

**China Airlines, Ltd. and Subsidiaries**

**Consolidated Financial Statements for the**

**Nine Months Ended September 30, 2025 and 2024 and**

**Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and the Shareholders  
China Airlines, Ltd.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of China Airlines, Ltd. and its subsidiaries (collectively, the “Group”) as of September 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months ended September 30, 2025 and 2024 and for the nine months ended September 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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**

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 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.

### **Basis for Qualified Conclusion**

As disclosed in Notes 13 and 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method were not reviewed. As of September 30, 2025 and 2024, the combined total assets of these non-significant subsidiaries were NT\$19,938,159 thousand and NT\$20,157,252 thousand, respectively, representing 5.90% and 6.48%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$10,395,549 thousand and NT\$11,157,486 thousand, respectively, representing 4.35% and 4.97%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2025 and 2024, the amounts of combined comprehensive income of these non-significant subsidiaries were NT\$568,039 thousand and NT\$383,442 thousand, respectively, representing 27.13% and 7.81%, respectively, of the consolidated total comprehensive income, and for the nine months ended September 30, 2025 and 2024, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$1,460,743 thousand and NT\$1,031,841 thousand, respectively, representing 10.29% and 8.90%, respectively, of the consolidated total comprehensive income. As of September

30, 2025 and 2024, the aforementioned investments accounted for using the equity method were NT\$2,832,896 thousand and NT\$2,278,625 thousand, respectively; for the three months ended September 30, 2025 and 2024, the amounts of the Group's share of profit of such investments accounted for using the equity method were NT\$234,105 thousand and NT\$175,000 thousand, respectively, and for the nine months ended September 30, 2025 and 2024, the amounts of the Group's share of profit of such investments accounted for using the equity method were NT\$663,625 thousand and NT\$511,605 thousand, respectively.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2025 and 2024, its consolidated financial performance for the three months ended September 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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.

### **Other Matters - Use of Other Accountants' Review Reports**

We did not review the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts included in the consolidated financial statements for these subsidiaries, is based solely on the report of other auditors. As of September 30, 2025 and 2024, the total assets of these subsidiaries were NT\$25,266,257 thousand and NT\$20,396,410 thousand, representing 7.48% and 6.56%, respectively, of the consolidated total assets; for the three months ended September 30, 2025 and 2024, the total revenue of these subsidiaries were NT\$4,133,381 thousand and NT\$4,422,368 thousand, representing 8.13% and 8.50%, respectively, of the consolidated total revenue, and for the nine months ended September 30, 2025 and 2024, the total revenue of these subsidiaries were NT\$12,587,342 thousand and NT\$12,636,836 thousand, representing 8.12% and 8.37%, respectively, of the consolidated total revenue.

The engagement partners on the reviews resulting in this independent auditors' review report are Kuan-Hao Lee and I-Chi Chien.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 7, 2025

