

**(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, 2022 and 2021**

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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, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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 Standards (“IASs”) 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 Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 generally accepted auditing standards 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, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 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 Yen-Ta Su and Kuo-Tsung Chen.

KPMG

Tainan, Taiwan (Republic of China)  
May 3, 2022

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021**

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

**Consolidated Balance Sheets**

**March 31, 2022, December 31, 2021, and March 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 313,164	7	318,848	7	330,146	7	2100	Short-term loans (note 6(l))	\$ 550,000	12	410,000	9	780,000	17
1110	Financial assets at fair value through profit or loss—current (note 6(m))	309	-	305	-	-	-	2110	Short-term notes payable (note 6(k))	948,947	20	949,203	20	699,516	15
1139	Financial assets for hedging—current (note 6(b))	2,908	-	34	-	-	-	2126	Financial liabilities for hedging—current (note 6(b))	94	-	639	-	-	-
1140	Contract assets—current (note 6(t))	872,021	18	762,733	16	826,335	18	2130	Contract liabilities—current (note 6(t))	11,900	-	6,959	-	6,507	-
1170	Notes and trade receivables, net (notes 6(c)(t) and 7)	1,328,937	28	1,404,381	29	1,252,902	26	2170	Trade payables	243,297	5	258,394	5	253,321	6
1200	Other receivables (note 6(d))	1,178	-	1,250	-	1,883	-	2200	Other payables (note 6(r))	227,023	5	285,097	6	223,641	5
130X	Inventories (note 6(b)(e))	979,424	21	987,833	21	974,452	21	2250	Provisions—current (note 6(n))	23,319	-	22,236	-	22,340	-
1410	Prepayments (note 6(f))	87,709	2	80,855	2	81,150	2	2280	Lease liabilities—current (note 6(o))	20,137	-	20,220	-	20,354	-
1478	Refundable deposits—current (note 8)	68,153	1	92,062	2	118,435	3	2320	Current portion of bonds payable and long-term loans (notes 6(l)(m))	161,103	4	310,762	7	558,560	12
1479	Other current assets (note 8)	981	-	917	-	20,141	-	2399	Other current liabilities	11,051	-	10,693	-	8,924	-
	<b>Total current assets</b>	<u>3,654,784</u>	<u>77</u>	<u>3,649,218</u>	<u>77</u>	<u>3,605,444</u>	<u>77</u>		<b>Total current liabilities</b>	<u>2,196,871</u>	<u>46</u>	<u>2,274,203</u>	<u>47</u>	<u>2,573,163</u>	<u>55</u>
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>							
1600	Property, plant and equipment (notes 6(g) and 8)	684,761	15	684,554	15	682,492	15	2530	Bonds payable (note 6(m))	150,297	3	-	-	-	-
1755	Right-of-use assets (note 6(h))	267,932	6	274,126	6	254,505	5	2540	Long-term loans (notes 6(l))	275,000	6	293,750	6	250,000	5
1780	Intangible assets (note 6(i))	21,157	-	20,376	-	6,348	-	2570	Deferred tax liabilities	39	-	39	-	392	-
1840	Deferred tax assets	67,502	1	68,207	1	64,518	1	2580	Lease liabilities—non-current (note 6(o))	224,141	5	228,311	5	240,154	5
1955	Incremental costs of obtaining contracts—non-current (note 6(t))	8,041	-	9,654	-	17,651	-		<b>Total non-current liabilities</b>	<u>649,477</u>	<u>14</u>	<u>522,100</u>	<u>11</u>	<u>490,546</u>	<u>10</u>
1990	Other non-current assets (notes 6(c)(j) and 8)	37,793	1	34,322	1	73,494	2		<b>Total liabilities</b>	<u>2,846,348</u>	<u>60</u>	<u>2,796,303</u>	<u>58</u>	<u>3,063,709</u>	<u>65</u>
	<b>Total non-current assets</b>	<u>1,087,186</u>	<u>23</u>	<u>1,091,239</u>	<u>23</u>	<u>1,099,008</u>	<u>23</u>		<b>Equity attributable to owners of parent (notes 6(b)(m)(q)(r)):</b>						
	<b>Total assets</b>	<u>\$ 4,741,970</u>	<u>100</u>	<u>4,740,457</u>	<u>100</u>	<u>4,704,452</u>	<u>100</u>	3110	Common stock	1,505,751	32	1,505,641	32	1,311,710	28
								3200	Capital surplus	238,076	5	237,987	5	162,544	3
									Retained earnings:						
								3310	Legal reserve	123,822	3	123,822	3	119,583	3
								3320	Special reserve	58	-	58	-	-	-
								3350	Unappropriated retained earnings	25,710	-	77,259	2	46,959	1
										149,590	3	201,139	5	166,542	4
								3400	Other equity	2,205	-	(613)	-	(53)	-
									<b>Total equity</b>	<u>1,895,622</u>	<u>40</u>	<u>1,944,154</u>	<u>42</u>	<u>1,640,743</u>	<u>35</u>
									<b>Total liabilities and equity</b>	<u>\$ 4,741,970</u>	<u>100</u>	<u>4,740,457</u>	<u>100</u>	<u>4,704,452</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

