

(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, 2025 and 2024**

Address: No. 1050, Jichang Rd., Rende Dist., Tainan City, Taiwan, R.O.C.  
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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 March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, 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, 2025 and 2024, and of its consolidated financial performance its consolidated cash flows for the three months ended March 31, 2025 and 2024 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 6, 2025

#### **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, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and Equity		March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents(note (6)(a))	\$ 157,136	2	155,614	3	220,069	4	2100	Short-term loans(notes (6)(l)and (8))	\$ 960,000	15	620,000	11	930,000	15
1139	Financial assets for hedging – current(note (6)(b))	2,756	-	2,630	-	6,383	-	2110	Short-term notes payable(note (6)(k))	529,475	8	-	-	399,334	6
1140	Contract assets – current(note (6)(s))	1,430,843	22	1,364,969	24	1,155,863	18	2130	Contract liabilities – current(note (6)(s))	43,476	1	49,737	1	66,065	1
1170	Trade receivables, net(notes (6)(c), (s)and (7))	2,190,474	34	1,411,862	24	2,163,329	35	2170	Trade payables	380,176	6	480,087	8	377,436	6
1200	Other receivables(note (6)(d))	75,705	1	2,604	-	22,648	-	2200	Other payables(note (6)(q))	331,313	5	303,138	5	325,265	6
130X	Inventories(notes (6)(b)and (e))	1,272,138	20	1,348,862	23	1,114,879	18	2230	Current tax liabilities	45,045	1	37,530	1	7,449	-
1410	Prepayments(note (6)(f))	65,411	1	125,978	2	146,931	2	2250	Provisions – current(note (6)(m))	40,082	-	36,831	1	32,940	1
1478	Refundable deposits – current(note (8))	71,059	1	88,381	2	102,489	2	2280	Lease liabilities – current(note (6)(n))	22,589	-	22,572	-	21,364	-
1479	Other current assets	11,523	-	5,585	-	10,313	-	2320	Current portion of long-term loans(notes (6)(l)and (8))	200,000	3	184,000	3	149,000	2
	<b>Total current assets</b>	<u>5,277,045</u>	<u>81</u>	<u>4,506,485</u>	<u>78</u>	<u>4,942,904</u>	<u>79</u>	2399	Other current liabilities	8,885	-	8,727	-	15,340	-
<b>Non-current assets:</b>									<b>Total current liabilities</b>	<u>2,561,041</u>	<u>39</u>	<u>1,742,622</u>	<u>30</u>	<u>2,324,193</u>	<u>37</u>
1600	Property, plant and equipment(notes (6)(g)and (8))	818,570	13	822,121	14	795,638	13		<b>Non-current liabilities:</b>						
1755	Right-of-use assets(note (6)(h))	215,992	3	222,646	4	238,426	4	2540	Long-term loans(notes (6)(l)and (8))	402,500	6	364,000	7	325,500	6
1780	Intangible assets(note (6)(i))	3,976	-	6,617	-	14,855	-	2570	Deferred tax liabilities	2,584	-	2,551	-	-	-
1840	Deferred tax assets	53,863	1	53,863	1	49,643	1	2580	Lease liabilities – non-current(note (6)(n))	184,140	3	188,343	3	198,179	3
1955	Incremental costs of obtaining contracts – non-current(note (6)(s))	11,029	-	11,943	-	12,533	-		<b>Total non-current liabilities</b>	<u>589,224</u>	<u>9</u>	<u>554,894</u>	<u>10</u>	<u>523,679</u>	<u>9</u>
1990	Other non-current assets(notes (6)(g), (j)and (8))	139,422	2	143,246	3	164,144	3		<b>Total liabilities</b>	<u>3,150,265</u>	<u>48</u>	<u>2,297,516</u>	<u>40</u>	<u>2,847,872</u>	<u>46</u>
	<b>Total non-current assets</b>	<u>1,242,852</u>	<u>19</u>	<u>1,260,436</u>	<u>22</u>	<u>1,275,239</u>	<u>21</u>		<b>Equity attributable to owners of parent(notes (6)(b), (p)and (q)):</b>						
								3110	Common stock	2,094,382	32	2,094,382	36	2,094,382	34
								3200	Capital surplus	1,090,004	17	1,090,004	19	1,090,004	17
									Retained earnings:						
								3310	Legal reserve	138,581	2	138,581	2	132,869	2
								3320	Special reserve	3,420	-	3,420	-	-	-
								3350	Unappropriated retained earnings	40,703	1	140,611	3	47,670	1
										<u>182,704</u>	<u>3</u>	<u>282,612</u>	<u>5</u>	<u>180,539</u>	<u>3</u>
								3400	Other equity	2,542	-	2,407	-	5,346	-
									<b>Total equity</b>	<u>3,369,632</u>	<u>52</u>	<u>3,469,405</u>	<u>60</u>	<u>3,370,271</u>	<u>54</u>
<b>Total assets</b>		<u>\$ 6,519,897</u>	<u>100</u>	<u>5,766,921</u>	<u>100</u>	<u>6,218,143</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 6,519,897</u>	<u>100</u>	<u>5,766,921</u>	<u>100</u>	<u>6,218,143</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, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Common Share)**