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 48,123,351	14	\$ 66,648,640	20	\$ 51,214,336	16
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	154,268	-	196,217	-	140,513	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	1,619,703	1	1,494,790	1	1,582,102	-
Financial assets for hedging - current (Notes 4, 6 and 31)	2,448,402	1	2,982,605	1	4,760,707	2
Notes and accounts receivable, net (Notes 4, 10 and 31)	11,148,166	3	11,087,366	3	10,817,688	3
Notes and accounts receivable - related parties (Notes 31 and 32)	4,360	-	6,222	-	4,916	-
Finance lease receivables - current (Notes 4, 21 and 31)	-	-	200,222	-	263,435	-
Other receivables (Notes 4 and 31)	978,458	-	1,136,627	-	826,462	-
Current tax assets (Notes 4 and 28)	135,450	-	58,597	-	92,593	-
Inventories (Notes 4 and 11)	11,695,425	4	12,299,321	4	11,554,779	4
Non-current assets held for sale (Notes 4, 5 and 12)	-	-	-	-	1,766,716	1
Other current assets (Note 18)	3,889,585	1	1,696,275	1	1,761,578	1
Total current assets	<u>80,197,168</u>	<u>24</u>	<u>97,806,882</u>	<u>30</u>	<u>84,785,825</u>	<u>27</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	130,249	-	140,886	-	111,041	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	199,898	-	220,761	-	212,682	-
Financial assets for hedging - non-current (Notes 4, 6 and 31)	2,037	-	6,227	-	4,524	-
Investments accounted for using the equity method (Notes 4 and 14)	2,832,896	1	2,287,153	1	2,278,625	1
Property, plant and equipment (Notes 4, 5, 15 and 33)	130,255,545	39	125,987,963	39	125,385,113	40
Right-of-use assets (Notes 4 and 21)	61,737,804	18	56,972,986	17	55,662,603	18
Investment properties (Notes 4 and 16)	2,071,388	1	2,071,558	1	2,071,615	1
Other intangible assets (Notes 4 and 17)	807,788	-	784,799	-	742,917	-
Deferred tax assets (Notes 4 and 28)	7,291,554	2	7,881,513	2	7,679,665	3
Other non-current assets (Notes 18, 21, 31 and 33)	52,414,359	15	33,222,810	10	32,063,692	10
Total non-current assets	<u>257,743,518</u>	<u>76</u>	<u>229,576,656</u>	<u>70</u>	<u>226,212,477</u>	<u>73</u>
<b>TOTAL</b>	<u><u>\$ 337,940,686</u></u>	<u><u>100</u></u>	<u><u>\$ 327,383,538</u></u>	<u><u>100</u></u>	<u><u>\$ 310,998,302</u></u>	<u><u>100</u></u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 19 and 31)	\$ -	-	\$ -	-	\$ 35,000	-
Financial liabilities for hedging - current (Notes 4, 21 and 31)	8,884,334	3	9,661,129	3	9,498,181	3
Notes and accounts payable (Note 31)	941,817	-	1,654,189	-	1,838,856	1
Accounts payable - related parties (Notes 31 and 32)	935,781	-	811,189	-	775,794	-
Contract liabilities - current (Notes 4 and 23)	29,578,758	9	29,651,212	9	27,208,174	9
Other payables (Notes 22 and 31)	18,618,217	6	21,450,141	7	17,769,396	6
Current tax liabilities (Notes 4 and 28)	1,510,947	1	2,004,112	1	1,400,165	-
Provisions - current (Notes 4, 24 and 31)	3,838,012	1	1,679,375	-	1,674,655	-
Lease liabilities - current (Notes 4, 21 and 31)	4,529,827	1	3,643,176	1	3,600,847	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 20, 26 and 31)	2,680,009	1	1,650,000	-	1,650,000	-
Current portion of long-term borrowings (Notes 19, 31 and 33)	10,257,201	3	11,965,545	4	11,403,438	4
Other current liabilities (Note 31)	7,470,400	2	5,313,941	2	5,788,669	2
Total current liabilities	<u>89,245,303</u>	<u>27</u>	<u>89,484,009</u>	<u>27</u>	<u>82,643,175</u>	<u>26</u>
<b>NON-CURRENT LIABILITIES</b>						
Financial liabilities for hedging - non-current (Notes 4, 21 and 31)	33,023,848	10	31,970,060	10	29,071,761	9
Bonds payable - non-current (Notes 4, 20, 26 and 31)	5,750,000	2	4,419,339	1	5,875,236	2
Long-term borrowings - non-current (Notes 19, 31 and 33)	61,722,953	18	59,031,048	18	56,559,370	18
Contract liabilities - non-current (Notes 4 and 23)	5,357,750	1	4,849,929	2	4,355,250	2
Provisions - non-current (Notes 4, 24 and 31)	17,517,283	5	19,236,966	6	18,805,507	6
