

(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 Six Months Ended June 30, 2024 and 2023**

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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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## 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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, and the statements of changes in equity and cash flows for the six months ended June 30, 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 June 30, 2024 and 2023, and of its consolidated financial performance for the three months and six months ended June 30, 2024 and 2023, and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
August 6, 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

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023		
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
<b>Current assets:</b>																
1100	Cash and cash equivalents(note (6)(a))	\$ 229,057	4	254,265	5	231,697	4	2100	Short-term loans(notes (6)(l)and (8))	\$ 1,020,000	16	730,000	13	1,408,185	26	
1139	Financial assets for hedging – current(note (6)(b))	8,349	-	793	-	6,526	-	2110	Short-term notes payable(note (6)(k))	469,819	8	-	-	749,642	14	
1140	Contract assets – current(note (6)(u))	1,209,936	19	1,181,069	21	1,116,539	20	2126	Financial liabilities for hedging – current(note (6)(b))	12	-	5,235	-	11	-	
1170	Notes and trade receivables, net(notes (6)(c), (u)and (7))	2,423,240	38	1,445,016	26	1,684,816	31	2130	Contract liabilities – current(note (6)(u))	74,560	1	51,585	1	52,156	1	
1200	Other receivables(note (6)(d))	3,611	-	2,119	-	2,625	-	2170	Trade payables	271,118	4	322,617	6	298,674	6	
130X	Inventories(notes (6)(b)and (e))	1,024,402	16	1,051,800	19	1,078,819	20	2200	Other payables	251,432	4	260,388	5	227,822	4	
1410	Prepayments(note (6)(f))	157,527	2	141,324	3	109,806	2	2230	Current tax liabilities	19,845	-	-	-	-	-	
1478	Refundable deposits – current(note (8))	97,825	1	113,866	2	56,571	1	2250	Provisions – current(note (6)(n))	34,892	1	29,651	1	14,918	-	
1479	Other current assets	11,189	-	29,387	1	3,496	-	2280	Lease liabilities – current(note (6)(o))	21,235	-	21,277	-	21,220	-	
	<b>Total current assets</b>	<u>5,165,136</u>	<u>80</u>	<u>4,219,639</u>	<u>77</u>	<u>4,290,895</u>	<u>78</u>	2320	Current portion of long-term loans(notes (6)(l)and (8))	182,000	3	134,750	2	225,000	4	
	<b>Non-current assets:</b>							2399	Other current liabilities	11,466	-	14,553	-	8,972	-	
1600	Property, plant and equipment(notes (6)(g)and (8))	830,291	13	756,171	14	722,217	13		<b>Total current liabilities</b>	<u>2,356,379</u>	<u>37</u>	<u>1,570,056</u>	<u>28</u>	<u>3,006,600</u>	<u>55</u>	
1755	Right-of-use assets(note (6)(h))	231,461	4	244,666	5	256,834	5		<b>Non-Current liabilities:</b>							
1780	Intangible assets(note (6)(i))	13,945	-	14,509	-	15,224	-	2530	Bonds payable(note (6)(m))	-	-	-	-	16,089	-	
1840	Deferred tax assets	51,352	1	53,944	1	62,713	1	2540	Long-term loans(notes (6)(l)and (8))	474,000	7	271,000	5	230,250	4	
1955	Incremental costs of obtaining contracts – non-current(note (6)(u))	11,638	-	13,428	-	13,479	-	2570	Deferred tax liabilities	-	-	-	-	515	-	
1990	Other non-current assets(notes (6)(g), (j)and (8))	134,159	2	174,680	3	144,270	3	2580	Lease liabilities – non-current(note (6)(o))	193,827	3	202,010	4	209,230	4	
	<b>Total non-current assets</b>	<u>1,272,846</u>	<u>20</u>	<u>1,257,398</u>	<u>23</u>	<u>1,214,737</u>	<u>22</u>		<b>Total non-current liabilities</b>	<u>667,827</u>	<u>10</u>	<u>473,010</u>	<u>9</u>	<u>456,084</u>	<u>8</u>	
									<b>Total liabilities</b>	<u>3,024,206</u>	<u>47</u>	<u>2,043,066</u>	<u>37</u>	<u>3,462,684</u>	<u>63</u>	
									<b>Equity attributable to owners of parent(notes (6)(b), (m), (q), (r)and (s)):</b>							
									Share capital:							
								3110	Common stock	2,094,382	33	2,094,382	38	1,703,588	31	
								3140	Advance receipts for share capital	-	-	-	-	25,873	-	
								3200	Capital surplus	1,090,004	17	1,153,005	21	201,867	4	
									Retained earnings:							
								3310	Legal reserve	138,581	2	132,869	3	132,869	2	
								3320	Special reserve	3,420	-	-	-	-	-	
								3350	Unappropriated retained earnings (accumulated deficit)	80,443	1	57,135	1	(26,630)	-	
										222,444	3	190,004	4	106,239	2	
								3400	Other equity	6,946	-	(3,420)	-	5,381	-	
									<b>Total equity</b>	<u>3,413,776</u>	<u>53</u>	<u>3,433,971</u>	<u>63</u>	<u>2,042,948</u>	<u>37</u>	
<b>Total assets</b>		<u>\$ 6,437,982</u>	<u>100</u>	<u>5,477,037</u>	<u>100</u>	<u>5,505,632</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 6,437,982</u>	<u>100</u>	<u>5,477,037</u>	<u>100</u>	<u>5,505,632</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 six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30,				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes (6)(u) and (7))	\$ 1,264,925	100	1,280,393	100	2,525,402	100	2,390,373	100