		For the three months ended March 31,			
		2025		2024	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes (6)(s)and (7))	\$ 1,258,783	100	1,260,477	100
5000	<b>Operating costs</b> (notes (6)(b), (e), (n), (o), (s), (t), (7)and (12))	1,145,029	91	1,149,251	91
5900	<b>Gross profit</b>	113,754	9	111,226	9
6000	<b>Operating expenses</b> (notes (6)(c), (n), (o), (t), (7)and (12)):				
6100	Selling expenses	18,807	1	15,399	1
6200	Administrative expenses	42,530	4	42,055	3
6300	Research and development expenses	6,016	-	2,431	-
6450	Expected credit losses (profit)	200	-	(1,311)	-
		67,553	5	58,574	4
6900	<b>Operating profit</b>	46,201	4	52,652	5
7000	<b>Non-operating income and expenses</b> (notes (6)(g), (n)and (u)):				
7100	Interest income	181	-	1,006	-
7010	Other income	1,667	-	974	-
7020	Other gains and losses	(2,024)	-	1,313	-
7050	Interest expenses	(8,449)	(1)	(7,771)	(1)
		(8,625)	(1)	(4,478)	(1)
7900	<b>Profit before tax</b>	37,576	3	48,174	4
7950	<b>Less: Income tax expenses</b> (note (6)(p))	7,515	1	9,638	1
	<b>Net profit</b>	30,061	2	38,536	3
8300	<b>Other comprehensive income</b> (notes (6)(b), (p)and (q)):				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8317	Gains on hedging instrument	2,386	-	12,812	1
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	25	-	2,165	-
		2,361	-	10,647	1
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	42	-	133	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	8	-	27	-
		34	-	106	-
8300	<b>Other comprehensive income, net</b>	2,395	-	10,753	1
8500	<b>Total comprehensive income</b>	\$ 32,456	2	49,289	4
	<b>Profit, attributable to:</b>				
8610	Owners of parent	\$ 30,061	2	38,536	3
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 32,456	2	49,289	4
	<b>Earnings per share (note (6)(r)) (in New Taiwan dollars)</b>				
9750	<b>Basic earnings per share</b>	\$ 0.14		0.18	
9850	<b>Diluted earnings per share</b>	\$ 0.14		0.18	

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, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	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, 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
<b>Balance at January 1, 2025</b>	\$ 2,094,382	1,090,004	138,581	3,420	140,611	303	2,104	2,407	3,469,405
Net profit	-	-	-	-	30,061	-	-	-	30,061
Other comprehensive income	-	-	-	-	-	34	2,361	2,395	2,395
Total comprehensive income	-	-	-	-	30,061	34	2,361	2,395	32,456
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(129,969)	-	-	-	(129,969)
Changes in fair value of hedging instrument reclassified to inventories	-	-	-	-	-	-	(2,260)	(2,260)	(2,260)
<b>Balance at March 31, 2025</b>	\$ 2,094,382	1,090,004	138,581	3,420	40,703	337	2,205	2,542	3,369,632