Deferred tax liabilities (Notes 4 and 28)	177,903	-	360,973	-	125,535	-
Lease liabilities - non-current (Notes 4, 21 and 31)	16,480,411	5	16,822,260	5	16,828,151	6
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	9,048,889	3	9,819,692	3	9,421,111	3
Other non-current liabilities (Note 31)	590,889	-	840,405	-	804,720	-
Total non-current liabilities	<u>149,669,926</u>	<u>44</u>	<u>147,350,672</u>	<u>45</u>	<u>141,846,641</u>	<u>46</u>
Total liabilities	<u>238,915,229</u>	<u>71</u>	<u>236,834,681</u>	<u>72</u>	<u>224,489,816</u>	<u>72</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)</b>						
Share capital	<u>60,839,236</u>	<u>18</u>	<u>60,769,350</u>	<u>19</u>	<u>60,518,379</u>	<u>19</u>
Capital surplus	<u>5,882,360</u>	<u>2</u>	<u>5,829,477</u>	<u>2</u>	<u>5,317,596</u>	<u>2</u>
Retained earnings						
Legal reserve	3,292,629	1	1,868,376	-	1,868,376	1
Special reserve	1,544,819	-	690,014	-	690,014	-
Unappropriated retained earnings	22,294,766	7	18,419,108	6	14,550,264	5
Total retained earnings	27,132,214	8	20,977,498	6	17,108,654	6
Other equity	474,493	-	(1,544,819)	(1)	(653,395)	-
Treasury shares	(30,875)	-	(30,875)	-	(30,875)	-
Total equity attributable to owners of the Company	94,297,428	28	86,000,631	26	82,260,359	27
<b>NON-CONTROLLING INTERESTS (Note 26)</b>						
Total equity	<u>4,728,029</u>	<u>1</u>	<u>4,548,226</u>	<u>2</u>	<u>4,248,127</u>	<u>1</u>
<b>TOTAL</b>	<u><u>\$ 337,940,686</u></u>	<u><u>100</u></u>	<u><u>\$ 327,383,538</u></u>	<u><u>100</u></u>	<u><u>\$ 310,998,302</u></u>	<u><u>100</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated November 7, 2025)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 32)	\$ 50,872,120	100	\$ 52,015,094	100	\$ 154,976,706	100	\$ 150,928,519	100
OPERATING COSTS (Notes 4, 11, 15, 17, 21, 24, 25, 27 and 32)	<u>42,632,658</u>	<u>84</u>	<u>42,800,186</u>	<u>82</u>	<u>127,534,996</u>	<u>82</u>	<u>126,179,302</u>	<u>84</u>
GROSS PROFIT	8,239,462	16	9,214,908	18	27,441,710	18	24,749,217	16
OPERATING EXPENSES (Notes 4, 15, 21, 25, 27 and 32)	<u>3,942,906</u>	<u>8</u>	<u>3,936,771</u>	<u>8</u>	<u>11,677,031</u>	<u>8</u>	<u>11,403,342</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>4,296,556</u>	<u>8</u>	<u>5,278,137</u>	<u>10</u>	<u>15,764,679</u>	<u>10</u>	<u>13,345,875</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	420,495	1	622,617	1	1,549,176	1	1,998,985	1
Other gains and losses (Notes 12, 14, 15, 27 and 31)	(138,638)	-	(135,354)	-	(550,091)	-	216,304	-
Finance costs (Notes 27 and 31)	(753,906)	(1)	(731,947)	(1)	(2,281,954)	(1)	(2,020,051)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>234,105</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>663,625</u>	<u>-</u>	<u>511,605</u>	<u>1</u>
Total non-operating income and expenses	<u>(237,944)</u>	<u>-</u>	<u>(69,684)</u>	<u>-</u>	<u>(619,244)</u>	<u>-</u>	<u>706,843</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	4,058,612	8	5,208,453	10	15,145,435	10	14,052,718	10
INCOME TAX EXPENSE (Notes 4 and 28)	<u>713,739</u>	<u>1</u>	<u>1,008,899</u>	<u>2</u>	<u>2,894,850</u>	<u>2</u>	<u>2,712,178</u>	<u>2</u>
NET INCOME FOR THE PERIOD	<u>3,344,873</u>	<u>7</u>	<u>4,199,554</u>	<u>8</u>	<u>12,250,585</u>	<u>8</u>	<u>11,340,540</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Gain (loss) on hedging instruments subject to basis adjustment (Notes 4, 26 and 31)	133,144	-	(144,437)	-	(359,242)	-	652,042	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Note 26)	(30,723)	-	50,937	-	(8,951)	-	4,582	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 28)	<u>5,290</u>	<u>-</u>	<u>(10,704)</u>	<u>-</u>	<u>653</u>	<u>-</u>	<u>(1,158)</u>	<u>-</u>
	<u>107,711</u>	<u>-</u>	<u>(104,204)</u>	<u>-</u>	<u>(367,540)</u>	<u>-</u>	<u>655,466</u>	<u>-</u>