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

**Consolidated Statement of Comprehensive Income**

**For the three months ended March 31, 2022 and 2021**

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

		For the three months ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(t) and 7)</b>	\$ 869,783	100	899,351	100
5000	<b>Operating costs (notes 6(b)(e)(o)(p)(t)(u), 7 and 12)</b>	832,369	96	850,309	95
5900	<b>Gross profit</b>	37,414	4	49,042	5
6000	<b>Operating expenses (notes 6(c)(o)(p)(u), 7 and 12):</b>				
6100	Selling expenses	13,392	1	14,119	1
6200	Administrative expenses (including covid-19-related rent concessions of \$871 and \$814)	35,534	4	37,157	4
6450	Expected credit losses	34	-	588	-
		48,960	5	51,864	5
6900	<b>Operating loss</b>	(11,546)	(1)	(2,822)	-
7000	<b>Non-operating income and expenses (notes 6(m)(o)(v)):</b>				
7100	Interest income	55	-	112	-
7010	Other income (including covid-19-related government grants of \$0 and \$30,559)	2,300	-	33,834	4
7020	Other gains and losses	1,927	-	4,353	-
7050	Interest expenses	(6,644)	(1)	(6,565)	(1)
		(2,362)	(1)	31,734	3
7900	<b>Profit (loss) before tax</b>	(13,908)	(2)	28,912	3
7950	<b>Less: income tax expenses (note 6(q))</b>	-	-	4,889	-
8200	<b>Net profit (loss)</b>	(13,908)	(2)	24,023	3
8300	<b>Other comprehensive income (notes 6(b)(q)(r)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8317	Gains on hedging instruments	4,004	1	-	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	684	-	-	-
		3,320	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	104	-	6	-
8399	Less: income tax related to components of other comprehensive income that will be reclassified to profit or loss	21	-	1	-
		83	-	5	-
8300	<b>Other comprehensive income, net</b>	3,403	1	5	-
8500	<b>Total comprehensive income</b>	\$ (10,505)	(1)	24,028	3
	<b>Profit (loss), attributable to:</b>				
8610	Owners of parent	\$ (13,908)	(2)	24,023	3
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ (10,505)	(1)	24,028	3
	<b>Earnings per share (note 6(s)) (in New Taiwan dollars)</b>				
9750	<b>Basic earnings per share</b>	\$ (0.09)		0.18	
9850	<b>Diluted earnings per share</b>	\$ (0.09)		0.16	

See accompanying notes to consolidated financial statements.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statement of Changes in Equity**  
**For the three months ended March 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent								
	Retained earnings					Other equity			Total 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	Total	
<b>Balance at January 1, 2021</b>	\$ 1,311,710	162,544	119,583	-	42,612	(58)	-	(58)	1,636,391
Net profit	-	-	-	-	24,023	-	-	-	24,023
Other comprehensive income	-	-	-	-	-	5	-	5	5
Total comprehensive income	-	-	-	-	24,023	5	-	5	24,028
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(19,676)	-	-	-	(19,676)
<b>Balance at March 31, 2021</b>	<b>\$ 1,311,710</b>	<b>162,544</b>	<b>119,583</b>	<b>-</b>	<b>46,959</b>	<b>(53)</b>	<b>-</b>	<b>(53)</b>	<b>1,640,743</b>
<b>Balance at January 1, 2022</b>	\$ 1,505,641	237,987	123,822	58	77,259	(129)	(484)	(613)	1,944,154
Net loss	-	-	-	-	(13,908)	-	-	-	(13,908)
Other comprehensive income	-	-	-	-	-	83	3,320	3,403	3,403
Total comprehensive income	-	-	-	-	(13,908)	83	3,320	3,403	(10,505)
Appropriation and distribution of retained earnings:									
Cash dividends	-	-	-	-	(37,641)	-	-	-	(37,641)
Conversion of convertible bonds	110	89	-	-	-	-	-	-	199
Changes in fair value of hedging instrument reclassified to inventories	-	-	-	-	-	-	(585)	(585)	(585)
<b>Balance at March 31, 2022</b>	<b>\$ 1,505,751</b>	<b>238,076</b>	<b>123,822</b>	<b>58</b>	<b>25,710</b>	<b>(46)</b>	<b>2,251</b>	<b>2,205</b>	<b>1,895,622</b>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statement of Cash Flows**

**For the three months ended March 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax	\$ (13,908)	28,912
<b>Adjustments:</b>		
Adjustments to reconcile profit:		
Depreciation expenses	21,595	19,923
Amortization expenses	1,310	927
Expected credit losses	34	588
Losses (gains) on valuation of financial assets at fair value through profit or loss	(4)	210
Interest expenses	6,644	6,565
Interest income	(55)	(112)
Gains on lease modification	(2)	-
Unrealized foreign exchange losses (gains)	(1,799)	10
Total adjustments to reconcile profit	<u>27,723</u>	<u>28,111</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in contract assets – current	(109,288)	(95,812)
Decrease (increase) in notes and trade receivables, net	76,138	(175,540)
Decrease (increase) in other receivables	(301)	406
Decrease in inventories	8,409	100,254
Increase in prepayments	(6,854)	(4,626)
Increase in other current assets	(64)	(1,389)
Decrease in incremental costs of obtaining contracts – non-current	1,613	3,244
Total changes in operating assets	<u>(30,347)</u>	<u>(173,463)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities – current	4,941	(126)
Decrease in trade payables	(15,811)	(28,180)
Decrease in other payables	(96,842)	(99,079)
Increase in provisions – current	1,083	908
Increase in other current liabilities	358	1,407
Total changes in operating liabilities	<u>(106,271)</u>	<u>(125,070)</u>
Net changes in operating assets and liabilities	<u>(136,618)</u>	<u>(298,533)</u>
Total adjustments	<u>(108,895)</u>	<u>(270,422)</u>
Cash used in operations	(122,803)	(241,510)
Interest received	327	36
Interest paid	(5,648)	(4,735)
Income tax refund	105	10,976
<b>Net cash used in operating activities</b>	<u>(128,019)</u>	<u>(235,233)</u>
<b>Cash flows from (used in) investing activities:</b>		
Increase in other current assets	-	(17,330)
Decrease in refundable deposits	23,975	13,014
Acquisition of property, plant and equipment	(15,533)	(5,284)
Acquisition of intangible assets	(2,091)	(2,127)
Decrease (increase) in other non-current assets	(3,537)	520
<b>Net cash generated from (used in) investing activities</b>	<u>2,814</u>	<u>(11,207)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	140,000	400,000
Increase (decrease) in short-term notes payable	(256)	49,746
Proceeds from long-term loans	100,000	-
Repayments of long-term loans	(118,750)	(18,750)
Payment of lease liabilities	(3,367)	(13,179)
<b>Net cash generated from financing activities</b>	<u>117,627</u>	<u>417,817</u>
<b>Effects of exchange rate changes on balance of cash held in foreign currencies</b>	<u>1,894</u>	<u>315</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(5,684)</u>	<u>171,692</u>
<b>Cash and cash equivalents at the beginning of year</b>	<u>318,848</u>	<u>158,454</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ <b>313,164</b></u>	<u><b>330,146</b></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

