>\$ 281,821</u>	<u>47,656</u>	<u>7,679</u>	<u>337,156</u>
<b>Accumulated depreciation and impairment loss:</b>				
Balance at January 1, 2024	\$ 74,223	16,488	3,236	93,947
Depreciation	3,741	2,467	758	6,966
Reduction	-	-	(776)	(776)
Balance at March 31, 2024	<u>\$ 77,964</u>	<u>18,955</u>	<u>3,218</u>	<u>100,137</u>
Balance at January 1, 2023	\$ 59,260	6,621	5,692	71,573
Depreciation	3,741	2,467	698	6,906
Reduction	-	-	(2,684)	(2,684)
Balance at March 31, 2023	<u>\$ 63,001</u>	<u>9,088</u>	<u>3,706</u>	<u>75,795</u>
<b>Carrying value:</b>				
Balance at January 1, 2024	<u>\$ 207,598</u>	<u>31,168</u>	<u>5,900</u>	<u>244,666</u>
Balance at March 31, 2024	<u>\$ 203,857</u>	<u>28,701</u>	<u>5,868</u>	<u>238,426</u>
Balance at January 1, 2023	<u>\$ 222,429</u>	<u>39,981</u>	<u>2,512</u>	<u>264,922</u>
Balance at March 31, 2023	<u>\$ 218,820</u>	<u>38,568</u>	<u>3,973</u>	<u>261,361</u>

(i) **Intangible assets**

The details of intangible assets were as follows:

	<u>Acquired special technology</u>	<u>Software</u>	<u>Total</u>
<b>Carrying value:</b>			
Balance at January 1, 2024	\$ -	14,509	14,509
Balance at March 31, 2024	\$ -	14,855	14,855
Balance at January 1, 2023	\$ 950	15,007	15,957
Balance at March 31, 2023	\$ 285	14,720	15,005

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2024 and 2023. Information on amortization for the period is disclosed in Note 12. For other relevant information, please refer to note 6(i) of the consolidated financial statements for the year ended December 31, 2023.

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(j) **Other non-current assets**

The details of other non-current assets were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayment for equipment	\$ 129,556	111,955	40,985
Refundable deposits – non-current	15,169	44,667	26,566
Other non-current assets – other	<u>19,419</u>	<u>18,058</u>	<u>19,794</u>
	<u><b>\$ 164,144</b></u>	<u><b>174,680</b></u>	<u><b>87,345</b></u>

Refundable deposits – non-current of the Group had been pledged as collateral or restricted, please refer to note 8.

(k) **Short-term notes payable**

The short-term notes payable were summarized as follows :

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Commercial paper payable	<u><b>\$ 399,334</b></u>	<u>-</u>	<u><b>849,092</b></u>

For the three months ended March 31, 2024 and 2023, the Group had the additional short-term notes payable amounting to \$998,744 and \$699,131, respectively, with an interest rate of 1.85%~1.89% and 1.838%~1.868%, respectively, maturing in February to May, 2024 and April to May, 2023, respectively. For the three months ended March 31, 2024 and 2023, the repayment amounted to \$599,410 and \$399,743, respectively.

(l) **Short-term and long-term loans**

The details of short-term and long-term loans were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans – NTD	\$ 930,000	730,000	1,110,000
Long-term unsecured bank loans – NTD	<u>474,500</u>	<u>405,750</u>	<u>274,000</u>
Total	<u><b>\$ 1,404,500</b></u>	<u><b>1,135,750</b></u>	<u><b>1,384,000</b></u>
Current	\$ 1,079,000	864,750	1,222,500
Non-current	<u>325,500</u>	<u>271,000</u>	<u>161,500</u>
Total	<u><b>\$ 1,404,500</b></u>	<u><b>1,135,750</b></u>	<u><b>1,384,000</b></u>
Unused short-term loans credit lines	<u><b>\$ 730,000</b></u>	<u><b>730,000</b></u>	<u><b>500,000</b></u>
Unused long-term loans credit lines	<u><b>\$ 328,000</b></u>	<u><b>428,000</b></u>	<u><b>301,000</b></u>
Range of short-term loans interest rates	<u><b>1.6959%~1.89%</b></u>	<u><b>1.6953%~1.8356%</b></u>	<u><b>1.626%~1.9724%</b></u>
Range of long-term loans interest rates	<u><b>1.88%~2.003%</b></u>	<u><b>1.9198%~2.003%</b></u>	<u><b>1.822%~1.876%</b></u>
Long-term loans due year	<u><b>2024~2026</b></u>	<u><b>2024~2026</b></u>	<u><b>2024~2026</b></u>