(Continued)

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 26)	\$ 90,169	-	\$ (27,159)	-	\$ (168,545)	-	\$ 81,286	-
(Loss) gain on hedging instruments not subject to basis adjustment (Notes 4, 21, 26 and 31)	(1,788,630)	(4)	1,043,070	2	3,065,694	2	(588,953)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 28)	<u>339,692</u>	<u>1</u>	<u>(202,430)</u>	<u>(1)</u>	<u>(579,430)</u>	<u>(1)</u>	<u>104,335</u>	<u>-</u>
	<u>(1,358,769)</u>	<u>(3)</u>	<u>813,481</u>	<u>1</u>	<u>2,317,719</u>	<u>1</u>	<u>(403,332)</u>	<u>-</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(1,251,058)</u>	<u>(3)</u>	<u>709,277</u>	<u>1</u>	<u>1,950,179</u>	<u>1</u>	<u>252,134</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>\$ 2,093,815</u></b>	<b><u>4</u></b>	<b><u>\$ 4,908,831</u></b>	<b><u>9</u></b>	<b><u>\$ 14,200,764</u></b>	<b><u>9</u></b>	<b><u>\$ 11,592,674</u></b>	<b><u>8</u></b>
<b>NET INCOME ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 2,955,632	6	\$ 3,828,100	7	\$ 10,996,731	7	\$ 10,373,683	7
Non-controlling interests	<u>389,241</u>	<u>1</u>	<u>371,454</u>	<u>1</u>	<u>1,253,854</u>	<u>1</u>	<u>966,857</u>	<u>1</u>
	<u><b>\$ 3,344,873</b></u>	<u><b>7</b></u>	<u><b>\$ 4,199,554</b></u>	<u><b>8</b></u>	<u><b>\$ 12,250,585</b></u>	<u><b>8</b></u>	<u><b>\$ 11,340,540</b></u>	<u><b>8</b></u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 1,698,380	3	\$ 4,536,915	9	\$ 12,954,382	8	\$ 10,618,944	7
Non-controlling interests	<u>395,435</u>	<u>1</u>	<u>371,916</u>	<u>-</u>	<u>1,246,382</u>	<u>1</u>	<u>973,730</u>	<u>1</u>
	<u><b>\$ 2,093,815</b></u>	<u><b>4</b></u>	<u><b>\$ 4,908,831</b></u>	<u><b>9</b></u>	<u><b>\$ 14,200,764</b></u>	<u><b>9</b></u>	<u><b>\$ 11,592,674</b></u>	<u><b>8</b></u>
<b>EARNINGS PER SHARE</b> (NEW TAIWAN DOLLARS; Note 29)								
Basic	<u>\$ 0.49</u>		<u>\$ 0.63</u>		<u>\$ 1.81</u>		<u>\$ 1.71</u>	
Diluted	<u><b>\$ 0.48</b></u>		<u><b>\$ 0.62</b></u>		<u><b>\$ 1.78</b></u>		<u><b>\$ 1.68</b></u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated November 7, 2025)

(Concluded)