	Operating costs (notes (6)(b), (e), (o), (p), (s), (u), (v), (7) and (12))								
5000		<u>1,138,117</u>	<u>90</u>	<u>1,235,649</u>	<u>96</u>	<u>2,287,368</u>	<u>91</u>	<u>2,278,611</u>	<u>95</u>
5900	Gross profit	<u>126,808</u>	<u>10</u>	<u>44,744</u>	<u>4</u>	<u>238,034</u>	<u>9</u>	<u>111,762</u>	<u>5</u>
	Operating expenses (notes (6)(c), (o), (p), (s), (v), (7) and (12)):								
6000									
6100	Selling expenses	19,239	2	19,992	2	34,638	1	35,498	1
6200	Administrative expenses	43,380	3	44,802	3	85,435	3	84,767	4
6300	Research and development expenses	4,320	-	-	-	6,751	-	-	-
6450	Expected credit losses (profit)	<u>890</u>	<u>-</u>	<u>(900)</u>	<u>-</u>	<u>(421)</u>	<u>-</u>	<u>446</u>	<u>-</u>
		<u>67,829</u>	<u>5</u>	<u>63,894</u>	<u>5</u>	<u>126,403</u>	<u>4</u>	<u>120,711</u>	<u>5</u>
6900	Operating profit (loss)	<u>58,979</u>	<u>5</u>	<u>(19,150)</u>	<u>(1)</u>	<u>111,631</u>	<u>5</u>	<u>(8,949)</u>	<u>-</u>
7000	Non-operating income and expenses (notes (6)(g), (m), (o) and (w)):								
7100	Interest income	2,447	-	2,020	-	3,453	-	2,958	-
7010	Other income	1,850	-	3,402	-	2,824	-	4,767	-
7020	Other gains and losses	(1,089)	-	(2,497)	-	224	-	(742)	-
7050	Interest expenses	<u>(9,777)</u>	<u>(1)</u>	<u>(12,413)</u>	<u>(1)</u>	<u>(17,548)</u>	<u>(1)</u>	<u>(23,416)</u>	<u>(1)</u>
		<u>(6,569)</u>	<u>(1)</u>	<u>(9,488)</u>	<u>(1)</u>	<u>(11,047)</u>	<u>(1)</u>	<u>(16,433)</u>	<u>(1)</u>
7900	Profit (loss) before tax	52,410	4	(28,638)	(2)	100,584	4	(25,382)	(1)
7950	Less: Income tax expenses (note (6)(q))	<u>10,505</u>	<u>1</u>	<u>601</u>	<u>-</u>	<u>20,143</u>	<u>1</u>	<u>1,263</u>	<u>-</u>
	Net profit (loss)	<u>41,905</u>	<u>3</u>	<u>(29,239)</u>	<u>(2)</u>	<u>80,441</u>	<u>3</u>	<u>(26,645)</u>	<u>(1)</u>
8300	Other comprehensive income (notes (6)(b), (q) and (r)):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8311	Gains on hedging instruments	7,449	1	8,055	-	20,261	1	9,330	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>391</u>	<u>-</u>	<u>1,176</u>	<u>-</u>	<u>2,556</u>	<u>-</u>	<u>1,207</u>	<u>-</u>
		<u>7,058</u>	<u>1</u>	<u>6,879</u>	<u>-</u>	<u>17,705</u>	<u>1</u>	<u>8,123</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	46	-	73	-	179	-	45	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>9</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>9</u>	<u>-</u>
		<u>37</u>	<u>-</u>	<u>58</u>	<u>-</u>	<u>143</u>	<u>-</u>	<u>36</u>	<u>-</u>
8300	Other comprehensive income, net	<u>7,095</u>	<u>1</u>	<u>6,937</u>	<u>-</u>	<u>17,848</u>	<u>1</u>	<u>8,159</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 49,000</u>	<u>4</u>	<u>(22,302)</u>	<u>(2)</u>	<u>98,289</u>	<u>4</u>	<u>(18,486)</u>	<u>(1)</u>
	Profit (loss), attributable to:								
8610	Owners of parent	<u>\$ 41,905</u>	<u>3</u>	<u>(29,239)</u>	<u>(2)</u>	<u>80,441</u>	<u>3</u>	<u>(26,645)</u>	<u>(1)</u>
	Comprehensive income attributable to:								
8710	Owners of parent	<u>\$ 49,000</u>	<u>4</u>	<u>(22,302)</u>	<u>(2)</u>	<u>98,289</u>	<u>4</u>	<u>(18,486)</u>	<u>(1)</u>
	Earnings per share (note (6)(t)) (in New Taiwan dollars)								
9750	Basic earnings per share	<u>\$ 0.20</u>		<u>(0.18)</u>		<u>0.38</u>		<u>(0.16)</u>	
9850	Diluted earnings per share	<u>\$ 0.20</u>		<u>(0.18)</u>		<u>0.38</u>		<u>(0.16)</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 six months ended June 30, 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	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	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	-	-	-	-	-	(26,645)	-	-	-	(26,645)
Other comprehensive income	-	-	-	-	-	-	36	8,123	8,159	8,159
Total comprehensive income	-	-	-	-	-	(26,645)	36	8,123	8,159	(18,486)
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	1,349	-	(1,349)	-	-	-	-
Special reserve reserved	-	-	-	-	(613)	613	-	-	-	-
Cash dividends	-	-	-	-	-	(12,786)	-	-	-	(12,786)
Cash dividends distributed from capital surplus	-	-	(45,552)	-	-	-	-	-	-	(45,552)
Cash capital increase	-	25,873	-	-	-	-	-	-	-	25,873
Share-based payment	-	-	38,366	-	-	-	-	-	-	38,366
Conversion of convertible bonds	83,110	-	51,238	-	-	-	-	-	-	134,348
Changes in fair value of hedging instrument reclassified to inventories	-	-	-	-	-	-	-	(3,293)	(3,293)	(3,293)
<b>Balance at June 30, 2023</b>	\$ 1,703,588	25,873	201,867	132,869	-	(26,630)	169	5,212	5,381	2,042,948
<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	-	-	-	-	-	80,441	-	-	-	80,441
Other comprehensive income	-	-	-	-	-	-	143	17,705	17,848	17,848
Total comprehensive income	-	-	-	-	-	80,441	143	17,705	17,848	98,289
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	-	5,712	-	(5,712)	-	-	-	-
Special reserve	-	-	-	-	3,420	(3,420)	-	-	-	-
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	-	-	-	-	-	-	-	(7,482)	(7,482)	(7,482)
<b>Balance at June 30, 2024</b>	\$ 2,094,382	-	1,090,004	138,581	3,420	80,443	277	6,669	6,946	3,413,776