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For the three months ended March 31, 2024 and 2023, the Group had the additional long-term loans amounting to \$100,000 and \$49,000, respectively, with an interest rate of 1.88% and 1.82%, respectively, maturing in December, 2026 and January, 2026, respectively.

For the three months ended March 31, 2024 and 2023, the repayment amounted to \$31,250 and \$18,750, respectively.

Assets pledged are disclosed in note 8.

**(m) Bonds payable**

The details of unsecured convertible bonds were as follows: :

	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Total convertible corporate bonds issued	\$ 300,000	300,000
Cumulative converted amount	(300,000)	(147,400)
Unamortized discounted corporate bonds payable	-	(2,451)
Corporate bonds issued balance at year-end	<u>\$ -</u>	<u>150,149</u>
Current	\$ -	-
Non-current	-	150,149
Total	<u>\$ -</u>	<u>150,149</u>
Embedded derivative – put and redeem options, included in financial assets at fair value through profit or loss	<u>\$ -</u>	<u>15</u>
Equity component – conversion options, included in capital surplus– conversion of convertible bonds	<u>\$ -</u>	<u>7,849</u>
	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest expense (effective interest rate of 1.28%)	<u>\$ -</u>	<u>475</u>

There were no significant issues, repurchases and repayments of bonds payable for the three months ended March 31, 2023. Please refer to Note 6(m) of the 2023 annual consolidated financial statements for other related information. There was no such transaction as of March 31, 2024.

**(n) Provisions**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Warranties	<u>\$ 32,940</u>	<u>29,651</u>	<u>15,413</u>

There were no significant changes in provisions for the three months ended March 31, 2024 and 2023. Please refer to Note 6(n) of the 2023 annual consolidated financial statements for other related information.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(o) **Lease liabilities**

The carrying value of lease liabilities was as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Current	\$ 21,364	21,277	20,654
Non-current	<u>198,179</u>	<u>202,010</u>	<u>211,816</u>
	<u>\$ 219,543</u>	<u>223,287</u>	<u>232,470</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ <u>562</u>	<u>579</u>
Expenses relating to short-term leases	\$ <u>693</u>	<u>535</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>11</u>	<u>-</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>5,736</u>	<u>4,709</u>

1. Real estate leases

The Group leases land and buildings for its maintenance factory and office space, which lease terms of two to ten years.

2. Other leases

The Group leases transportation equipment, with lease terms of three years.

The Group also leases land, business premises, staff dormitory and part of transportation equipment with contract terms of one to two years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(p) **Employee benefits**

Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2024 and 2023 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating cost	\$ 7,991	7,911
Selling expenses	548	545
Administration expenses	1,123	1,074
Research and development expenses	37	-
Total	<b>\$ 9,699</b>	<b>9,530</b>

(q) **Income taxes**

1. The components of income tax expenses were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 9,638	662
Income tax expense	<b>\$ 9,638</b>	<b>662</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Items that will not be reclassified subsequently to profit or loss:		
Gains on hedging instruments	<b>\$ 2,165</b>	<b>31</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statement	<b>\$ 27</b>	<b>(6)</b>

2. The Group's income tax return for the year 2021 had been examined by the tax authorities.

(r) **Capital and other equity**

As of March 31, 2024, December 31 and March 31, 2023, all of the authorized common stock of the Company was \$2,100,000, comprising 210,000 thousand shares, with a par value of \$10 per share. The issued shares were 209,438, 209,438 and 162,048 thousand shares. All the capitals were fully received.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2024 and 2023. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2023.