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

**Notes to the Consolidated Financial Statements**

**March 31, 2022 and 2021**

**(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:**

The consolidated financial statements were authorized for issuance by the Board of the Company on May 3, 2022.

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

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

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

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

- (b) The impact of IFRS 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**

<u>Standards or Interpretations</u>	<u>Content of amendments</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> <li>• requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>• clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>• clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. 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”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

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

**(4) Summary of significant accounting 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 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, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

**(b) Basis of consolidation**

1. List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			March 31, 2022	December 31, 2021	March 31, 2021
The Company	Air Asia Company Ltd. (USA)	Logistics Services	100 %	100 %	100 %

2. List of subsidiaries which are not included in the consolidated financial statements: None.

**(c) Income taxes**

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

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

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.

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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 IFRSs (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, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(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 2021 consolidated financial statements. Please refer to Note 6 of the 2021 annual consolidated financial statements.

**(a) Cash and cash equivalents**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash and cash on hand	\$ 3,093	2,993	3,066
Demand deposits	310,071	315,855	327,080
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 313,164</u>	<u>318,848</u>	<u>330,146</u>

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

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

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

**Cash flow hedge:**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets for hedging – current:			
Forward exchange contracts	\$ <u>2,908</u>	<u>34</u>	<u>-</u>
Financial liabilities for hedging – current:			
Forward exchange contracts	\$ <u>94</u>	<u>639</u>	<u>-</u>

**1. Cash flow hedge – forward exchange contracts**

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

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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<b>March 31, 2022</b>			
	<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD\$ <u>5,312</u>	TWD to USD	2022.4.25~2023.1.30
			USD27.605~28.606
<b>December 31, 2021</b>			
	<b>Contract Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD\$ <u>7,732</u>	TWD to USD	2022.1.25~2022.9.12
			USD27.603~27.921

There was no such transaction as of March 31, 2021.

2. The details arising from cash flow hedges for the three months ended March 31, 2022, were as follows:

<b>Account Item</b>	<b>January to March, 2022</b>
Recognized in other comprehensive income during the period	\$ <u>3,320</u>
Reclassification from equity to decrease in inventories for the period	\$ <u>585</u>

There was no such transaction for the three months ended March 31, 2021.

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

(c) **Notes, trade and overdue receivables**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Notes receivable	\$ -	-	858
Trade receivables (including from related parties)	1,330,665	1,420,423	1,268,343
Less: Loss allowance	(1,728)	(16,042)	(16,299)
Subtotal	1,328,937	1,404,381	1,252,902
Overdue receivables (recorded as other non-current assets)	-	-	28,641
Less: Loss allowance	-	-	(28,641)
Subtotal	-	-	-
<b>Total</b>	<b>\$ 1,328,937</b>	<b>1,404,381</b>	<b>1,252,902</b>

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, trade and overdue receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. If the receivables of government in group 1 will be collected based on the central government budget, the amount of the receivables will be regarded as not overdue with no impairment risk. The loss allowance provision was determined as follows:

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The movement in the allowance for notes, trade and overdue receivables was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 16,042	44,352
Impairment losses recognized	34	588
Amounts written off	(14,348)	-
Balance at March 31	<u>\$ 1,728</u>	<u>44,940</u>

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

(d) **Other receivables**

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Other receivables—income taxes refund	\$ 160	265	223
Others	1,018	985	1,660
Less: Loss allowance	-	-	-
	<u>\$ 1,178</u>	<u>1,250</u>	<u>1,883</u>

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

(e) **Inventories**

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Repair materials and others	\$ 719,166	735,664	755,172
Finished goods	260,258	252,169	219,280
	<u>\$ 979,424</u>	<u>987,833</u>	<u>974,452</u>

The details of the cost of sales were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Inventory that has been sold and service costs	\$ 776,069	775,235
Unallocated production overheads	45,853	46,741
Write-down of inventories	10,446	28,353
Losses (gains) on physical inventory	1	(20)
	<u>\$ 832,369</u>	<u>850,309</u>

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

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(f) **Prepayments**

The details of prepayments were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Prepayment for materials	\$ 70,821	62,852	57,383
Prepayment of bank performance guarantee fees	7,011	8,092	7,106
Prepayment – other	9,877	9,911	16,661
	<b>\$ 87,709</b>	<b>80,855</b>	<b>81,150</b>