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, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 37,576	48,174
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expenses	26,094	24,360
Amortization expenses	3,771	1,796
Expected credit losses (profit)	200	(1,311)
Interest expenses	8,449	7,771
Interest income	(181)	(1,006)
Gains on disposal of property, plant and equipment	(4)	(8)
Property, plant and equipment transferred to operating costs	57	-
Unrealized foreign exchange losses(gains)	565	(650)
Total adjustments to reconcile profit	38,951	30,952
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease(increase) in contract assets — current	(65,874)	25,206
Increase in trade receivables, net	(778,318)	(715,847)
Decrease (increase) in other receivables	42	(20,379)
Decrease (increase) in inventories	76,724	(63,079)
Increase in prepayments	(12,489)	(5,607)
Decrease (increase) in other current assets	(5,938)	19,074
Decrease in incremental costs of obtaining contracts — non-current	914	895
Total changes in operating assets	(784,939)	(759,737)
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities — current	(6,261)	14,480
Increase (decrease) in trade payables	(101,419)	52,755
Decrease in other payables	(101,597)	(65,282)
Increase in provisions — current	3,251	3,289
Increase in other current liabilities	158	787
Total changes in operating liabilities	(205,868)	6,029
Net changes in operating assets and liabilities	(990,807)	(753,708)
Total adjustments	(951,856)	(722,756)
Cash flows used in operations	(914,280)	(674,582)
Interest received	95	866
Interest paid	(7,912)	(7,492)
Income tax paid	-	(80)
<b>Net cash used in operating activities</b>	(922,097)	(681,288)
<b>Cash flows from (used in) investing activities:</b>		
Decrease in refundable deposits	17,322	40,875
Acquisition of property, plant and equipment	(9,179)	(34,631)
Proceeds from disposal of property, plant and equipment	4	8
Acquisition of intangible assets	(1,130)	(2,142)
Increase in other non-current assets	(3,210)	(22,332)
<b>Net cash generated from (used in) investing activities</b>	3,807	(18,222)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	699,114	300,000
Decrease in short-term loans	(359,114)	(100,000)
Increase in short-term notes payable	729,237	998,744
Decrease in short-term notes payable	(199,762)	(599,410)
Proceeds from long-term loans	100,000	100,000
Repayments of long-term loans	(45,500)	(31,250)
Payment of lease liabilities	(4,695)	(4,470)
<b>Net cash generated from financing activities</b>	919,280	663,614
<b>Effects of exchange rate changes on balance of cash held in foreign currencies</b>	532	1,700
<b>Net increase (decrease) in cash and cash equivalents</b>	1,522	(34,196)
<b>Cash and cash equivalents at the beginning of year</b>	155,614	254,265
<b>Cash and cash equivalents at end of year</b>	\$ <b>157,136</b>	<b>220,069</b>

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, 2025 and 2024**

**(Expressed in Thousands of New Taiwan Dollar, 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 6, 2025.

**(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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

- (b) The impact of IFRS Accounting Standards endorsed 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, 2026, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

- (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:

(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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**(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 statements for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
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.

(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.

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

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.

**(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 IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, 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, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

**(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 2024 consolidated financial statements. Please refer to Note 6 of the 2024 annual consolidated financial statements.

**(a) Cash and cash equivalents**

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Cash and cash on hand	\$ 847	844	856
Demand deposits	156,289	154,770	155,213
Time deposits	-	-	64,000
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 157,136</u>	<u>155,614</u>	<u>220,069</u>

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

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

(b) Financial instruments used for hedging

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
<b>Cash flow hedge:</b>			
Financial assets for hedging – current:			
Forward exchange contracts	\$ <u>2,756</u>	<u>2,630</u>	<u>6,383</u>

(i) 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, 2025</u>			
	<u>Contract Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD \$ <u>5,358</u>	TWD to USD	2025.04.24~2026.02.25
			<u>Average strike price</u> 31.432~32.972
<u>December 31, 2024</u>			
	<u>Contract Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD \$ <u>3,783</u>	TWD to USD	2025.01.10~2025.08.25
			<u>Average strike price</u> 31.332~32.599
<u>March 31, 2024</u>			
	<u>Contract Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD \$ <u>7,536</u>	TWD to USD	2024.04.10~2025.01.24
			<u>Average strike price</u> 29.58~31.69
Forward exchange purchased	GBP \$ <u>952</u>	TWD to GBP	2024.07.25
			39.91

(ii) The details arising from cash flow hedges for the three months ended March 31, 2025 and 2024, were as follows:

<u>Account Item</u>	<u>January to March, 2025</u>	<u>January to March, 2025</u>
Recognized in other comprehensive income during the period	\$ <u>2,361</u>	<u>10,647</u>
Reclassification from equity to decrease in inventories for the period	\$ <u>2,260</u>	<u>1,987</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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There was no ineffective portion of unsettled cash flow hedge recognized in profit or loss.