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 six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit (loss) before tax</b>	\$ 100,584	(25,382)
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expenses	48,914	46,303
Amortization expenses	3,451	3,335
Expected credit losses (profit)	(421)	446
Gains on valuation of financial assets at fair value through profit or loss	-	(38)
Interest expenses	17,548	23,416
Interest income	(3,453)	(2,958)
Gains on disposal of property, plant and equipment	(12)	(294)
Share-based compensation	-	38,366
Unrealized foreign exchange losses (gains)	1,641	(227)
Total adjustments to reconcile profit	67,668	108,349
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in contract assets — current	(28,867)	(202,688)
Increase in notes and trade receivables, net	(977,943)	(476,216)
Decrease (increase) in other receivables	(1,231)	3,114
Decrease in inventories	27,398	112,947
Decrease (increase) in prepayments	(16,203)	2,449
Decrease in other current assets	18,198	1,698
Decrease in incremental costs of obtaining contracts — non-current	1,790	1,774
Total changes in operating assets	(976,858)	(556,922)
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities — current	22,975	43,559
Decrease in trade payables	(52,387)	(91,854)
Decrease in other payables	(7,368)	(46,841)
Increase (decrease) in provisions — current	5,241	(2,494)
Increase (decrease) in other current liabilities	(3,087)	80
Total changes in operating liabilities	(34,626)	(97,550)
Net changes in operating assets and liabilities	(1,011,484)	(654,472)
Total adjustments	(943,816)	(546,123)
Cash flows used in operations	(843,232)	(571,505)
Interest received	3,189	2,748
Interest paid	(17,078)	(22,095)
Income tax paid	(298)	(217)
<b>Net cash used in operating activities</b>	(857,419)	(591,069)
<b>Cash flows from (used in) investing activities:</b>		
Decrease in refundable deposits	16,041	538
Acquisition of property, plant and equipment	(47,919)	(30,749)
Proceeds from disposal of property, plant and equipment	12	294
Acquisition of intangible assets	(2,744)	(2,602)
Increase in other non-current assets	(22,887)	(52,714)
<b>Net cash used in investing activities</b>	(57,497)	(85,233)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	711,368	2,783,185
Decrease in short-term loans	(421,368)	(2,500,000)
Increase in short-term notes payable	1,968,028	898,409
Decrease in short-term notes payable	(1,498,209)	(698,471)
Proceeds from long-term loans	294,000	249,000
Repayments of long-term loans	(43,750)	(37,500)
Payment of lease liabilities	(8,951)	(7,993)
Cash dividends	(111,002)	(58,338)
Cash capital increase	-	25,873
<b>Net cash generated from financing activities</b>	890,116	654,165
<b>Effects of exchange rate changes on balance of cash held in foreign currencies</b>	(408)	887
<b>Net decrease in cash and cash equivalents</b>	(25,208)	(21,250)
<b>Cash and cash equivalents at the beginning of year</b>	254,265	252,947
<b>Cash and cash equivalents at end of year</b>	\$ 229,057	231,697

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**

**June 30, 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 August 6, 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 issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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

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

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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

**(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		
			June 30, 2024	December 31, 2023	June 30, 2023
The 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.

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

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.

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

**(a) Cash and cash equivalents**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash and cash on hand	\$ 900	849	826
Demand deposits	163,257	192,006	168,591
Time deposits	<u>64,900</u>	<u>61,410</u>	<u>62,280</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 229,057</u>	<u>254,265</u>	<u>231,697</u>

Please refer to note 6(x) 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:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<b>Cash flow hedge:</b>			
Financial assets for hedging – current:			
Forward exchange contracts	<u>\$ 8,349</u>	<u>793</u>	<u>6,526</u>
Financial liabilities for hedging – current:			
Forward exchange contracts	<u>\$ 12</u>	<u>5,235</u>	<u>11</u>

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

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:

<b>June 30, 2024</b>				
	<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Average strike price</b>
Forward exchange purchased	USD \$ <u>7,845</u>	TWD to USD	2024.07.10~2025.02.25	30.249~32.172
Forward exchange purchased	GBP \$ <u>952</u>	TWD to GBP	2024.7.25	39.91
<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	2024.3.25	39.42~39.559
<b>June 30, 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>8,098</u>	TWD to USD	2023.7.10~2024.5.3	29.138~30.92
Forward exchange purchased	GBP \$ <u>600</u>	TWD to GBP	2023.12.22	36.68~36.84

2. The details arising from cash flow hedges for the three months and six months ended June 30, 2024 and 2023, were as follows:

<b>Account Item</b>	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Recognized in other comprehensive income during the period	\$ <u>7,058</u>	<u>6,879</u>	<u>17,705</u>	<u>8,123</u>
Reclassification from equity to decrease in inventories for the period	\$ <u>5,495</u>	<u>2,173</u>	<u>7,482</u>	<u>3,293</u>

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

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

(c) **Notes and trade receivables**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable	\$ 106	372	-
Trade receivables(including from related parties)	2,427,007	1,448,938	1,685,651
Less: Loss allowance	<u>(3,873)</u>	<u>(4,294)</u>	<u>(835)</u>
Total	<u>\$ 2,423,240</u>	<u>1,445,016</u>	<u>1,684,816</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:

	<u>June 30, 2024</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
<u>Group 1</u>			
Current	<u>\$ 2,326,371</u>	0.00%	<u>-</u>
<u>Group 2</u>			
Current	\$ 78,811	0%~0.47%	372
1 to 90 days past due	21,103	12.67%	2,673
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>828</u>	100%	<u>828</u>
	<u>\$ 100,742</u>		<u>3,873</u>
		<u>December 31, 2023</u>	
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
<u>Group 1</u>			
Current	<u>\$ 1,350,572</u>	0.00%	<u>-</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<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	-	-	-
	<b><u>\$ 98,738</u></b>		<b><u>4,294</u></b>
	<b>June 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 1</u>			
Current	<b><u>\$ 1,607,971</u></b>	0.00%	<u>-</u>
<u>Group 2</u>			
Current	\$ 76,564	0.81%	620
1 to 90 days past due	816	15.01%	122
91 to 180 days past due	300	31.11%	93
181 to 270 days past due	-	-	-
271 to 365 days past due	-	-	-
More than 365 days past due	-	-	-
	<b><u>\$ 77,680</u></b>		<b><u>835</u></b>

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

	<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	4,294	1,127
Impairment losses (gains) recognized	(421)	446
Amounts written off	-	(738)
Balance at June 30	<b><u>\$ 3,873</u></b>	<b><u>835</u></b>

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

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

(d) **Other receivables**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other receivables—income taxes refund	\$ 751	751	238
Others	2,860	1,368	2,387
Less: Loss allowance	-	-	-
	<u>\$ 3,611</u>	<u>2,119</u>	<u>2,625</u>

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

(e) **Inventories**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Repair materials and others	\$ 767,469	736,130	749,442
Finished goods	256,933	315,670	329,377
	<u>\$ 1,024,402</u>	<u>1,051,800</u>	<u>1,078,819</u>

The details of the cost of sales were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Inventory that has been sold and service costs	\$ 1,098,703	1,197,395	2,217,315	2,203,917
Unallocated production overheads	28,439	34,435	56,016	64,620
Write-down of inventories	10,925	3,817	13,944	10,064
Losses on physical inventory	50	2	93	10
	<u>\$ 1,138,117</u>	<u>1,235,649</u>	<u>2,287,368</u>	<u>2,278,611</u>

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

(f) **Prepayments**

The details of prepayments were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayment for materials	\$ 128,231	123,221	87,021
Prepayment of bank performance guarantee fees	3,677	6,280	3,647
Prepayment—other	25,619	11,823	19,138
	<u>\$ 157,527</u>	<u>141,324</u>	<u>109,806</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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**(g) Property, plant and equipment**

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

	<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>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	-	5,144	15,571	3,121	217	21,387	45,440
Disposals	-	-	(1,131)	(1,497)	(287)	-	(2,915)
Reclassification	-	29,059	28,912	-	764	4,928	63,663 (Note)
Balance at June 30, 2024	<u>\$ 275,211</u>	<u>758,053</u>	<u>759,471</u>	<u>77,701</u>	<u>95,421</u>	<u>85,065</u>	<u>2,050,922</u>
Balance at January 1, 2023	\$ 275,211	690,176	677,716	72,430	94,634	41,147	1,851,314
Additions	-	2,968	17,177	5,401	-	5,203	30,749
Disposals	-	(270)	(3,623)	(1,127)	-	-	(5,020)
Reclassification	-	1,337	10,335	-	-	-	11,672 (Note)
Balance at June 30, 2023	<u>\$ 275,211</u>	<u>694,211</u>	<u>701,605</u>	<u>76,704</u>	<u>94,634</u>	<u>46,350</u>	<u>1,888,715</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	-	10,155	18,908	3,724	2,196	-	34,983
Disposals	-	-	(1,131)	(1,497)	(287)	-	(2,915)
Balance at June 30, 2024	<u>\$ -</u>	<u>469,863</u>	<u>624,033</u>	<u>54,570</u>	<u>72,165</u>	<u>-</u>	<u>1,220,631</u>
Balance at January 1, 2023	\$ -	444,395	580,366	48,801	65,464	-	1,139,026
Depreciation	-	9,252	16,989	3,738	2,513	-	32,492
Disposals	-	(270)	(3,623)	(1,127)	-	-	(5,020)
Balance at June 30, 2023	<u>\$ -</u>	<u>453,377</u>	<u>593,732</u>	<u>51,412</u>	<u>67,977</u>	<u>-</u>	<u>1,166,498</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 June 30, 2024	<u>\$ 275,211</u>	<u>288,190</u>	<u>135,438</u>	<u>23,131</u>	<u>23,256</u>	<u>85,065</u>	<u>830,291</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 June 30, 2023	<u>\$ 275,211</u>	<u>240,834</u>	<u>107,873</u>	<u>25,292</u>	<u>26,657</u>	<u>46,350</u>	<u>722,217</u>

Note: The amount of \$63,663 and \$11,672 transferred from other non-current assets — prepayment for equipment.

The capitalized borrowing costs related to the construction of the administration building amounted to \$180, \$219, \$180 and \$410, respectively, for the three months and six months ended June 30, 2024 and 2023, calculated using a capitalization rate of 1.556%, 1.91%, 1,556% and 1.86%, respectively.