(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, 2022	\$ 264,076	678,946	675,726	57,904	93,233	9,898	1,779,783
Additions	-	984	4,760	10,459	-	289	16,492
Disposals	-	-	(203)	(484)	-	-	(687)
Balance at March 31, 2022	<b>\$ 264,076</b>	<b>679,930</b>	<b>680,283</b>	<b>67,879</b>	<b>93,233</b>	<b>10,187</b>	<b>1,795,588</b>
Balance at January 1, 2021	\$ 255,076	658,546	664,028	52,252	93,530	7,550	1,730,982
Additions	-	-	4,384	1,027	-	-	5,411
Balance at March 31, 2021	<b>\$ 255,076</b>	<b>658,546</b>	<b>668,412</b>	<b>53,279</b>	<b>93,530</b>	<b>7,550</b>	<b>1,736,393</b>
<b>Accumulated depreciation and impairment loss:</b>							
Balance at January 1, 2022	\$ -	425,220	564,395	46,064	59,550	-	1,095,229
Depreciation	-	4,872	8,442	1,529	1,442	-	16,285
Disposals	-	-	(203)	(484)	-	-	(687)
Balance at March 31, 2022	<b>\$ -</b>	<b>430,092</b>	<b>572,634</b>	<b>47,109</b>	<b>60,992</b>	<b>-</b>	<b>1,110,827</b>
Balance at January 1, 2021	\$ -	405,240	533,200	44,687	54,624	-	1,037,751
Depreciation	-	5,031	8,710	932	1,477	-	16,150
Balance at March 31, 2021	<b>\$ -</b>	<b>410,271</b>	<b>541,910</b>	<b>45,619</b>	<b>56,101</b>	<b>-</b>	<b>1,053,901</b>
<b>Carrying value:</b>							
Balance at January 1, 2022	<b>\$ 264,076</b>	<b>253,726</b>	<b>111,331</b>	<b>11,840</b>	<b>33,683</b>	<b>9,898</b>	<b>684,554</b>
Balance at March 31, 2022	<b>\$ 264,076</b>	<b>249,838</b>	<b>107,649</b>	<b>20,770</b>	<b>32,241</b>	<b>10,187</b>	<b>684,761</b>
Balance at January 1, 2021	<b>\$ 255,076</b>	<b>253,306</b>	<b>130,828</b>	<b>7,565</b>	<b>38,906</b>	<b>7,550</b>	<b>693,231</b>
Balance at March 31, 2021	<b>\$ 255,076</b>	<b>248,275</b>	<b>126,502</b>	<b>7,660</b>	<b>37,429</b>	<b>7,550</b>	<b>682,492</b>

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

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

The Group leases land, buildings and structures, machinery 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>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
<b>Cost:</b>					
Balance at January 1, 2022	\$ 281,495	33,723	603	8,188	324,009
Additions	196	-	-	-	196
Reduction	(209)	-	(603)	-	(812)
Balance at March 31, 2022	<u>\$ 281,482</u>	<u>33,723</u>	<u>-</u>	<u>8,188</u>	<u>323,393</u>
Balance at January 1, 2021	\$ 281,495	1,628	603	7,601	291,327
Additions	-	-	-	777	777
Reduction	-	-	-	(557)	(557)
Balance at March 31, 2021	<u>\$ 281,495</u>	<u>1,628</u>	<u>603</u>	<u>7,821</u>	<u>291,547</u>
<b>Accumulated depreciation and impairment loss:</b>					
Balance at January 1, 2022	\$ 44,447	1,010	569	3,857	49,883
Depreciation	3,704	1,761	34	682	6,181
Reduction	-	-	(603)	-	(603)
Balance at March 31, 2022	<u>\$ 48,151</u>	<u>2,771</u>	<u>-</u>	<u>4,539</u>	<u>55,461</u>
Balance at January 1, 2021	\$ 29,631	520	369	2,492	33,012
Depreciation	3,704	171	50	662	4,587
Reduction	-	-	-	(557)	(557)
Balance at March 31, 2021	<u>\$ 33,335</u>	<u>691</u>	<u>419</u>	<u>2,597</u>	<u>37,042</u>
<b>Carrying value:</b>					
Balance at January 1, 2022	<u>\$ 237,048</u>	<u>32,713</u>	<u>34</u>	<u>4,331</u>	<u>274,126</u>
Balance at March 31, 2022	<u>\$ 233,331</u>	<u>30,952</u>	<u>-</u>	<u>3,649</u>	<u>267,932</u>
Balance at January 1, 2021	<u>\$ 251,864</u>	<u>1,108</u>	<u>234</u>	<u>5,109</u>	<u>258,315</u>
Balance at March 31, 2021	<u>\$ 248,160</u>	<u>937</u>	<u>184</u>	<u>5,224</u>	<u>254,505</u>

(i) **Intangible assets**

The details of intangible assets were as follows:

	<u>Acquired special technology</u>	<u>Software</u>	<u>Total</u>
<b>Carrying value:</b>			
Balance at January 1, 2022	<u>\$ 3,647</u>	<u>16,729</u>	<u>20,376</u>
Balance at March 31, 2022	<u>\$ 5,000</u>	<u>16,157</u>	<u>21,157</u>
Balance at January 1, 2021	<u>\$ 4,373</u>	<u>775</u>	<u>5,148</u>
Balance at March 31, 2021	<u>\$ 5,750</u>	<u>598</u>	<u>6,348</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2022 and 2021. 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, 2021.

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

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Prepayment for equipment	\$ 5,505	1,018	1,078
Refundable deposits – non-current	26,696	26,762	56,408
Other non-current assets – other	5,592	6,542	16,008
	<u>\$ 37,793</u>	<u>34,322</u>	<u>73,494</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**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Commercial paper payable	<u>\$ 948,947</u>	<u>949,203</u>	<u>699,516</u>

There were no significant issues, repurchases and repayments of short-term notes payable for the three months ended March 31, 2022 and 2021. Please refer to note 6(k) of the 2021 annual consolidated financial statements for other related information.