(c) Trade receivables

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Trade receivables(including from related parties)	\$ 2,194,633	1,415,821	2,166,312
Less: Loss allowance	(4,159)	(3,959)	(2,983)
Total	<u>\$ 2,190,474</u>	<u>1,411,862</u>	<u>2,163,329</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, 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:

	<b>March 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 1</u>			
Current	<u>\$ 2,084,578</u>	0.00%	<u>-</u>
<u>Group 2</u>			
Current	\$ 100,108	2.18%	2,183
1 to 90 days past due	9,542	18.99%	1,812
91 to 180 days past due	405	40.59%	164
181 to 270 days past due	-	-	-
271 to 365 days past due	-	-	-
More than 365 days past due	-	-	-
	<u>\$ 110,055</u>		<u>4,159</u>
		<b>December 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>\$ 1,322,423</u>	0.00%	<u>-</u>

(Continued)

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

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<u>Group 2</u>			
Current	\$ 81,949	2.18%	1,785
1 to 90 days past due	11,449	18.99%	2,174
91 to 180 days past due	-	-	-
181 to 270 days past due	-	-	-
271 to 365 days past due	-	-	-
More than 365 days past due	-	-	-
	<b>\$ 93,398</b>		<b>3,959</b>
<u>Group 1</u>			
Current	<b>\$ 2,067,486</b>	0.00%	-
<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	-	-	-
271 to 365 days past due	535	96.64%	517
More than 365 days past due	293	100%	293
	<b>\$ 98,826</b>		<b>2,983</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 3,959	4,294
Impairment losses (gains) recognized	200	(1,311)
Balance at March 31	<b>\$ 4,159</b>	<b>2,983</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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other receivables—income taxes refund	\$ 597	597	751
Other receivables—equipment purchasing agent	-	-	20,076
Other receivables—materials	73,056	-	-
Others	2,052	2,007	1,821
Less: Loss allowance	-	-	-
	<u>\$ 75,705</u>	<u>2,604</u>	<u>22,648</u>

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

## (e) Inventories

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Repair materials and others	\$ 947,774	992,109	808,607
Finished goods	324,364	356,753	306,272
	<u>\$ 1,272,138</u>	<u>1,348,862</u>	<u>1,114,879</u>

The details of the cost of sales were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Inventory that has been sold and service costs	\$ 1,100,237	1,118,612
Unallocated production overheads	36,238	27,577
Write-down of inventories	8,552	3,019
Losses on physical inventory	2	43
	<u>\$ 1,145,029</u>	<u>1,149,251</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>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayment for materials	\$ 30,912	102,401	117,854
Prepayment of bank performance guarantee fees	6,684	7,570	5,420
Prepayment—other	27,815	16,007	23,657
	<u>\$ 65,411</u>	<u>125,978</u>	<u>146,931</u>

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

(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, 2025	\$ 275,211	761,069	777,162	78,227	95,878	87,894	2,075,441
Additions	-	5,581	1,420	1,226	-	176	8,403
Disposals	-	-	-	(51)	-	-	(51)
Reclassification	-	5,381	1,653	-	-	(57)	6,977 (Note 1)
Balance at March 31, 2025	<u>\$ 275,211</u>	<u>772,031</u>	<u>780,235</u>	<u>79,402</u>	<u>95,878</u>	<u>88,013</u>	<u>2,090,770</u>
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 2)
Balance at March 31, 2024	<u>\$ 275,211</u>	<u>724,381</u>	<u>744,382</u>	<u>75,760</u>	<u>95,627</u>	<u>84,884</u>	<u>2,000,245</u>
<b>Accumulated depreciation and impairment loss:</b>							
Balance at January 1, 2025	\$ -	481,520	640,328	57,163	74,309	-	1,253,320
Depreciation	-	6,118	9,891	1,833	1,089	-	18,931
Disposals	-	-	-	(51)	-	-	(51)
Balance at March 31, 2025	<u>\$ -</u>	<u>487,638</u>	<u>650,219</u>	<u>58,945</u>	<u>75,398</u>	<u>-</u>	<u>1,272,200</u>
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>
<b>Carrying value:</b>							
Balance at January 1, 2025	<u>\$ 275,211</u>	<u>279,549</u>	<u>136,834</u>	<u>21,064</u>	<u>21,569</u>	<u>87,894</u>	<u>822,121</u>
Balance at March 31, 2025	<u>\$ 275,211</u>	<u>284,393</u>	<u>130,016</u>	<u>20,457</u>	<u>20,480</u>	<u>88,013</u>	<u>818,570</u>
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>

Note 1: The amount of \$7,034 transferred from other non-current assets – prepayment for equipment, and the amount of \$57 transferred to operating costs.

Note 2: The amount transferred from other non-current assets – prepayment for equipment.