**CHINA AIRLINES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Non-controlling Interests	Total Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity									
						Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries	Total					
BALANCE ON JANUARY 1, 2024	\$ 60,513,407	\$ 3,887,046	\$ 1,230,977	\$ 534,375	\$ 9,146,199	\$ (12,965)	\$ 22,726	\$ (699,775)	\$ (30,875)	\$ 74,591,115	\$ 2,887,755	\$ 77,478,870			
Basis adjustment to loss on hedging instruments	-	-	-	-	-	-	-	(208,642)	-	(208,642)	-	(208,642)			
Appropriation of 2023 earnings															
Legal reserve	-	-	637,399	-	(637,399)	-	-	-	-	-	-	-	-		
Special reserve	-	-	-	155,639	(155,639)	-	-	-	-	-	-	-	-		
Cash dividends - \$0.69016808 per share	-	-	-	-	(4,176,580)	-	-	-	-	(4,176,580)	-	(4,176,580)			
Changes in capital surplus from dividends distributed to subsidiaries	-	1,431	-	-	-	-	-	-	-	1,431	-	1,431			
Actual disposal of partial equity interest in subsidiaries	-	1,425,334	-	-	-	-	-	-	-	1,425,334	533,510	1,958,844			
Net profit for the nine months ended September 30, 2024	-	-	-	-	10,373,683	-	-	-	-	10,373,683	966,857	11,340,540			
Other comprehensive income for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	60,601	3,424	181,236	-	245,261	6,873	252,134			
Total comprehensive income for the nine months ended September 30, 2024	-	-	-	-	10,373,683	60,601	3,424	181,236	-	10,618,944	973,730	11,592,674			
Convertible bonds converted to ordinary shares	4,972	3,785	-	-	-	-	-	-	-	8,757	-	8,757			
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(146,868)	(146,868)			
BALANCE ON SEPTEMBER 30, 2024	\$ 60,518,379	\$ 5,317,596	\$ 1,868,376	\$ 690,014	\$ 14,550,264	\$ 47,636	\$ 26,150	\$ (727,181)	\$ (30,875)	\$ 82,260,359	\$ 4,248,127	\$ 86,508,486			
BALANCE ON JANUARY 1, 2025	\$ 60,769,350	\$ 5,829,477	\$ 1,868,376	\$ 690,014	\$ 18,419,108	\$ 88,681	\$ 50,613	\$ (1,684,113)	\$ (30,875)	\$ 86,000,631	\$ 4,548,226	\$ 90,548,857			
Basis adjustment to gain on hedging instruments	-	-	-	-	-	-	-	61,661	-	61,661	-	61,661			
Appropriation of 2024 earnings															
Legal reserve	-	-	1,424,253	-	(1,424,253)	-	-	-	-	-	-	-	-		
Special reserve	-	-	-	854,805	(854,805)	-	-	-	-	-	-	-	-		
Cash dividends - \$0.79587046 per share	-	-	-	-	(4,842,015)	-	-	-	-	(4,842,015)	-	(4,842,015)			
Changes in capital surplus from dividends distributed to subsidiaries	-	1,651	-	-	-	-	-	-	-	1,651	-	1,651			
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,573)	(16,573)			
Net profit for the nine months ended September 30, 2025	-	-	-	-	10,996,731	-	-	-	-	10,996,731	1,253,854	12,250,585			
Other comprehensive income (loss) for the nine months ended September 30, 2025, net of income tax	-	-	-	-	-	(125,575)	(8,298)	2,091,524	-	1,957,651	(7,472)	1,950,179			
Total comprehensive income (loss) for the nine months ended September 30, 2025	-	-	-	-	10,996,731	(125,575)	(8,298)	2,091,524	-	12,954,382	1,246,382	14,200,764			
Convertible bonds converted to ordinary shares	69,886	51,232	-	-	-	-	-	-	-	121,118	-	121,118			
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,050,006)	(1,050,006)			
BALANCE ON SEPTEMBER 30, 2025	\$ 60,839,236	\$ 5,882,360	\$ 3,292,629	\$ 1,544,819	\$ 22,294,766	\$ (36,894)	\$ 42,315	\$ 469,072	\$ (30,875)	\$ 94,297,428	\$ 4,728,029	\$ 99,025,457			

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated November 7, 2025)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 15,145,435	\$ 14,052,718
Adjustments for:		
Depreciation expense	21,832,408	22,036,477
Amortization expense	142,204	161,416
Expected credit loss recognized on trade receivables	58	97
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,389)	(1,796)
Finance costs	2,281,954	2,020,051
Interest income	(1,378,080)	(1,610,580)
Dividend income	(15,974)	(12,097)
Share of profit of associates and joint ventures	(663,625)	(511,605)
Gain on disposal of property, plant and equipment	(29,722)	(380,240)
Gain on disposal of non-current assets held for sale	-	(28,284)
(Gain) loss on disposal of investments	(4,628)	29
Loss on inventories and property, plant and equipment	724,160	889,272
Reversal of impairment loss recognized on flight equipment	-	(171,529)
Net (gain) loss on foreign currency exchange	(648,207)	1,044,371
Recognition of provisions	4,680,306	3,498,316
Others	(4,025)	(516)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	34,512	47,843
Notes and accounts receivable	(284,452)	(780,456)
Accounts receivable - related parties	(67,071)	(183,672)
Other receivables	(279,699)	85,290
Inventories	184,636	(1,397,346)
Other current assets	(1,852,680)	(206,533)
Notes and accounts payable	(575,298)	512,350
Accounts payable - related parties	132,090	330,591
Other payables	(3,462,691)	(646,642)
Contract liabilities	457,451	2,151,119
Provisions	(3,100,316)	(2,973,694)
Other current liabilities	1,356,949	728,556
Defined benefit liabilities	(770,802)	(285,536)
Other liabilities	1,645	288
Cash generated from operations	33,834,149	38,368,258
Interest received	1,553,014	1,505,316
Dividends received	15,974	12,097
Interest paid	(2,292,001)	(1,997,458)
Income tax paid	(3,630,965)	(1,043,416)
Net cash generated from operating activities	<u>29,480,171</u>	<u>36,844,797</u>