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

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank loans – NTD	\$ 550,000	410,000	780,000
Long-term unsecured bank loans – NTD	350,000	368,750	325,000
Total	<u>\$ 900,000</u>	<u>778,750</u>	<u>1,105,000</u>
Current	\$ 625,000	485,000	855,000
Non-current	275,000	293,750	250,000
Total	<u>\$ 900,000</u>	<u>778,750</u>	<u>1,105,000</u>
Unused short-term loans credit lines	<u>\$ 600,000</u>	<u>740,000</u>	<u>360,000</u>
Unused long-term loans credit lines	<u>\$ 350,000</u>	<u>200,000</u>	<u>200,000</u>
Range of short-term loans interest rates	<u>0.255%~1.0319%</u>	<u>0.256%~0.92%</u>	<u>0.255%~1.0313%</u>
Range of long-term loans interest rates	<u>1.24%~1.30%</u>	<u>1.25%~1.30%</u>	<u>1.25%~1.30%</u>
Long-term loans due year	<u>2023~2024</u>	<u>2023~2024</u>	<u>2022~2024</u>

For the three months ended March 31, 2022, the Group had the additional long-term loans amounting to \$100,000, with an interest rate of 1.24%, maturing in November, 2023. For the three months ended March 31, 2021, the Group had not the additional long-term loans.

For the three months ended March 31, 2022 and 2021, the repayment amounted to \$118,750 and \$18,750, respectively.

Assets pledged are disclosed in note 8.

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(m) **Bonds payable**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Total convertible corporate bonds issued	\$ 500,000	500,000	500,000
Cumulative converted amount	(258,800)	(258,600)	-
Unamortized discounted corporate bonds payable	(4,800)	(5,638)	(16,440)
Corporate bonds issued balance at year-end	<u>\$ 236,400</u>	<u>235,762</u>	<u>483,560</u>
Current	\$ 86,103	235,762	483,560
Non-current	150,297	-	-
Total	<u>\$ 236,400</u>	<u>235,762</u>	<u>483,560</u>
Embedded derivative – put and redeem options, included in financial assets at fair value through profit or loss	<u>\$ 309</u>	<u>305</u>	<u>-</u>
Equity component – conversion options, included in capital surplus– conversion of convertible bonds	<u>\$ 10,953</u>	<u>10,960</u>	<u>22,358</u>

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Embedded derivative – put and redeem options, included in gains (losses) on financial assets at fair value through profit or loss	<u>\$ 4</u>	<u>(210)</u>
Interest expense (effective interest rate of 1.28%~1.69%)	<u>\$ 837</u>	<u>1,730</u>

Except for the following disclosures, there were no significant issues, repurchases and repayments of bonds payable for the three months ended March 31, 2022 and 2021. Please refer to Note 6(m) of the 2021 annual consolidated financial statements for other related information.

For the three months ended March 31, 2022, the relevant information about the convertible bonds issued by the Group were converted into common stock, please refer to note 6(r).

(n) **Provisions**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Warranties	<u>\$ 23,319</u>	<u>22,236</u>	<u>22,340</u>

There were no significant changes in provisions for the three months ended March 31, 2022 and 2021. Please refer to Note 6(n) of the 2021 annual consolidated financial statements for other related information.

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(o) **Lease liabilities**

The carrying value of lease liabilities was as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current	\$ 20,137	20,220	20,354
Non-current	224,141	228,311	240,154
	<u>\$ 244,278</u>	<u>248,531</u>	<u>260,508</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>587</u>	<u>653</u>
Expenses relating to short-term leases	\$ <u>1,182</u>	<u>846</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>33</u>	<u>33</u>
Covid-19-related rent concessions	\$ <u>871</u>	<u>814</u>

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

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>5,169</u>	<u>14,711</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 machinery and transportation equipment, with lease terms of two to three years.

The Group also leases land, business premises, staff dormitory and transportation equipment with contract terms of one to three 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 ended March 31, 2022 and 2021 were as follows:

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	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Operating cost	\$ 7,831	7,552
Selling expenses	486	487
Administration expenses	725	996
	<b>\$ 9,042</b>	<b>9,035</b>

(q) **Income taxes**

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Adjustment for prior periods	\$ -	(1)
Deferred tax expense		
Origination and reversal of temporary differences	-	4,890
Income tax expense	<b>\$ -</b>	<b>4,889</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Items that will not be reclassified subsequently to profit or loss:		
Gains on hedging instruments	<b>\$ 684</b>	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statement	<b>\$ 21</b>	<b>1</b>

2. The Company's income tax return for the year 2020 had been examined by the tax authorities.

(r) **Capital and other equity**

As of March 31, 2022, December 31 and March 31, 2021, the authorized common stock of the Company was \$2,100,000, \$2,100,000 and 1,800,000, respectively, comprising 210,000, 210,000 and 180,000 thousand shares, respectively, with a par value of \$10 per share. The issued shares were 150,575, 150,564 and 131,171 thousand shares. All the capitals were fully received.

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Except for the following disclosure, there was no significant change in capital and other equity for the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2021.

1. Common stock

For the three months ended March 31, 2022, the convertible bonds issued by the Company amounting to \$110, were converted into 11 thousand shares of common stock. As of March 31, 2022, the related registration procedures have not been completed.

2. Capital surplus

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Additional paid-in capital	\$ 127,042	126,946	40,123
Gain on disposal of assets	100,063	100,063	100,063
Conversion of convertible bonds	10,953	10,960	22,358
Other — disgorgement	18	18	-
	<b>\$ 238,076</b>	<b>237,987</b>	<b>162,544</b>

The board of directors meeting proposed on February 23, 2022 to issue new shares by its capital surplus in the amount of \$81,606 (NT\$ 0.542 per share) and it is not resolved by the shareholders' meeting yet.

The shareholders' meeting resolved on August 25, 2021 to issue new shares by its capital surplus in the amount of \$39,351 (NT\$ 0.3 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.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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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 allocates 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 be distributed by stock dividends. However, the proportion of stock dividends shall not be higher than 50% of the total dividends.