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

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(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	-	(652)	(776)	(1,428)
Balance at June 30, 2024	<u>\$ 281,821</u>	<u>47,004</u>	<u>9,086</u>	<u>337,911</u>
Balance at January 1, 2023	\$ 281,689	46,602	8,204	336,495
Additions	132	1,054	4,537	5,723
Reduction	-	-	(4,085)	(4,085)
Balance at June 30, 2023	<u>\$ 281,821</u>	<u>47,656</u>	<u>8,656</u>	<u>338,133</u>
<b>Accumulated depreciation and impairment loss:</b>				
Balance at January 1, 2024	\$ 74,223	16,488	3,236	93,947
Depreciation	7,481	4,934	1,516	13,931
Reduction	-	(652)	(776)	(1,428)
Balance at June 30, 2024	<u>\$ 81,704</u>	<u>20,770</u>	<u>3,976</u>	<u>106,450</u>
Balance at January 1, 2023	\$ 59,260	6,621	5,692	71,573
Depreciation	7,482	4,933	1,396	13,811
Reduction	-	-	(4,085)	(4,085)
Balance at June 30, 2023	<u>\$ 66,742</u>	<u>11,554</u>	<u>3,003</u>	<u>81,299</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 June 30, 2024	<u>\$ 200,117</u>	<u>26,234</u>	<u>5,110</u>	<u>231,461</u>
Balance at January 1, 2023	<u>\$ 222,429</u>	<u>39,981</u>	<u>2,512</u>	<u>264,922</u>
Balance at June 30, 2023	<u>\$ 215,079</u>	<u>36,102</u>	<u>5,653</u>	<u>256,834</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(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 June 30, 2024	\$ -	13,945	13,945
Balance at January 1, 2023	\$ 950	15,007	15,957
Balance at June 30, 2023	\$ 955	14,269	15,224

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 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.

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

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Prepayment for equipment	\$ 103,126	111,955	98,491
Refundable deposits – non-current	12,173	44,667	26,566
Other non-current assets – other	18,860	18,058	19,213
	<u>\$ 134,159</u>	<u>174,680</u>	<u>144,270</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Commercial paper payable	\$ 469,819	-	749,642

For the six months ended June 30, 2024 and 2023, the Group had the additional short-term notes payable amounting to \$1,968,028 and \$898,409, respectively, with an interest rate of 1.85%~1.975% and 1.868%~1.988%, respectively, maturing in February to July, 2024 and April to August, 2023, respectively. For the six months ended June 30, 2024 and 2023, the repayment amounted to \$1,498,209 and \$698,471, respectively.

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

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

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Unsecured bank loans – NTD	\$ 1,020,000	730,000	1,208,185
Secured bank loans – NTD	-	-	200,000
Long-term unsecured bank loans – NTD	462,000	405,750	455,250
Long-term secured bank loans – NTD	194,000	-	-
<b>Total</b>	<b>\$ 1,676,000</b>	<b>1,135,750</b>	<b>1,863,435</b>
Current	\$ 1,202,000	864,750	1,633,185
Non-current	474,000	271,000	230,250
<b>Total</b>	<b>\$ 1,676,000</b>	<b>1,135,750</b>	<b>1,863,435</b>
Unused short-term loans credit lines	<b>\$ 400,000</b>	<b>730,000</b>	<b>201,815</b>
Unused long-term loans credit lines	<b>\$ 662,640</b>	<b>428,000</b>	<b>141,000</b>
Range of short-term loans interest rates	<b>1.831%~1.982%</b>	<b>1.6953%~1.8356%</b>	<b>1.572%~2.098%</b>
Range of long-term loans interest rates	<b>1.425%~2.128%</b>	<b>1.9198%~2.003%</b>	<b>1.822%~2.05%</b>
Long-term loans due year	<b>2024~2034</b>	<b>2024~2026</b>	<b>2023~2026</b>

For the six months ended June 30, 2024 and 2023, the Group had the additional long-term loans amounting to \$294,000 and \$249,000, respectively, with an interest rate of 1.425%~1.88% and 1.8198%~2.05%, respectively, maturing in December, 2026 to April, 2034 and November, 2023 to January, 2026, respectively.

For the six months ended June 30, 2024 and 2023, the repayment amounted to \$43,750 and \$37,500, 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>June 30, 2023</b>
Total convertible corporate bonds issued	\$ 300,000	300,000
Cumulative converted amount	(300,000)	(283,700)
Unamortized discounted corporate bonds payable	-	(211)
<b>Corporate bonds issued balance at year-end</b>	<b>\$ -</b>	<b>16,089</b>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current	\$ -	-
Non-current	-	16,089
Total	<u>\$ -</u>	<u>16,089</u>
Embedded derivative – put and redeem options, included in financial assets at fair value through profit or loss	<u>\$ -</u>	<u>-</u>
Equity component – conversion options, included in capital surplus– conversion of convertible bonds	<u>\$ -</u>	<u>838</u>

  

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Embedded derivative – put and redeem options, included in gains on financial assets at fair value through profit or loss	<u>\$ -</u>	<u>38</u>	<u>-</u>	<u>38</u>
Interest expense (effective interest rate of 1.28%)	<u>\$ -</u>	<u>342</u>	<u>-</u>	<u>817</u>

Except for the following disclosures, there were no significant issues, repurchases and repayments of bonds payable for the six months ended June 30, 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 June 30, 2024.

For the six months ended June 30, 2023, the relevant information about the convertible bonds issue by the Group were converted into common stock, please refer to note 6(r).

**(n) Provisions**

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Warranties	<u>\$ 34,892</u>	<u>29,651</u>	<u>14,918</u>

There were no significant changes in provisions for the six months ended June 30, 2024 and 2023. Please refer to Note 6(n) of the 2023 annual consolidated financial statements for other related information.

**(o) Lease liabilities**

The carrying value of lease liabilities was as follows:

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Current	\$ 21,235	21,277	21,220
Non-current	193,827	202,010	209,230
	<u>\$ 215,062</u>	<u>223,287</u>	<u>230,450</u>

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

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ <u>549</u>	<u>583</u>	<u>1,111</u>	<u>1,162</u>
Expenses relating to short-term leases	\$ <u>626</u>	<u>684</u>	<u>1,319</u>	<u>1,219</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>14</u>	<u>-</u>	<u>25</u>	<u>-</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>11,406</u>	<u>10,374</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.