(Continued)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2025	2024
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	\$ (1,796,319)	\$ (8,548,283)
Proceeds from sale of financial assets at amortized cost	1,547,833	11,052,195
Acquisition of financial assets at fair value through other comprehensive income	-	(278)
Purchase of financial assets for hedging	(7,894,600)	(23,292,991)
Proceeds from sale of financial assets for hedging	8,097,210	29,508,127
Net cash generated from disposal of investments accounted for using equity method	-	1,966,445
Net cash generated from disposal of subsidiaries	9,632	-
Proceeds from disposal of non-current assets held for sale	-	4,098,737
Payments for property, plant and equipment	(5,089,784)	(2,346,136)
Proceeds from disposal of property, plant and equipment	761,902	405,145
Increase in refundable deposits	(300,872)	(137,234)
Decrease in refundable deposits	197,209	296,907
Decrease in finance lease receivable	198,363	225,541
Increase in prepayments for equipment	(31,129,769)	(15,746,372)
Increase in other intangible assets	(164,829)	(113,162)
Decrease in restricted assets	<u>56,151</u>	<u>133,712</u>
Net cash used in investing activities	<u>(35,507,873)</u>	<u>(2,497,647)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term bills payable	-	(20,000)
Proceeds from issuance of bonds payable	3,100,000	-
Repayments of bonds payable	(625,000)	(2,125,000)
Proceeds from long-term borrowings	12,483,663	21,109,067
Repayments of long-term borrowings	(11,500,103)	(18,293,618)
Repayments of the principal portion of lease liabilities	(9,846,091)	(9,933,936)
Proceeds from guarantee deposits received	115,123	243,821
Refund of guarantee deposits received	(93,585)	(152,545)
Payment of cash dividends	(4,840,364)	(4,175,149)
Dividends paid to non-controlling interests	<u>(190,658)</u>	<u>(146,868)</u>
Net cash used in financing activities	<u>(11,397,015)</u>	<u>(13,494,228)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(1,100,572)</u>	<u>(30,150)</u>

(Continued)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<b>For the Nine Months Ended September 30</b>	
	<b>2025</b>	<b>2024</b>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (18,525,289)	\$ 20,822,772
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>66,648,640</u>	<u>30,391,564</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 48,123,351</u>	<u>\$ 51,214,336</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated November 7, 2025)

(Concluded)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

China Airlines, Ltd. (the “Company”) was founded in 1959 and its shares have been listed on the Taiwan Stock Exchange since February 26, 1993. The Company is primarily involved in (a) air transport services for passengers, cargo and mail; (b) ground services and routine aircraft maintenance; (c) major maintenance of flight equipment; (d) communications and data processing services to other airlines; (e) the sale of aircraft parts, equipment and aviation equipment; and (f) leasing of aircraft.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) were approved by the Company’s board of directors on November 7, 2025.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

### **Statement of Compliance**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for an asset or liability.

### **Basis of Consolidation**

The consolidated financial statements reporting principles are the same as those in the consolidated financial statements for the year ended December 31, 2024.

### **Other Material Accounting Policies**

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

- a. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

- b. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty for these interim consolidated financial statements are the same as those applied for the consolidated financial statements for the year ended December 31, 2024.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and revolving funds	\$ 651,749	\$ 822,915	\$ 607,882
Checking accounts and demand deposits	18,568,470	14,138,656	12,800,281
Cash equivalent			
Time deposits with original maturities of less than 3 months	18,618,133	38,618,227	29,832,667
Repurchase agreements collateralized by bonds	<u>10,284,999</u>	<u>13,068,842</u>	<u>7,973,506</u>
	<u><u>\$ 48,123,351</u></u>	<u><u>\$ 66,648,640</u></u>	<u><u>\$ 51,214,336</u></u>

The market rate intervals of cash in the bank and cash equivalents at the end of the reporting period were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Bank balance	0%-4.25%	0%-4.80%	0%-5.00%
Time deposits with original maturities of less than 3 months	1.23%-4.69%	1.30%-5.49%	1.16%-5.87%
Repurchase agreements collateralized by bonds	0.45%-4.56%	1.15%-5.12%	1.13%-5.60%