The amount of cash dividends (recorded as other payables) of appropriations of earnings for 2021 had been approved and the amount of shares dividends of appropriations of earnings for 2021 had been proposed in the board meeting held on February 23, 2022. The amount of cash dividends (recorded as other payables) of appropriations of earnings for 2020 had been approved in the board meeting held on February 23, 2021. The amount of shares dividends of appropriations of earnings for 2020 had been resolved through the shareholders' meeting on August 25, 2021. These earnings were appropriated as follows:

	Unit per share: dollar			
	<b>2021</b>		<b>2020</b>	
	<u>TWD/per share</u>	<u>Amount</u>	<u>TWD/per share</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders				
Cash	\$ 0.25	37,641	0.15	19,676
Shares	0.208	<u>31,317</u> (Note)	0.14	<u>18,364</u>
Total		<u>\$ 68,958</u>		<u>38,040</u>

Note : The amount of shares dividends is not resolved by the shareholder's meeting yet.

4. Other equity (net of tax)

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Gains (losses) on hedging instruments</u>	<u>Total</u>
Balance at January 1, 2022	\$ (129)	(484)	(613)
Exchange differences on foreign operations	83	-	83
Changes in fair value of hedging instrument	-	3,320	3,320
Changes in fair value of hedging instrument reclassified to inventories	-	(585)	(585)
Balance at March 31, 2022	<u>\$ (46)</u>	<u>2,251</u>	<u>2,205</u>
Balance at January 1, 2021	\$ (58)	-	(58)
Exchange differences on foreign operations	<u>5</u>	-	<u>5</u>
Balance at March 31, 2021	<u>\$ (53)</u>	-	<u>(53)</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(s) **Earnings per share**

For the three months ended March 31, 2022 and 2021, the Company's earnings per share were calculated as follows:

	Unit of share: thousand	
	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Basic earnings per share</b>		
Profit (loss) attributable to common shareholders of the Company	\$ (13,908)	24,023
Weighted-average number of shares	<u>150,565</u>	<u>131,171</u>
	<u>\$ (0.09)</u>	<u>0.18</u>
<b>Diluted earnings per share</b>		
Profit (loss) attributable to common shareholders of the Company	\$ (13,908)	24,023
Effect of dilutive ordinary shares:		
Convertible bonds	-	1,898
Profit (loss) attributable to common shareholders of the Company (diluted)	<u>\$ (13,908)</u>	<u>25,921</u>
Weighted-average number of shares	150,565	131,171
Effect of dilutive ordinary shares:		
Remuneration to employees	-	59
Convertible bonds	-	26,316
Weighted-average number of shares (diluted)	<u>150,565</u>	<u>157,546</u>
	<u>\$ (0.09)</u>	<u>0.16</u>

For the three months ended March 31, 2022, there is an anti-diluted effect on convertible bonds and remuneration to employees.

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

1. Disaggregation of revenue

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
<u>Primary geographical markets</u>		
Taiwan	\$ 806,919	811,845
Asia	35,333	51,557
Other	<u>27,531</u>	<u>35,949</u>
	<u>\$ 869,783</u>	<u>899,351</u>

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Major services and timing of revenue recognition</u>		
At a point in time		
Repair supply pricing	\$ 12,101	41,801
Outsourced repair and air material transaction	<u>223,240</u>	<u>250,737</u>
Subtotal	<u>235,341</u>	<u>292,538</u>
Over time		
Aircraft maintenance	198,908	175,524
Fleet maintenance	130,391	105,863
Components maintenance	<u>305,143</u>	<u>325,426</u>
Subtotal	<u>634,442</u>	<u>606,813</u>
Total	<u>\$ 869,783</u>	<u>899,351</u>

2. Contract balances

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Notes, trade and overdue receivables	\$ 1,330,665	1,420,423	1,297,842
Less: Loss allowance	<u>(1,728)</u>	<u>(16,042)</u>	<u>(44,940)</u>
Total	<u>\$ 1,328,937</u>	<u>1,404,381</u>	<u>1,252,902</u>
Contract assets—Maintenance service	<u>\$ 872,021</u>	<u>762,733</u>	<u>826,335</u>
Contract liabilities—Maintenance service	<u>\$ 11,900</u>	<u>6,959</u>	<u>6,507</u>

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

The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were \$6,138 and \$5,276, 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.

Due to the impact of covid-19, Korean and Southeast Asian airlines canceled the orders resulting in a decrease in the operating revenue of aircraft maintenance.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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3. Assets recognized from costs to obtain a contract

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Incremental costs of obtaining contracts — non-current	\$ 59,940	61,074	59,317
Less: accumulated amortization	<u>(51,899)</u>	<u>(51,420)</u>	<u>(41,666)</u>
Total	<u>\$ 8,041</u>	<u>9,654</u>	<u>17,651</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 \$1,613 and \$3,244 were recognized for the three months ended March 31, 2022 and 2021.

(u) **Remunerations to employees**

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

Remuneration to employees was not accrued because of the Company's net loss before tax for the three-months ended March 31, 2022. The remunerations to employees amounted to \$610 for the three-months period ended March 31, 2021. These amounts was calculated using the Company's net income before tax without the remunerations to employees for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2021 and 2020, the remunerations to employees amounted to \$1,591 and \$678, 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.

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

1. Other income

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Government grants	\$ -	30,559
Rent income	348	348
Other income — others	<u>1,952</u>	<u>2,927</u>
	<u>\$ 2,300</u>	<u>33,834</u>

(Continued)

**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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The Group received a wage subsidy of \$30,559 for the three months ended March 31, 2021. This is a relief measure provided by the R.O.C government in response to the Covid-19 pandemic. The Group has the right to receive the grant because it has met the application requirements of the aforementioned wage subsidy relief measure. This grant was recognized in profit or loss under other income. As of March 31, 2021, the receivables related to this grant was fully received.