(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 and six months ended June 30, 2024 and 2023 were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating cost	\$ 8,046	7,897	16,037	15,808
Selling expenses	550	549	1,098	1,094
Administration expenses	1,124	1,074	2,247	2,148
Research and development expenses	<u>60</u>	<u>-</u>	<u>97</u>	<u>-</u>
Total	\$ <u>9,780</u>	<u>9,520</u>	<u>19,479</u>	<u>19,050</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(q) **Income taxes**

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax expense				
Current period	\$ 10,505	601	20,143	1,263
Income tax expense	<u>\$ 10,505</u>	<u>601</u>	<u>20,143</u>	<u>1,263</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Items that will not be reclassified subsequently to profit or loss:				
Gains on hedging instruments	<u>\$ 391</u>	<u>1,176</u>	<u>2,556</u>	<u>1,207</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statement	<u>\$ 9</u>	<u>15</u>	<u>36</u>	<u>9</u>

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 June 30, 2024, December 31 and June 30, 2023, the authorized common stock of the Company was \$2,400,000, \$2,100,000 and \$2,100,000, respectively, comprising 240,000, 210,000 and 210,000 thousand shares, respectively, with a per value of \$10 per share. The issued shares were 209,438, 209,438 and 170,359 thousand shares. All the capitals were fully received.

Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to June 30, 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. Common stock

On March 22, 2023, the board of directors meeting resolved to issue 38,000 thousand new shares for cash, with a per value of \$10 per share, amounting to \$380,000. The Company has received approval from the Financial Supervisory Commission for this capital increase. On May 10, 2023, the board of directors meeting resolved the basis date of the increase capital to be August 1, 2023. As of June 30, 2023, a partial capital increase payment of \$25,873 has been received and recorded under the advance receipts for share capital.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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For the six months ended June 30, 2023, the convertible bonds issued by the Company amounting to \$83,110, was converted into 8,311 thousand shares of common stock and the related registration procedures have been completed.

2. Capital surplus

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Additional paid-in capital	\$ 978,788	1,041,789	59,624
Gain on disposal of assets	100,063	100,063	100,063
Conversion of convertible bonds	-	-	838
Expired conversion of convertible bonds	2,958	2,958	2,958
Employee Stock Option	-	-	38,366
Expired employee share options	8,177	8,177	-
Other – disgorgement	18	18	18
	<b><u>\$ 1,090,004</u></b>	<b><u>1,153,005</u></b>	<b><u>201,867</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).

The 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).

3. 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**  
**Notes to the Consolidated Financial Statements**

The amount of cash dividends 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:

	<b>2023</b>	<b>2022</b>
	<b>Amount</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:		
Cash	<b>\$ 48,001</b>	<b>12,786</b>

3. Other equity (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Gains (losses) on hedging instruments</b>	<b>Total</b>
Balance at January 1, 2024	\$ 134	(3,554)	(3,420)
Exchange differences on foreign operations	143	-	143
Changes in fair value of hedging instrument	-	17,705	17,705
Changes in fair value of hedging instrument reclassified to inventories	-	(7,482)	(7,482)
Balance at June 30, 2024	<b>\$ 277</b>	<b>6,669</b>	<b>6,946</b>
Balance at January 1, 2023	\$ 133	382	515
Exchange differences on foreign operations	36	-	36
Changes in fair value of hedging instrument	-	8,123	8,123
Changes in fair value of hedging instrument reclassified to inventories	-	(3,293)	(3,293)
Balance at June 30, 2023	<b>\$ 169</b>	<b>5,212</b>	<b>5,381</b>

(s) **Share-based payment**

For the six months ended June 30, 2023, the Group had the following share-based payment arrangements:

	<b>Equity – settled</b>
	<b>Cash capital increase reserved for employee subscription</b>
Grant date	June 8, 2023
Number of shares granted	1,612,000 shares
Recipients	Employees of the Company
Vesting conditions	Immediately vested

(Continued)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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There were no such transaction for the six months ended June 30, 2024.

The Group used Black-Scholes option pricing model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>For the six months ended June 30, 2023</u>
	<u>Cash capital increase reserved for employee subscription</u>
Fair value at grant date (in dollars)	23.8
Share price at grant date (in dollars)	58.8
Exercise price (in dollars)	35
Expected volatility (%)	42.13
Expected life (years)	0.09
Risk-free interest rate (%)	0.6275

Details of cash capital increase reserved for employee subscription are as follows:

	<u>For the six months ended June 30, 2023</u>	
	<u>Weighted-average</u>	<u>Number of options</u>
	<u>exercise price (in dollars)</u>	<u>(shares)</u>
Outstanding at January 1	\$ -	-
Granted during the year	35	1,612,000
Outstanding at June 30	35	<u>1,612,000</u>
Exercisable at June 30	35	<u>1,612,000</u>

The Group's compensation expenses stemming from the cash capital increase reserved for employee subscription for the three months and six months ended June 30, 2023, amounting to \$ 38,366, and recorded as operating costs and expenses as well as in the capital surplus-employee stock options.