1. Capital surplus

The balance of capital surplus at the reporting date was as follows:

	<b>March 31,</b> <b>2024</b>	<b>December 31,</b> <b>2023</b>	<b>March 31,</b> <b>2023</b>
Additional paid-in capital	\$ 978,788	1,041,789	1,375
Gain on disposal of assets	100,063	100,063	100,063
Conversion of convertible bonds	-	-	7,849
Expired conversion of convertible bonds	2,958	2,958	2,958
Expired employee share options	8,177	8,177	-
Other – disgorgement	<u>18</u>	<u>18</u>	<u>18</u>
	<b><u>\$ 1,090,004</u></b>	<b><u>1,153,005</u></b>	<b><u>112,263</u></b>

The board of directors meeting resolved on February 29, 2024 to distribute cash dividends by its capital surplus in the amount of \$63,001 (NT\$ 0.30081 per share).

Tcapital surplus in the amount of \$45,552 (NT\$0.2811 per share).he board of directors meeting resolved on February 22, 2023 to distribute cash dividends by its capital surplus in the amount of \$45,552 (NT\$0.2811 per share).

2. Retained earnings

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall set aside 10% as legal reserve and special reserve according to the relevant laws and other regulations of R.O.C. Then the balance is added up with the accumulated retained earnings in the previous year. The distribution of the remaining portion, if any, will be proposed by the board of directors for approval in the board of directors meeting.

If dividend is distributed in issued new shares, shall be made in accordance with the provisions of Article 240 of the Company Law. If dividend is distributed in cash, the board of directors shall be attended by two-thirds of the total directors, and resolved by a majority votes at the board of directors, to distribute dividends and bonuses in whole or in part to be paid in cash, and report to the shareholders' meeting.

The Company's dividend policy is based on the principle of stability and balance. In addition to considering the profit of the shareholders, the Company shall take into account the impact of the Company's operations. The Company allocate the at least 50% annual distributable surplus to shareholders' dividend according to factors such as financial, business and operational aspects. The distribution of surplus is prioritized by cash dividends and may also distributed by stock dividends. However, the proportion of stock dividends shall not higher than 50% of the total dividends.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The amount of cash dividends (recorded as other payable) of appropriations of earnings for 2023 and 2022 had been approved in the board meeting held on February 29, 2024 and February 22, 2023, respectively. These earnings were appropriated as follows:

	Unit per share: dollar			
	<b>2023</b>		<b>2022</b>	
	<u>TWD/per share</u>	<u>Amount</u>	<u>TWD/per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.22919	<u>48,001</u>	0.0789	<u>12,786</u>

3. Other equity (net of tax)

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Gains (losses) on hedging instruments</u>	<u>Total</u>
Balance at January 1, 2024	\$ 134	(3,554)	(3,420)
Exchange differences on foreign operations	106	-	106
Changes in fair value of hedging instrument	-	10,647	10,647
Changes in fair value of hedging instrument reclassified to inventories	-	(1,987)	(1,987)
Balance at March 31, 2024	<u>\$ 240</u>	<u>5,106</u>	<u>5,346</u>
Balance at January 1, 2023	\$ 133	382	515
Exchange differences on foreign operations	(22)	-	(22)
Changes in fair value of hedging instrument	-	1,244	1,244
Changes in fair value of hedging instrument reclassified to inventories	-	(1,120)	(1,120)
Balance at March 31, 2023	<u>\$ 111</u>	<u>506</u>	<u>617</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) **Earnings per share**

For the three months ended March 31, 2024 and 2023, the Company's earnings per share were calculated as follows:

	Unit of share: thousand	
	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Basic earnings per share:</b>		
Profit attributable to common shareholders of the		
Company	\$ <b>38,536</b>	<b>2,594</b>
Weighted-average number of shares	<b>209,438</b>	<b>162,048</b>
	<b>\$ 0.18</b>	<b>0.02</b>
 <b>Diluted earnings per share:</b>		
Profit attributable to common shareholders of the		
Company	\$ 38,536	2,594
Effect of dilutive ordinary shares:		
Convertible bonds	-	-
Profit attributable to common shareholders of the		
Company (diluted)	\$ <b>38,536</b>	<b>2,594</b>
Weighted-average number of shares	209,438	162,048
Effect of dilutive ordinary shares:		
Remuneration to employees	82	16
Convertible bonds	-	-
Weighted-average number of shares (diluted)	<b>209,520</b>	<b>162,064</b>
	<b>\$ 0.18</b>	<b>0.02</b>

For the three months ended and March 31, 2023, there is an anti-diluted effect on convertible bonds.

March 31, 2024

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(t) **Revenue from contracts with customers**

1. Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<u>Primary geographical markets:</u>		
Taiwan	\$ 1,082,894	996,737
Asia	117,404	86,163
Other	<u>60,179</u>	<u>27,080</u>
	<b><u>\$ 1,260,477</u></b>	<b><u>1,109,980</u></b>
<u>Major services and timing of revenue recognition:</u>		
At a point in time		
Repair supply pricing	\$ 43,093	26,441
Outsourced repair and air material transaction	<u>371,445</u>	<u>294,790</u>
Subtotal	<u>414,538</u>	<u>321,231</u>
Over time		
Aircraft maintenance	278,023	225,303
Fleet maintenance	119,299	117,086
Components maintenance	<u>448,617</u>	<u>446,360</u>
Subtotal	<u>845,939</u>	<u>788,749</u>
Total	<b><u>\$ 1,260,477</u></b>	<b><u>1,109,980</u></b>

2. Contract balances

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Notes and trade receivables	\$ 2,166,312	1,449,310	1,213,325
Less: Loss allowance	<u>(2,983)</u>	<u>(4,294)</u>	<u>(2,473)</u>
Total	<b><u>\$ 2,163,329</u></b>	<b><u>1,445,016</u></b>	<b><u>1,210,852</u></b>
Contract assets – Maintenance service	<b><u>\$ 1,155,863</u></b>	<b><u>1,181,069</u></b>	<b><u>1,095,119</u></b>
Contract liabilities – Maintenance service	<b><u>\$ 66,065</u></b>	<b><u>51,585</u></b>	<b><u>62,755</u></b>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For details on notes and trade receivables and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the three months ended March 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$14,202 and \$6,924, respectively.

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.

3. Assets recognized from costs to obtain a contract

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Incremental costs of obtaining contracts— non-current	\$ 19,426	20,771	19,047
Less: accumulated amortization	(6,893)	(7,343)	(4,681)
<b>Total</b>	<b>\$ 12,533</b>	<b>13,428</b>	<b>14,366</b>

The related expenses of stamp tax paid by the Group for the acquisition of the aircraft maintenance business are expected to be recoverable and therefore were recognized as assets and amortized over the contract period of the aircraft maintenance business. Amortization expenses of \$895 and \$887 were recognized for the three months ended March 31, 2024 and 2023.

(u) **Remunerations to employees**

According to the Articles of Association, once the Company has annual profit, it should appropriate 1%~3% of the profit to its employees. When the Company still has an accumulated loss, the Company shall keep the profit for making up an accumulated loss.

The remunerations to employees amounted to \$1,490 and \$101 for the three months ended March 31, 2024 and 2023, respectively. These amounts was calculated using the Company's net income before tax without the remunerations to employees for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2023 and 2022, the remunerations to employees amounted to \$2,129 and \$341, respectively. The remuneration of employees has no differences between the estimated amounts and the amounts approved by the board of directors. The related information can be accessed through the Market Observation Post System.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) **Non-operating income and expenses**

1. Other income

The details of other income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Rent income	\$ 347	348
Other income – others	627	1,017
	<b>\$ 974</b>	<b>1,365</b>

2. Other gains and losses

The details of other gains and losses were as follows :