2. Other gains and losses

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains, net	\$ 4,593	6,925
Gains (losses) on valuation of financial assets at fair value through profit or loss	4	(210)
Handing fees	(2,670)	(2,362)
	<b>\$ 1,927</b>	<b>4,353</b>

(w) **Financial instruments**

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

1. Credit risk

(i) Credit risk exposure

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

(ii) Concentration of credit risk

As of March 31, 2022, December 31 and March 31, 2021, a few customers of the Group accounted for 84%, 74% and 86%, 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, trade and overdue 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, 2022 and 2021. 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.

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

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>Marh 31, 2022</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 900,000	908,711	630,725	177,452	100,534	-
With fixed interest rates	1,185,347	1,195,757	1,037,151	-	158,606	-
Non-interest-bearing liabilities	470,320	470,320	470,320	-	-	-
Lease liabilities	244,278	263,565	22,468	17,204	48,951	174,942
Derivative financial liabilities						
Forward exchange contracts:						
Outflow	94	26,338	26,338	-	-	-
Inflow	-	(26,244)	(26,244)	-	-	-
	<u>\$ 2,800,039</u>	<u>2,838,447</u>	<u>2,160,758</u>	<u>194,656</u>	<u>308,091</u>	<u>174,942</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 778,750	787,405	489,854	177,894	119,657	-
With fixed interest rates	1,184,965	1,193,993	1,193,993	-	-	-
Non-interest-bearing liabilities	543,491	543,491	543,491	-	-	-
Lease liabilities	248,531	264,608	19,441	17,313	48,843	179,011
Derivative financial liabilities						
Forward exchange contracts:						
Outflow	639	196,773	196,773	-	-	-
Inflow	-	(196,134)	(196,134)	-	-	-
	<u>\$ 2,756,376</u>	<u>2,790,136</u>	<u>2,247,418</u>	<u>195,207</u>	<u>168,500</u>	<u>179,011</u>
<b>March 31, 2021</b>						
Non-derivative financial liabilities						
With floating interest rates	\$ 1,105,000	1,113,045	860,365	177,071	75,609	-
With fixed interest rates	1,183,076	1,204,765	1,204,765	-	-	-
Non-interest-bearing liabilities	476,962	476,962	476,962	-	-	-
Lease liabilities	260,508	282,833	23,641	18,613	49,363	191,216
	<u>\$ 3,025,546</u>	<u>3,077,605</u>	<u>2,565,733</u>	<u>195,684</u>	<u>124,972</u>	<u>191,216</u>

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

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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3. Market risk

(i) Currency risk

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

	<u>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 8,037	28.625	230,049	7,939	27.68	219,752	2,884	28.535	82,293
<u>Non-monetary items</u>									
USD	4,388	28.625	125,607	637	27.68	17,632	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	6,417	28.625	183,678	5,271	27.68	145,901	5,048	28.535	144,032
<u>Non-monetary items</u>									
USD	924	28.625	26,450	7,095	27.68	196,390	-	-	-

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, 2022 and 2021, when the exchange rate of the NTD versus the USD increases or decreases by 1%, given no changes in other factors, profit (loss) after tax will increase or decrease by \$371 and \$494, respectively, and the equity will increase or decrease by \$23 and \$0 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:

	<u>January to March, 2022</u>		<u>January to March, 2021</u>	
	<u>Exchange gain (loss)</u>	<u>Average rate</u>	<u>Exchange gain (loss)</u>	<u>Average rate</u>
NTD	<u>\$ 4,593</u>	-	<u>6,925</u>	-

(ii) 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.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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If the interest rate had increased or decreased by 1%, the Group's net profit (loss) would have decreased or increased by \$1,800 and \$2,210 for the three months ended March 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

4. Fair value of financial instruments

(i) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2022				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Financial assets designated at fair value through profit or loss	\$ <u>309</u>	-	309	-	309
<b>Financial assets for hedging</b>	\$ <u>2,908</u>	-	2,908	-	2,908
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 313,164	-	-	-	-
Notes and trade receivables	1,328,937	-	-	-	-
Other receivables	1,018	-	-	-	-
Refundable deposits – current	68,153	-	-	-	-
Refundable deposits – non-current (recorded as other non-current assets)	26,696	-	-	-	-
	<u>\$1,737,968</u>				
<b>Financial liabilities for hedging</b>	\$ <u>94</u>	-	94	-	94
<b>Financial liabilities measured at amortized cost</b>					
Short-term loans	\$ 550,000	-	-	-	-
Short-term notes payable	948,947	-	-	-	-
Payables	470,320	-	-	-	-
Bonds payable (included in current portion)	236,400	-	238,485	-	238,485
Long-term loans (included in current portion)	350,000	-	-	-	-
Lease liabilities	244,278	-	-	-	-
	<u>\$2,799,945</u>				

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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	Carrying amount	December 31, 2021			
		Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Financial assets designated at fair value through profit or loss	\$ <u>305</u>	-	305	-	305
<b>Financial assets for hedging</b>	\$ <u>34</u>	-	34	-	34
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 318,848	-	-	-	-
Notes and trade receivables	1,404,381	-	-	-	-
Other receivables	985	-	-	-	-
Refundable deposits – current	92,062	-	-	-	-
Refundable deposits – non-current (recorded as other non-current assets)	<u>26,762</u>	-	-	-	-
	<b>\$1,843,038</b>				
<b>Financial liabilities for hedging</b>	\$ <u>639</u>	-	639	-	639
<b>Financial liabilities measured at amortized cost</b>					
Short-term loans	\$ 410,000	-	-	-	-
Short-term notes payable	949,203	-	-	-	-
Payables	543,491	-	-	-	-
Bonds payable (included in current portion)	235,762	-	238,956	-	238,956
Long-term loans (included in current portion)	368,750	-	-	-	-
Lease liabilities	<u>248,531</u>	-	-	-	-
	<b>\$2,755,737</b>				
		March 31, 2021			
		Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	\$ 330,146	-	-	-	-
Notes and trade receivables	1,252,902	-	-	-	-
Other receivables	1,660	-	-	-	-
Refundable deposits – current	118,435	-	-	-	-
Restricted deposit (recorded as other current assets)	18,667	-	-	-	-
Refundable deposits – non-current (recorded as other non-current assets)	<u>56,408</u>	-	-	-	-
	<b>\$1,778,218</b>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term loans	\$ 780,000	-	-	-	-
Short-term notes payable	699,516	-	-	-	-
Payables	476,962	-	-	-	-
Bonds payable (included in current portion)	483,560	-	494,100	-	494,100
Long-term loans (included in current portion)	325,000	-	-	-	-
Lease liabilities	<u>260,508</u>	-	-	-	-
	<b>\$3,025,546</b>				