The capitalized borrowing costs related to the construction of the administration building amounted to \$176 and \$0, respectively, for the three months ended March 31, 2025 and 2024, calculated using a capitalization rate of 1.43% and 0.00%, 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, 2025	\$ 281,911	48,647	10,723	341,281
Additions	-	-	509	509
Balance at March 31, 2025	<u>\$ 281,911</u>	<u>48,647</u>	<u>11,232</u>	<u>341,790</u>
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>
<b>Accumulated depreciation and impairment loss:</b>				
Balance at January 1, 2025	\$ 88,979	25,878	3,778	118,635
Depreciation	3,752	2,594	817	7,163
Balance at March 31, 2025	<u>\$ 92,731</u>	<u>28,472</u>	<u>4,595</u>	<u>125,798</u>
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>
<b>Carrying value:</b>				
Balance at January 1, 2025	<u>\$ 192,932</u>	<u>22,769</u>	<u>6,945</u>	<u>222,646</u>
Balance at March 31, 2025	<u>\$ 189,180</u>	<u>20,175</u>	<u>6,637</u>	<u>215,992</u>
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>

(i) Intangible assets

The details of intangible assets were as follows:

	<u>Software</u>
<b>Carrying value:</b>	
Balance at January 1, 2025	<u>\$ 6,617</u>
Balance at March 31, 2025	<u>\$ 3,976</u>
Balance at January 1, 2024	<u>\$ 14,509</u>
Balance at March 31, 2024	<u>\$ 14,855</u>

(Continued)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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There were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2025 and 2024. 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, 2024.

(j) Other non-current assets

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Prepayment for equipment	\$ 101,087	106,103	129,556
Refundable deposits – non-current	12,300	12,300	15,169
Other non-current assets – other	26,035	24,843	19,419
	<b>\$ 139,422</b>	<b>143,246</b>	<b>164,144</b>

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 :

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Commercial paper payable	\$ 529,475	-	399,334

For the three months ended March 31, 2025 and 2024, the Group had the additional short-term notes payable amounting to \$729,237 and \$998,744, respectively, with an interest rate of 1.968%~1.98% and 1.85%~1.89%, respectively, maturing in February to May, 2025 and 2024, respectively. For the three months ended March 31, 2025 and 2024, the repayment amounted to \$199,762 and \$599,410, respectively.

(l) Short-term and long-term loans

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured bank loans – NTD	\$ 960,000	620,000	930,000
Long-term unsecured bank loans – NTD	352,500	298,000	474,500
Long-term secured bank loans – NTD	250,000	250,000	-
Total	<b>\$ 1,562,500</b>	<b>1,168,000</b>	<b>1,404,500</b>
Current	\$ 1,160,000	804,000	1,079,000
Non-current	402,500	364,000	325,500
Total	<b>\$ 1,562,500</b>	<b>1,168,000</b>	<b>1,404,500</b>

(Continued)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unused short-term loans credit lines	<u>\$ 535,000</u>	<u>875,000</u>	<u>730,000</u>
Unused long-term loans credit lines	<u>\$ 579,640</u>	<u>679,640</u>	<u>328,000</u>
Range of short-term loans interest rates	<u>1.878%~2.02955%</u>	<u>1.878%~2.02775%</u>	<u>1.6959%~1.89%</u>
Range of long-term loans interest rates	<u>1.425%~2.1552%</u>	<u>1.425%~2.1539%</u>	<u>1.88%~2.003%</u>
Long-term loans due year	<u>2025~2034</u>	<u>2025~2034</u>	<u>2024~2026</u>

For the three months ended March 31, 2025 and 2024, the Group had the additional short-term loans amounting to \$699,114 and \$300,000, respectively, with an interest rate of 1.7654%~6.7125% and 1.5724%~2.0987%, respectively, maturing in February, 2025 to February, 2026 and March, 2024 to February, 2025, respectively. For the three months ended March 31, 2025 and 2024, the repayment amounted to \$359,114 and \$100,000, respectively.

For the three months ended March 31, 2025 and 2024, the Group had the additional long-term loans both amounting to \$100,000, with an interest rate of 2.05% and 1.88%, respectively, both maturing in December, 2026. For the three months ended March 31, 2025 and 2024, the repayment amounted to \$45,500 and \$31,250, respectively.

Assets pledged are disclosed in note 8.

(m) Provisions

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Warranties	<u>\$ 40,082</u>	<u>36,831</u>	<u>32,940</u>

There were no significant changes in provisions for the three months ended March 31, 2025 and 2024. Please refer to Note 6(m) of the 2024 annual consolidated financial statements for other related information.