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Gains on disposals of propert, plant and equipment	\$ 8	287
Foreign exchange gains, net	3,760	5,425
Handing fees	(2,435)	(3,957)
Others	(20)	-
	<b>\$ 1,313</b>	<b>1,755</b>

(w) **Financial instruments**

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

1. Credit risk

(i) Credit risk exposure

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

(ii) Concentration of credit risk

As of March 31, 2024, December 31 and March 31, 2023, a few customers of the Group accounted for 81%, 81% and 83%, respectively, of accounts receivable. As of the end of the reporting period, the Group did not suffer any significant credit risk losses due to these customers. The Group periodically evaluates customers' financial position and the possibility of recovery of receivables in order to reduce credit risk.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Credit risk exposure of receivables and other financial assets at amortized cost

For credit risk exposure on notes and trade receivables, and the details on loss allowance provision, please refer to note 6(c).

Other financial assets at amortized cost include other receivables and refundable deposit. There was no loss allowance recognized or reversed for the three months ended March 31, 2024 and 2023. 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 credit losses.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2024</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,404,500	1,423,014	1,091,275	204,741	126,998	-
With fixed interest rates	399,334	400,000	400,000	-	-	-
Non-interest-bearing liabilities	702,701	702,701	702,701	-	-	-
Lease liabilities	<u>219,543</u>	<u>234,469</u>	<u>23,487</u>	<u>19,159</u>	<u>49,428</u>	<u>142,395</u>
	<b><u>\$ 2,726,078</u></b>	<b><u>2,760,184</u></b>	<b><u>2,217,463</u></b>	<b><u>223,900</u></b>	<b><u>176,426</u></b>	<b><u>142,395</u></b>
<b>December 31, 2023</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,135,750	1,149,342	874,016	187,985	87,341	-
Non-interest-bearing liabilities	583,005	583,005	583,005	-	-	-
Lease liabilities	223,287	238,754	23,439	19,104	49,747	146,464
Derivative financial liabilities						
Forward exchange contracts:						
Outflow	5,235	210,159	210,159	-	-	-
Inflow	<u>-</u>	<u>(204,924)</u>	<u>(204,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 1,947,277</u></b>	<b><u>1,976,336</u></b>	<b><u>1,485,695</u></b>	<b><u>207,089</u></b>	<b><u>137,088</u></b>	<b><u>146,464</u></b>
<b>March 31, 2023</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,384,000	1,397,153	1,231,435	52,651	113,067	-
With fixed interest rates	999,241	1,006,453	850,000	156,453	-	-
Non-interest-bearing liabilities	500,804	500,804	500,804	-	-	-
Lease liabilities	232,470	249,541	22,892	17,946	50,034	158,669

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
Derivative financial liabilities						
Forward exchange contracts:						
Outflow	1,165	95,952	95,952	-	-	-
Inflow	-	(94,787)	(94,787)	-	-	-
	<u>\$ 3,117,680</u>	<u>3,155,116</u>	<u>2,606,296</u>	<u>227,050</u>	<u>163,101</u>	<u>158,669</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

### 3. Market risk

#### (i) Currency risk

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

	<u>March 31, 2024</u>			<u>December 31, 2023</u>			<u>March 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 7,610	32.00	243,539	6,354	30.705	195,091	6,775	30.45	206,285
<u>Non-monetary items</u>									
USD	7,536	32.00	241,152	919	30.705	28,218	4,182	30.45	127,342
GBP	952	40.39	38,451	-	-	-	600	37.67	11,301
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	6,433	32.00	205,871	5,534	30.705	169,908	7,493	30.45	228,170
<u>Non-monetary items</u>									
USD	-	-	-	5,539	30.705	170,075	3,169	30.45	96,496
GBP	-	-	-	952	39.15	37,271	-	-	-

#### (ii) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivable, and trade and other payables that are denominated in foreign currency.