The Group designated some deposits denominated in USD and repurchase agreements collateralized by bonds as hedging instruments to avoid exchange rate fluctuations on final payments of aircraft orders and prepayments for equipment and applied cash flow hedge accounting to hedge its foreign exchange exposure. The contract information is as follows:

	Maturity Date	Subject	Carrying Value
September 30, 2025	2025.10.2-2025.10.31	Financial assets for hedging - current	\$ 2,439,024
December 31, 2024	2025.1.2	Financial assets for hedging - current	2,950,820
September 30, 2024	2024.11.1	Financial assets for hedging - current	4,746,835

### Impact on other comprehensive income (loss)

	Recognized in Other Comprehensive Income (Loss)
For the nine months ended September 30, 2025	\$ (284,987)
For the three months ended September 30, 2025	99,843
For the nine months ended September 30, 2024	445,637
For the three months ended September 30, 2024	(123,294)

For the nine months ended September 30, 2025 and 2024, the amount of hedging instrument settlements recognized as prepayments for equipment were \$37,463 thousand and \$0 thousand, respectively.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Beneficiary certificates	<u>\$ 154,268</u>	<u>\$ 196,217</u>	<u>\$ 140,513</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

### Investments in Equity Instruments

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Non-current</u>			
Foreign investments			
Unlisted shares	\$ 110,646	\$ 117,423	\$ 89,134
Listed shares	369	368	329
Domestic investments			
Unlisted shares	<u>19,234</u>	<u>23,095</u>	<u>21,578</u>
	<u>\$ 130,249</u>	<u>\$ 140,886</u>	<u>\$ 111,041</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes and are expected to profit through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 1,619,703</u>	<u>\$ 1,494,790</u>	<u>\$ 1,582,102</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 199,898</u>	<u>\$ 220,761</u>	<u>\$ 212,682</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.71%-4.11%, 0.67%-5.25% and 0.21%-5.25% per annum as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

## 10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Notes receivable</u>	\$ 222,949	\$ 207,448	\$ 195,754
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	11,178,516	11,139,883	10,878,653
Less: Allowance for impairment loss	(253,299)	(259,965)	(256,719)
	<u>10,925,217</u>	<u>10,879,918</u>	<u>10,621,934</u>
	<u>\$ 11,148,166</u>	<u>\$ 11,087,366</u>	<u>\$ 10,817,688</u>

The average credit period is 7 to 55 days. In determining the recoverability of an accounts receivable, the Group considers any change in the credit quality of the receivable since the date credit is initially granted to the end of the reporting period, and any allowance for impairment loss is based on the estimated irrecoverable amounts determined by reference to the Group's past default experience with the counterparty and an analysis of the counterparty's current financial position. The Group adopts a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowance for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience with the debtors and an analysis of the debtors' current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the different segments of the Group's customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the past due receivables. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

September 30, 2025

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.83%	5.65%	70.44%	82.84%	99.98%	
Gross carrying amount	\$ 10,825,399	\$ 195,595	\$ 9,233	\$ 12,275	\$ 136,014	\$ 11,178,516
Loss allowance (lifetime ECLs)	<u>(89,580)</u>	<u>(11,047)</u>	<u>(6,504)</u>	<u>(10,170)</u>	<u>(135,998)</u>	<u>(253,299)</u>
Amortized cost	<u>\$ 10,735,819</u>	<u>\$ 184,548</u>	<u>\$ 2,729</u>	<u>\$ 2,105</u>	<u>\$ 16</u>	<u>\$ 10,925,217</u>

December 31, 2024

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.21%	5.55%	51.05%	100%	100%	
Gross carrying amount	\$ 10,729,158	\$ 89,543	\$ 182,132	\$ 477	\$ 138,573	\$ 11,139,883
Loss allowance (lifetime ECLs)	<u>(22,960)</u>	<u>(4,974)</u>	<u>(92,981)</u>	<u>(477)</u>	<u>(138,573)</u>	<u>(259,965)</u>
Amortized cost	<u>\$ 10,706,198</u>	<u>\$ 84,569</u>	<u>\$ 89,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,879,918</u>