(n) Lease liabilities

The carrying value of lease liabilities was as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Current	<u>\$ 22,589</u>	<u>22,572</u>	<u>21,364</u>
Non-current	<u>184,140</u>	<u>188,343</u>	<u>198,179</u>
	<u>\$ 206,729</u>	<u>210,915</u>	<u>219,543</u>

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

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest on lease liabilities	\$ 535	562
Expenses relating to short-term leases	\$ 515	693
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 11	11

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	\$ 5,756	5,736

(i) Real estate leases

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

(ii) Other leases

The Group leases transportation equipment with lease terms of three to five 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.

(o) 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, 2025 and 2024 were as follows:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Operating cost	\$ 8,506	7,991
Selling expenses	573	548
Administration expenses	1,076	1,123
Research and development expenses	102	37
Total	\$ 10,257	9,699

(Continued)

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

(p) Income taxes

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense		
Current period	\$ <u>7,515</u>	<u>9,638</u>
Income tax expense	<u>\$ <u>7,515</u></u>	<u><u>9,638</u></u>

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Items that will not be reclassified subsequently to profit or loss:		
Gains on hedging instruments	\$ <u>25</u>	<u>2,165</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statement	\$ <u>8</u>	<u>27</u>

(ii) The Group's income tax return for the year 2022 had been examined by the tax authorities.

(q) Capital and other equity

As of March 31, 2025, December 31 and March 31, 2024, the authorized common stock of the Company was \$2,400,000, \$2,400,000 and \$2,100,000, respectively, comprising 240,000, 240,000 and 210,000 thousand shares, respectively, with a per value of \$10 per share. All of the issued shares were both 209,438 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 March 31, 2025 and 2024. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2024.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(i) Capital surplus

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Additional paid-in capital	\$ 978,788	978,788	978,788
Gain on disposal of assets	100,063	100,063	100,063
Expired conversion of convertible bonds	2,958	2,958	2,958
Expired employee share options	8,177	8,177	8,177
Other – disorgement	<u>18</u>	<u>18</u>	<u>18</u>
	<b><u>\$ 1,090,004</u></b>	<b><u>1,090,004</u></b>	<b><u>1,090,004</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).

(ii) 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.

The amount of cash dividends (recorded as other payable) of appropriations of earnings for 2024 and 2023 had been approved in the board meeting held on February 26, 2025 and February 29, 2024, respectively. These earnings were appropriated as follows:

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

	<b>2024</b>	<b>2023</b>	
	<b>Amount</b>	<b>Amount</b>	
Dividends distributed to ordinary shareholders:			
Cash	<b>\$ 129,969</b>	<b>48,001</b>	
 (iii) 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, 2025	\$ 303	2,104	2,407
Exchange differences on foreign operations	34	-	34
Changes in fair value of hedging instrument	-	2,361	2,361
Changes in fair value of hedging instrument reclassified to inventories	-	(2,260)	(2,260)
Balance at March 31, 2025	<b>\$ 337</b>	<b>2,205</b>	<b>2,542</b>
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	<b>\$ 240</b>	<b>5,106</b>	<b>5,346</b>

## (r) Earnings per share

For the three months ended March 31, 2025 and 2024, the Company's earnings per share were calculated as follows:

Unit of share: thousand

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Basic earnings per share:</b>		
Profit attributable to common share holders of the Company	<b>\$ 30,061</b>	<b>38,536</b>
Weighted-average number of shares	<b>209,438</b>	<b>209,438</b>
	<b>\$ 0.14</b>	<b>0.18</b>

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Diluted earnings per share:</b>		
Profit attributable to common shareholders of the Company (diluted)	<b>\$ 30,061</b>	<b>38,536</b>
Weighted-average number of shares	209,438	209,438
Effect of dilutive ordinary shares:		
Remuneration to employees	127	82
Weighted-average number of shares (diluted)	<b>209,565</b>	<b>209,520</b>
	<b>\$ 0.14</b>	<b>0.18</b>
(s) Revenue from contracts with customers		
(i) Disaggregation of revenue		

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
<u>Primary geographical markets:</u>		
Taiwan	\$ 1,051,341	1,082,894
Asia	173,487	117,404
Other	33,955	60,179
	<b>\$ 1,258,783</b>	<b>1,260,477</b>
<u>Major services and timing of revenue recognition:</u>		
At a point in time		
Repair supply pricing	\$ 35,922	43,093
Outsourced repair and air material transaction	268,422	371,445
Subtotal	304,344	414,538
Over time		
Aircraft maintenance	326,069	278,023
Fleet maintenance	115,970	119,299
Components maintenance	512,400	448,617
Subtotal	954,439	845,939
Total	<b>\$ 1,258,783</b>	<b>1,260,477</b>

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

(ii) Contract balances

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Trade receivables	\$ 2,194,633	1,415,821	2,166,312
Less: Loss allowance	(4,159)	(3,959)	(2,983)
Total	<u>\$ 2,190,474</u>	<u>1,411,862</u>	<u>2,163,329</u>
Contract assets – Maintenance service	1,430,843	1,364,969	1,155,863
Less: Loss allowance	-	-	-
Total	<u>\$ 1,430,843</u>	<u>1,364,969</u>	<u>1,155,863</u>
Contract liabilities – Maintenance service	<u>\$ 43,476</u>	<u>49,737</u>	<u>66,065</u>

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

For details on credit risk of contract assets, please refer to note 6(v).