As of March 31, 2024 and 2023, when the exchange rate of the NTD versus the USD and GBP increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$301 and \$175, respectively, and the equity will increase or decrease by \$51 and \$5 due to cash flow hedges, respectively. This analysis was performed on a consistent basis for both periods.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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Exchange gains or losses (including realized and unrealized) that resulted from monetary items translated to the functional currency were as follows:

	<b>January to March, 2024</b>		<b>January to March, 2023</b>	
	<b>Exchange gain (loss)</b>	<b>Average rate</b>	<b>Exchange gain (loss)</b>	<b>Average rate</b>
NTD	\$ <u>3,760</u>	-	<u>5,425</u>	-

(iii) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net profit would have decreased or increased by \$2,809 and \$2,768 for the three months ended March 31, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

4. Fair value of financial instruments

(i) Fair value hierarchy

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:

	<b>Carrying amount</b>	<b>March 31, 2024</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets for hedging</b>	\$ <u>6,383</u>	-	6,383	-	6,383
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 220,069	-	-	-	-
Notes and trade receivables	2,163,329	-	-	-	-
Other receivables	21,897	-	-	-	-
Refundable deposits – current	102,489	-	-	-	-
Refundable deposits – non-current (recorded as other non-current assets)	<u>15,169</u>	-	-	-	-
	<u>\$2,522,953</u>				

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	March 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 264,790	-	-	-	-
Notes and trade receivables	1,210,852	-	-	-	-
Other receivables	1,611	-	-	-	-
Refundable deposits – current	56,465	-	-	-	-
Refundable deposits – non-current (recorded as other non-current assets)	<u>26,566</u>	-	-	-	-
	<b><u>\$1,560,284</u></b>				
<b>Financial liabilities for hedging</b>	<b><u>\$ 1,165</u></b>	-	1,165	-	1,165
<b>Financial liabilities measured at amortized cost</b>					
Short-term loans	\$1,110,000	-	-	-	-
Short-term notes payable	849,092	-	-	-	-
Payables	500,804	-	-	-	-
Bonds payable	150,149	-	152,936	-	152,936
Long-term loans (included in current portion)	274,000	-	-	-	-
Lease liabilities	<u>232,470</u>	-	-	-	-
	<b><u>\$3,116,515</u></b>				

The table above analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified 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 assets or liability that are not based on observable market data (unobservable inputs).

There was no reclassification of levels during the three months ended March 31, 2024 and 2023.

(ii) Valuation techniques for financial instruments not measured at fair value

Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The valuations of the liability part of the convertible bonds issued by the Group are valued by discounted cash flows.

(iii) Valuation techniques for financial instruments measured at fair value

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 or option pricing models. Put options and redeem options of the convertible bonds are valued by Binary Tree. Fair value of forward currency is usually determined by the forward currency exchange rate.

(x) **Financial risk management**

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

(y) **Capital management**

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(z) **Investing and financing activities not affecting the current cash flow**

The Group acquired right-of-use assets by leases in the three months ended March 31, 2024 and 2023, please refer to note 6(h).

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>March 31, 2024</b>
Short-term loans	\$ 730,000	200,000	-	930,000
Short-term notes payable	-	399,334	-	399,334
Long-term loans (included in current portion)	405,750	68,750	-	474,500
Lease liabilities	<u>223,287</u>	<u>(4,470)</u>	<u>726</u>	<u>219,543</u>
Total liabilities from financing activities	<u>\$ 1,359,037</u>	<u>663,614</u>	<u>726</u>	<u>2,023,377</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>March 31, 2023</b>
Short-term loans	\$ 1,125,000	(15,000)	-	1,110,000
Short-term notes payable	549,704	299,388	-	849,092
Long-term loans (included in current portion)	243,750	30,250	-	274,000
Bonds payable	149,673	-	476	150,149
Lease liabilities	232,720	(3,595)	3,345	232,470
Total liabilities from financing activities	<u>\$ 2,300,847</u>	<u>311,043</u>	<u>3,821</u>	<u>2,615,711</u>

**(7) Related-party transactions**

**(a) Names and relationship with related parties**

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Apex Aviation Inc.	Substantive related party

**(b) Significant transactions with related parties**

The amounts of significant sales by the Group to related parties were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	<u>\$ 40</u>	<u>651</u>

The sales price to the above related parties was determined through mutual agreement based on the market rates. The credit terms ranged from 15 to 60 days, the collection terms for related parties approximated the market terms. As of March 31, 2024, December 31 and March 31, 2023, the receivables from related parties were \$0, \$0 and \$13, respectively, which recorded as trade receivables.