(t) **Earnings per share**

For the three months and six months ended June 30, 2024 and 2023, the Company's earnings per share were calculated as follows:

Unit of share: thousand

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Basic earnings per share:</b>				
Profit (loss) attributable to common shareholders of the Company	\$ <u>41,905</u>	<u>(29,239)</u>	<u>80,441</u>	<u>(26,645)</u>
Weighted-average number of shares	<u>209,438</u>	<u>165,441</u>	<u>209,438</u>	<u>163,754</u>
	<u>\$ 0.20</u>	<u>(0.18)</u>	<u>0.38</u>	<u>(0.16)</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Diluted earnings per share:</b>				
Profit (loss) attributable to common shareholders of the Company	\$ 41,905	(29,239)	80,441	(26,645)
Effect of dilutive ordinary shares:				
Convertible bonds	-	-	-	-
Profit (loss) attributable to common shareholders of the Company (diluted)	<u>\$ 41,905</u>	<u>(29,239)</u>	<u>80,441</u>	<u>(26,645)</u>
Weighted-average number of shares	209,438	165,441	209,438	163,754
Effect of dilutive ordinary shares:				
Remuneration to employees	80	-	101	-
Convertible bonds	-	-	-	-
Weighted-average number of shares (diluted)	<u>\$ 209,518</u>	<u>165,441</u>	<u>209,539</u>	<u>163,754</u>
	<u>\$ 0.20</u>	<u>(0.18)</u>	<u>0.38</u>	<u>(0.16)</u>

For the three months and six months ended June 30, 2023, there is an anti-diluted effect on convertible bonds and remuneration to employees.

(u) **Revenue from contracts with customers**

1. Disaggregation of revenue

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Primary geographical markets:</u>				
Taiwan	\$ 1,086,136	1,146,631	2,169,030	2,143,368
Asia	149,349	125,544	266,753	211,707
Other	29,440	8,218	89,619	35,298
	<u>\$ 1,264,925</u>	<u>1,280,393</u>	<u>2,525,402</u>	<u>2,390,373</u>
<u>Major services and timing of revenue recognition:</u>				
At a point in time				
Repair supply pricing	\$ 29,308	25,199	72,401	51,640
Outsourced repair and air material transaction	268,549	380,237	639,994	675,027
Subtotal	<u>297,857</u>	<u>405,436</u>	<u>712,395</u>	<u>726,667</u>
Over time				
Aircraft maintenance	332,478	236,737	610,501	462,040
Fleet maintenance	95,822	97,655	215,121	214,741
Components maintenance	538,768	540,565	987,385	986,925
Subtotal	<u>967,068</u>	<u>874,957</u>	<u>1,813,007</u>	<u>1,663,706</u>
Total	<u>\$ 1,264,925</u>	<u>1,280,393</u>	<u>2,525,402</u>	<u>2,390,373</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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2. Contract balances

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes and trade receivables	\$ 2,427,113	1,449,310	1,685,651
Less: Loss allowance	(3,873)	(4,294)	(835)
<b>Total</b>	<b>\$ 2,423,240</b>	<b>1,445,016</b>	<b>1,684,816</b>
Contract assets – Maintenance service	<b>\$ 1,209,936</b>	<b>1,181,069</b>	<b>1,116,539</b>
Contract liabilities – Maintenance service	<b>\$ 74,560</b>	<b>51,585</b>	<b>52,156</b>

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

The amount of revenue recognized for the six months ended June 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$16,403 and \$7,630, 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>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Incremental costs of obtaining contracts – non-current	\$ 19,426	20,771	19,047
Less: accumulated amortization	(7,788)	(7,343)	(5,568)
<b>Total</b>	<b>\$ 11,638</b>	<b>13,428</b>	<b>13,479</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 \$896, \$888, \$1,791 and \$1,775 were recognized for the three months and six months ended June 30, 2024 and 2023.

(v) **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 \$1,621 and \$3,111 for the three months and six months ended June 30, 2024, 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. Remuneration to employees was not accrued because of the Company's net loss before tax for the three months and

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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six months ended June 30, 2023. 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.

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

1. Other income

The details of other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Rent income	\$ 588	107	935	455
Other income—others	1,262	3,295	1,889	4,312
	<b>\$ 1,850</b>	<b>3,402</b>	<b>2,824</b>	<b>4,767</b>

2. Other gains and losses

The details of other gains and losses were as follows :

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Gains on disposals of property, plant and equipment	\$ 4	7	12	294
Foreign exchange gains, net	1,271	1,442	5,031	6,867
Gains on valuation of financial assets at fair value through profit or loss	-	38	-	38
Handing fees	(2,364)	(3,984)	(4,799)	(7,941)
Others	-	-	(20)	-
	<b>\$ (1,089)</b>	<b>(2,497)</b>	<b>224</b>	<b>(742)</b>

**(x) 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.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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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 June 30, 2024, December 31 and June 30, 2023, a few customers of the Group accounted for 84%, 81% and 89%, 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.

(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 six months ended June 30, 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>June 30, 2024</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,676,000	1,709,554	1,218,841	177,147	210,592	102,974
With fixed interest rates	469,819	470,000	470,000	-	-	-
Non-interest-bearing liabilities	522,550	522,550	522,550	-	-	-
Lease liabilities	215,062	229,438	23,307	18,683	49,121	138,327
Derivative financial liabilities						
Forward exchange contracts:						
Outflow	12	6,420	6,420	-	-	-
Inflow	-	(6,408)	(6,408)	-	-	-
	<u>\$ 2,883,443</u>	<u>2,931,554</u>	<u>2,234,710</u>	<u>195,830</u>	<u>259,713</u>	<u>241,301</u>

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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>
<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	-	(204,924)	(204,924)	-	-	-
	<u>\$ 1,947,277</u>	<u>1,976,336</u>	<u>1,485,695</u>	<u>207,089</u>	<u>137,088</u>	<u>146,464</u>
<b>June 30, 2023</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,863,435	1,882,217	1,647,991	134,135	100,091	-
With fixed interest rates	765,731	766,712	750,000	16,712	-	-
Non-interest-bearing liabilities	526,496	526,496	526,496	-	-	-
Lease liabilities	230,450	247,011	23,452	18,583	50,376	154,600
Derivative financial liabilities						
Forward exchange contracts:						
Outflow	11	6,526	6,526	-	-	-
Inflow	-	(6,515)	(6,515)	-	-	-
	<u>\$ 3,386,123</u>	<u>3,422,447</u>	<u>2,947,950</u>	<u>169,430</u>	<u>150,467</u>	<u>154,600</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>June 30, 2024</u>			<u>December 31, 2023</u>			<u>June 30, 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>
<b>Financial assets</b>									
<u>Monetary items</u>									
USD	\$ 6,388	32.45	207,290	6,354	30.705	195,091	6,856	31.14	213,488
<u>Non-monetary items</u>									
USD	7,645	32.45	248,080	919	30.705	28,218	7,886	31.14	245,570
GBP	952	41.04	39,070	-	-	-	600	39.38	23,628