The amount of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$235 and \$14,202, 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.

(iii) Assets recognized from costs to obtain a contract

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Incremental costs of obtaining contracts – non-current	\$ 19,979	19,979	19,426
Less: accumulated amortization	(8,950)	(8,036)	(6,893)
Total	<u>\$ 11,029</u>	<u>11,943</u>	<u>12,533</u>

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 \$914 and \$895 were recognized for the three months ended March 31, 2025 and 2024.

(t) 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.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The remunerations to employees amounted to \$1,174 and \$1,490 for the three months ended March 31, 2025 and 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. 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.

The difference of \$8 between the remunerations to employees amounted to \$5,556 for the year ended December 31, 2024 and the amount of the actual distributions for 2024 approved by the Board of Directors was due to the difference in the estimated net income before tax. The Company accounted for the difference as a change in accounting estimate and recognized it in profit or loss in 2025. The remunerations to employees amounted to \$2,129 for the year ended December 31, 2023 are identical to those of the actual distributions for 2023. The related information can be accessed through the Market Observation Post System.

(u) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Rent income	\$ 347	347
Other income – others	1,320	627
	<b>\$ 1,667</b>	<b>974</b>

(ii) Other gains and losses

The details of other gains and losses were as follows :

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Gains on disposals of property, plant and equipment	\$ 4	8
Foreign exchange gains, net	407	3,760
Handing fees	(2,415)	(2,435)
Others	(20)	(20)
	<b>\$ (2,024)</b>	<b>1,313</b>

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

(v) 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(w) of the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of March 31, 2025, December 31 and March 31, 2024, a few customers of the Group accounted for 90% , 86% and 81%, 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.

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

For credit risk exposure on 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, 2025 and 2024. 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.

4) Contract assets

The Group's customers are concentrated in the aircraft maintenance business. As of March 31, 2025, December 31 and March 31, 2024, the Group's concentration of credit risk on government due to the aircraft maintenance business accounted for 99% , 99% and 98% of contract assets. However, since the counterparties are mainly government, there is no credit risk.

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

(ii) 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, 2025</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,562,500	1,591,717	1,173,782	176,760	127,930	113,245
With fixed interest rates	529,475	530,000	530,000	-	-	-
Non-interest-bearing liabilities	711,489	711,489	711,489	-	-	-
Lease liabilities	<u>206,729</u>	<u>219,663</u>	<u>24,549</u>	<u>18,264</u>	<u>50,729</u>	<u>126,121</u>
	<u><b>\$ 3,010,193</b></u>	<u><b>3,052,869</b></u>	<u><b>2,439,820</b></u>	<u><b>195,024</b></u>	<u><b>178,659</b></u>	<u><b>239,366</b></u>
<b>December 31, 2024</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,168,000	1,194,706	815,516	131,986	123,126	124,078
Non-interest-bearing liabilities	783,225	783,225	783,225	-	-	-
Lease liabilities	<u>210,915</u>	<u>224,408</u>	<u>24,620</u>	<u>18,749</u>	<u>50,849</u>	<u>130,190</u>
	<u><b>\$ 2,162,140</b></u>	<u><b>2,202,339</b></u>	<u><b>1,623,361</b></u>	<u><b>150,735</b></u>	<u><b>173,975</b></u>	<u><b>254,268</b></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>
	<u><b>\$ 2,726,078</b></u>	<u><b>2,760,184</b></u>	<u><b>2,217,463</b></u>	<u><b>223,900</b></u>	<u><b>176,426</b></u>	<u><b>142,395</b></u>

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

(iii) Market risk

1) Currency risk

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

	<u>March 31, 2025</u>			<u>December 31, 2024</u>			<u>March 31, 2024</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>	
Financial assets										
<u>Monetary items</u>										
USD	\$	5,105	33,205	169,500	4,253	32,785	139,445	7,610	32.00	243,539

(Continued)