**(c) Key management personnel compensation**

Key management personnel compensation comprised:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 4,140	4,216
Post-employment benefits	166	886
	<u>\$ 4,306</u>	<u>5,102</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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**(8) Pledged assets:**

The carrying amounts of assets pledged as security were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Refundable deposits – current	Guarantee deposits and customs bond	\$ 102,489	113,866	56,465
Refundable deposits – non-current (Note1)	Guarantee deposits	15,169	44,667	26,566
Land	Short-term loans	255,076	255,076	255,076
Buildings and structures	Short-term loans	183,219	185,816	194,821
		<u>\$ 555,953</u>	<u>599,425</u>	<u>532,928</u>

Note 1: recorded as other non-current assets.

**(9) Significant commitments and contingencies:****(a) Unrecognized contractual commitments**

- As of March 31, 2024, December 31 and March 31, 2023, the maintenance bond and customs bond offered by banks amounted to \$1,984,399, \$1,967,822 and \$3,290,483, respectively.
- The Group signed contracts with domestic and foreign vendors for building and purchasing property, plant and equipment. As of March 31, 2024, December 31 and March 31, 2023, the contracts amounted to \$585,439, \$547,453 and \$492,065, respectively, and the unpaid payment was \$449,539, \$458,422 and \$416,847, respectively.

**(b) Contingencies:None.****(10) Losses Due to Major Disasters:None****(11) Subsequent Events:None****(12) Other:**

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

By item	By function	For the three months ended March 31					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		148,623	33,397	182,020	146,459	31,439	177,898
Labor and health insurance		15,542	3,149	18,691	15,407	3,002	18,409
Pension		7,991	1,708	9,699	7,911	1,619	9,530
Others		11,436	2,008	13,444	9,795	1,602	11,397
Depreciation		20,858	3,502	24,360	20,539	2,408	22,947
Amortization		1,459	337	1,796	1,087	217	1,304

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(b) Seasonality of operations

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

**(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 three months ended March 31, 2024:

- (i) Loans to other parties:None
- (ii) Guarantees and endorsements for other parties:None
- (iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):None
- (iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company’s paid-in capital:None
- (v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company’s paid-in capital:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The company	Administration building	2021.12.17	\$ 285,672	Based on the construction progress	Sheng Guan construction Co., Ltd	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Market price	For the future operational use	None
"	"	2020.4.10	15,000	"	Y.C.Tsai Architect & Associates	"	"	"	"	s	"	"	"
"	"	2020.11.23	22,857	"	Creative Decoration Co., Ltd	"	"	"	"	"	"	"	"

- (vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company’s paid-in capital:None
- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company’s paid-in capital:None
- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company’s paid-in capital:None
- (ix) Information regarding trading in derivative financial instruments:Note 6(b).
- (x) Significant transactions and business relationship between the parent company and its subsidiaries:None

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(b) Information on investees:

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

Name of investor	Name of investee	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Investment income (loss) recognized	Note
			March 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Air Asia Company Ltd. (USA)	Logistic service	6,699	6,699	10	100.00 %	3,297	-	-	(Note)

Note: the transaction was eliminated in the preparation of consolidated financial statements.

(c) Information on investment in mainland China: None

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taiwan Aerospace Corporation		104,029,402	49.67 %
Taiwan Sugar Corporation		19,898,469	9.50 %

Note1 : The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks ) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note2 : If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information:**

The Group is principally engaged in the maintenance of aircrafts and spare parts. The Group's decision makers assess the performance and allocate resources based on the overall financial statements. It is recognized that the Group is a single operating department. Financial segment information is consistent with the above financial information for the Group as a whole. The accounting policies of the operating segment are the same as those described in note 4.