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	June 30, 2024			December 31, 2023			June 30, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	6,013	32.45	195,113	5,534	30.705	169,908	4,535	31.14	141,215
<u>Non-monetary items</u>									
USD	200	32.45	6,490	5,539	30.705	170,075	212	31.14	6,602
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 June 30, 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 (loss) after tax will increase or decrease by \$97 and \$578, respectively, and the equity will increase or decrease by \$67 and \$52 due to cash flow hedges, respectively. This analysis was performed on a consistent basis for both periods.

Exchange gains or losses (including realized and unrealized) that resulted from monetary items translated to the functional currency were as follows:

	January to June, 2024		January to June, 2023	
	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	\$ <u>5,031</u>	-	<u>6,867</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 (loss) would have decreased or increased by \$6,704 and \$7,454 for the six months ended June 30, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

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- 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 six months ended June 30, 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.

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.

(y) **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.

(z) **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.

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

The Group acquired right-of-use assets by leases in the six months ended June 30, 2024 and 2023, please refer to note 6(h).

The convertible bonds issued by the Group were converted into common stock in the six months ended June 30, 2023, please refer to note 6(r).

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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>June 30, 2024</b>
Short-term loans	\$ 730,000	290,000	-	1,020,000
Short-term notes payable	-	469,819	-	469,819
Long-term loans (included in current portion)	405,750	250,250	-	656,000
Lease liabilities	223,287	(8,951)	726	215,062
Total liabilities from financing activities	<u>\$ 1,359,037</u>	<u>1,001,118</u>	<u>726</u>	<u>2,360,881</u>
	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>June 30, 2023</b>
Short-term loans	\$ 1,125,000	283,185	-	1,408,185
Short-term notes payable	549,704	199,938	-	749,642
Long-term loans (included in current portion)	243,750	211,500	-	455,250
Bonds payable	149,673	-	(133,584)	16,089
Lease liabilities	232,720	(7,993)	5,723	230,450
Total liabilities from financing activities	<u>\$ 2,300,847</u>	<u>686,630</u>	<u>(127,861)</u>	<u>2,859,616</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.

<b>Name of related party</b>	<b>Relationship with the Group</b>
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 June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Other related parties	\$ <u>178</u>	<u>516</u>	<u>218</u>	<u>1,167</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 June 30, 2024, December 31 and June 30, 2023, the receivables from related parties were \$36, \$0 and \$42, respectively, which recorded as trade receivables.

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(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 4,160	4,360	8,300	8,576
Post-employment benefits	170	175	336	1,061
	<u>\$ 4,330</u>	<u>4,535</u>	<u>8,636</u>	<u>9,637</u>

**(8) Pledged assets**

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

<u>Pledged assets</u>	<u>Object</u>	<u>June 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2023</u>
Refundable deposits— current	Guarantee deposits and customs bond	\$ 97,825	113,866	56,571
Refundable deposits— non-current (Note1)	Guarantee deposits	12,173	44,667	26,566
Land	Short-term and long- term loans	255,076	255,076	255,076
Buildings and structures	Short-term and long- term loans	3,231	185,816	191,768
		<u>\$ 368,305</u>	<u>599,425</u>	<u>529,981</u>

Note 1: recorded as other non-current assets.

**(9) Significant commitments and contingencies**

(a) Unrecognized contractual commitments

- As of June 30, 2024, December 31 and June 30, 2023, the maintenance bond and customs bond offered by banks amounted to \$1,916,280, \$1,967,822 and \$3,387,239, respectively.
- The Group signed contracts with domestic and foreign vendors for building and purchasing property, plant and equipment. As of June 30, 2024, December 31 and June 30, 2023, the contracts amounted to \$555,131, \$547,453 and \$525,901, respectively, and the unpaid payment was \$428,867, \$458,422 and \$433,509, respectively.

(b) Contingencies: None.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

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**(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 June 30,					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		161,639	37,941	199,580	175,066	43,237	218,303
Labor and health insurance		15,618	3,124	18,742	15,376	2,869	18,245
Pension		8,046	1,734	9,780	7,897	1,623	9,520
Others		12,170	2,060	14,230	10,458	2,139	12,597
Depreciation		20,806	3,748	24,554	20,822	2,534	23,356
Amortization		1,326	329	1,655	1,866	165	2,031

By item	By function	For the six months ended June 30,					
		2024			2023		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		311,474	71,338	382,812	321,607	74,676	396,283
Labor and health insurance		31,160	6,273	37,433	30,783	5,871	36,654
Pension		16,037	3,442	19,479	15,808	3,242	19,050
Others		23,606	4,068	27,674	20,253	3,741	23,994
Depreciation		41,664	7,250	48,914	41,361	4,942	46,303
Amortization		2,785	666	3,451	2,953	382	3,335

- (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 six months ended June 30, 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

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

- (b) Information on investees:

The followings are the information on investees for the six months ended June 30, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Main businesses and products	Original investment amount		Balance as of June 30, 2024			Net income (losses) of investee	Investment income (loss) recognized	Note
			June 30, 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 %	3,292	51	51 (Note)	

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

- (c) Information on investment in mainland China:None

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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.