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

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

There was no reclassification of levels during the three months ended March 31, 2022 and 2021.

(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.

**(x) 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, 2021.

**(y) Capital management**

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(z) **Investing and financing activities not affecting the current cash flow**

The Group acquired right-of-use assets by leases in the three months ended March 31, 2022 and 2021, please refer to note 6(h).

The convertible bonds issued by the Group were converted into common stock in the three months ended March 31, 2022, please refer to note 6(r).

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>March 31, 2022</b>
Short-term loans	\$ 410,000	140,000	-	550,000
Short-term notes payable	949,203	(256)	-	948,947
Long-term loans (included in current portion)	368,750	(18,750)	-	350,000
Bonds payable (included in current portion)	235,762	-	638	236,400
Lease liabilities	248,531	(3,367)	(886)	244,278
Total liabilities from financing activities	<b>\$ 2,212,246</b>	<b>117,627</b>	<b>(248)</b>	<b>2,329,625</b>
	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>March 31, 2021</b>
Short-term loans	\$ 380,000	400,000	-	780,000
Short-term notes payable	649,770	49,746	-	699,516
Long-term loans (included in current portion)	343,750	(18,750)	-	325,000
Bonds payable (included in current portion)	481,830	-	1,730	483,560
Lease liabilities	273,724	(13,179)	(37)	260,508
Total liabilities from financing activities	<b>\$ 2,129,074</b>	<b>417,817</b>	<b>1,693</b>	<b>2,548,584</b>

(7) **Related-parties transactions:**

(a) Names and relationships with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Apex Flight Academy	Substantive related party

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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(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>2022</b>	<b>2021</b>
Other related parties	\$ <u>191</u>	<u>43</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, 2022, December 31 and March 31, 2021, the receivables from related parties were \$0, \$26 and \$0, respectively, which recorded as trade receivables.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 4,102	3,731
Post-employment benefits	169	152
	<u>\$ 4,271</u>	<u>3,883</u>

**(8) Assets pledged as security**

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

<b>Assets pledged as security</b>	<b>Liabilities secured by pledge</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Refundable deposits – current	Guarantee deposits and customs bond	\$ 68,153	92,062	118,435
Restricted deposit (Note1)	Guarantee deposits	-	-	18,667
Refundable deposits – non-current (Note2)	Guarantee deposits	26,696	26,762	56,408
Land	Short-term loans	255,076	255,076	255,076
Buildings and structures	Short-term loans	207,196	209,648	219,436
		<u>\$ 557,121</u>	<u>583,548</u>	<u>668,022</u>

Note 1: recorded as other current assets.

Note 2: recorded as other non-current assets.

**(9) Significant Commitments and Contingencies**

(a) Unrecognized contractual commitments

- As of March 31, 2022, December 31 and March 31, 2021, the maintenance bond and customs bond offered by banks amounted to \$2,124,988, \$1,925,228 and \$1,925,740, respectively.

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**AIR ASIA CO., LTD. AND SUBSIDIARIES**  
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2. The Group signed contracts with domestic vendors for building property, plant and equipment. As of March 31, 2022 and December 31, 2021, the contracts amounted to \$323,529 and the unpaid payment was \$314,886.

(b) Contingencies:None.

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

**(11) Subsequent Events:None.**

**(12) Others**

(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,					
		2022			2021		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		141,530	27,117	168,647	139,065	31,183	170,248
Labor and health insurance		14,551	2,800	17,351	14,063	2,833	16,896
Pension		7,831	1,211	9,042	7,552	1,483	9,035
Others		8,763	1,441	10,204	8,523	1,421	9,944
Depreciation (Note)		20,156	1,439	21,595	18,783	1,140	19,923
Amortization		1,239	71	1,310	895	32	927

Note : The covid-19-related rent concessions of \$871 and \$814 were recognized as deduction of depreciation expenses for the three months ended March 31, 2022 and 2021, respectively.

(b) Seasonality of operations

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

**(13) Other disclosure items**

(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, 2022:

(i) Lending to other parties:None.

(ii) Guarantees and endorsements for other parties:None.

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):None.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company’s paid-in capital:None.

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## AIR ASIA CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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 Creative	"	"	"	"	"	"	"	"
"	"	2020.11.23	22,857	"	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:Please refer to notes 6(b)(m).
- (x) Significant transactions and business relationship between the parent company and its subsidiaries:None.

- (b) Information on investments:

The followings are the information on investees for the three months ended March 31, 2022 (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, 2022			Net income (loss) of investee	Investment income (loss) recognized	Remark
			March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Air Asia Company Ltd. (USA)	Logistic service	6,699	6,699	10	100 %	3,120	-	-	(Note)

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

- (c) Information on investment in Mainland China:None.

(Continued)

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

Shareholder's Name	Shareholding	Shares	Percentage
Taiwan Aerospace Corporation		95,842,580	63.65 %
Taiwan Sugar Corporation		18,511,547	12.29 %

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.

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