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

	March 31, 2025			December 31, 2024			March 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Non-monetary items</u>									
USD	5,358	33.205	177,912	3,783	32.785	124,036	7,536	32.00	241,152
GBP	-	-	-	-	-	-	952	40.39	38,451
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	5,445	33.205	180,817	5,223	32.785	171,224	6,433	32.00	205,871

2) 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, 2025 and 2024, 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 decrease or increase by \$91 for the three months ended March 31, 2025, profit after tax will increase or decrease by \$301 for the three months ended March 31, 2024, and the equity will increase or decrease by \$22 and \$51 due to cash flow hedges for the three months ended March 31, 2025 and 2024, 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 March, 2025		January to March, 2024	
	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	\$ <u>407</u>	-	<u>3,760</u>	-

3) 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 liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities 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 \$3,125 and \$2,809 for the three months ended March 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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2) 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. Fair value of forward currency is usually determined by the forward currency exchange rate.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(x) of the consolidated financial statements for the year ended December 31, 2024.

(x) 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, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2024 for further details.

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

The Group acquired right-of-use assets by leases for the three months ended March 31, 2025 and 2024, please refer to note 6(h).

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2025</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>March 31, 2025</b>
Short-term loans	\$ 620,000	340,000	-	960,000
Short-term notes payable	-	529,475	-	529,475
Long-term loans (included in current portion)	548,000	54,500	-	602,500
Lease liabilities	210,915	(4,695)	509	206,729
Total liabilities from financing activities	<u>\$ 1,378,915</u>	<u>919,280</u>	<u>509</u>	<u>2,298,704</u>

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

	<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>

**(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 (Note)

Note: The parent company of the Group, Taiwan Aerospace Corporation, was a director of the company. It was no longer a related party of the Group after the re-election of the company's board of directors in February 2025.

**(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>2025</b>	<b>2024</b>
Other related parties	<u>\$ -</u>	<u>40</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, 2025, December 31 and March 31, 2024, the receivables from related parties were \$0 , \$12 and \$0, respectively, which recorded as trade receivables.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 3,887	4,140
Post-employment benefits	147	166
	<b>\$ 4,034</b>	<b>4,306</b>

**(8) Pledged assets**

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

Pledged assets	Object	March 31, 2025	December 31, 2024	March 31, 2024
Refundable deposits— current	Guarantee deposits and customs bond	\$ 71,059	88,381	102,489
Refundable deposits— non-current (Note1)	Guarantee deposits	12,300	12,300	15,169
Land	Short-term and long- term loans	255,076	255,076	255,076
Buildings and structures	Short-term and long- term loans	2,642	2,812	183,219
		<b>\$ 341,077</b>	<b>358,569</b>	<b>555,953</b>

Note 1: recorded as other non-current assets.

**(9) Significant commitments and contingencies**

(a) Unrecognized contractual commitments

- (i) As of March 31, 2025, December 31 and March 31, 2024, the maintenance bond and customs bond offered by banks amounted to \$2,007,175 , \$2,020,980 and \$1,984,399, respectively.
- (ii) The Group signed contracts with domestic and foreign vendors for building and purchasing property, plant and equipment. As of March 31, 2025, December 31 and March 31, 2024, the contracts amounted to \$558,453 , \$556,605 and \$585,439, respectively, and the unpaid payment was \$429,556 , \$427,708 and \$449,539, respectively.

(b) Contingencies: None.

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

**(11) Subsequent Events: None**

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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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 March 31,					
		2025			2024		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		162,574	35,124	197,698	149,835	33,397	183,232
Labor and health insurance		16,893	3,281	20,174	15,542	3,149	18,691
Pension		8,506	1,751	10,257	7,991	1,708	9,699
Others		10,920	1,961	12,881	11,436	2,008	13,444
Depreciation		22,185	3,909	26,094	20,858	3,502	24,360
Amortization		3,163	608	3,771	1,459	337	1,796

- (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, 2025:

- (i) Loans to other parties:None
- (ii) Guarantees and endorsements for other parties:None
- (iii) Information regarding significant securities held at the reporting date (subsidiaries, associates and joint ventures not included):None
- (iv) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:None
- (v) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:None
- (vi) Significant transactions and business relationship between the parent company and its subsidiaries:None

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(b) Information on investees:

The followings are the information on investees for the three months ended March 31, 2025 (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, 2025			Net income (losses) of investee	Investment income (loss) recognized	Note
			March 31, 2025	December 31, 2024	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Air Asia Company Ltd. (USA)	Logistic service	6,699	6,699	10	100.00 %	3,309	6	6 (Note)	

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

(c) Information on investment in mainland China: None

**(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.

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