September 30, 2024

	<b>Not Past Due</b>	<b>1 to 30 Days Past Due</b>	<b>31 to 60 Days Past Due</b>	<b>61 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	1.04%	4.41%	19.66%	98.23%	99.99%	
Gross carrying amount	\$ 10,590,613	\$ 139,219	\$ 10,542	\$ 113	\$ 138,166	\$ 10,878,653
Loss allowance (lifetime ECLs)	<u>(110,241)</u>	<u>(6,137)</u>	<u>(2,073)</u>	<u>(111)</u>	<u>(138,157)</u>	<u>(256,719)</u>
Amortized cost	<u>\$ 10,480,372</u>	<u>\$ 133,082</u>	<u>\$ 8,469</u>	<u>\$ 2</u>	<u>\$ 9</u>	<u>\$ 10,621,934</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Nine Months Ended September 30</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 259,965	\$ 257,453
Add: Net remeasurement of loss allowance	58	97
Add: Amounts recovered	373	-
Less: Amounts written off	<u>(7,097)</u>	<u>(831)</u>
Balance on September 30	<u>\$ 253,299</u>	<u>\$ 256,719</u>

## 11. INVENTORIES

	September 30, 2025	December 31, 2024	September 30, 2024
Aircraft spare parts	\$ 10,329,725	\$ 9,909,879	\$ 9,448,152
Work in process - maintenance services	467,574	1,527,240	1,225,377
Items for in-flight sale	782,220	750,643	771,978
Others	115,906	111,559	109,272
	<u>\$ 11,695,425</u>	<u>\$ 12,299,321</u>	<u>\$ 11,554,779</u>

The operating costs for the three months ended September 30, 2025 and 2024 and the nine months ended September 30, 2025 and 2024 included losses (reversal) from inventory write-downs of \$132,619 thousand, \$(7,949) thousand, \$439,443 thousand and \$657,881 thousand, respectively. The recovery in the net realizable value of inventories arose from the disappearance of the circumstances that had previously given rise to the write-down.”

## 12. NON-CURRENT ASSETS HELD FOR SALE

	September 30, 2025	December 31, 2024	September 30, 2024
Aircraft held for sale	\$ _____ -	\$ _____ -	\$ 1,766,716

To enhance its competitiveness, the Company plans to introduce new aircraft and retire old aircraft according to a planned schedule. Such aircraft, classified as non-current assets held for sale, had an original carrying amount which was higher than the expected sale price and which was recognized as an impairment loss, and would be continuously assessed whether there are further impairments in subsequent periods. However, the actual loss shall be identified by the actual sale price. The Company recognized gain on reversal of impairment of \$0 thousand and \$292,704 thousand for the nine months ended September 30, 2025 and 2024.

The fair value measurement is classified as Level 3, and the fair value was determined according to similar transactions of the related markets. The proposed sale prices were based on the current status of the aircraft.

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor Company	Investee Company	Main Businesses and Products	Proportion of Ownership (%)		
			September 30, 2025	December 31, 2024	September 30, 2024
China Airlines, Ltd.	Tigerair Taiwan Co., Ltd. (Note)	Air transportation	69	69	71
	Taiwan Aircraft Maintenance And Engineering Co., Ltd.	Aircraft maintenance	100	100	100
	Cal-Dynasty International	A holding company, real estate and hotel services	100	100	100
	Cal-Asia Investment	General investing	100	100	100
	Dynasty Aerotech International Corp.	Cleaning of aircraft and maintenance of machine and equipment	100	100	100
	Cal Park	Real estate lease and international trade	100	100	100
	Cal Hotel Co., Ltd.	Hotel business	100	100	100
	Sabre Travel Network (Taiwan)	Sale and maintenance of hardware and software	94	94	94
	Mandarin Airlines	Air transportation and maintenance of aircraft	97	97	97
	Taiwan Air Cargo Terminal (Note)	Air cargo and storage	59	59	59

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Proportion of Ownership (%)		
			September 30, 2025	December 31, 2024	September 30, 2024
Cal-Dynasty International	Kaohsiung Catering Service, Ltd.	In-flight catering	54	54	54
	Taoyuan International Airport Services	Airport services	49	49	49
	Taiwan Airport Services (Note)	Airport services	48	48	48
	Global Sky Express	Forwarding and storage of air cargo	-	25	25
	Dynasty Properties Co., Ltd.	Real estate management	100	100	100
	Dynasty Hotel of Hawaii, Inc.	Hotel business	100	100	100
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Airport supporting service and investment	100	100	100

(Concluded)

Note: Proportion of ownership is considered from the perspective of the Group.

The Company has control over Taoyuan International Airport Service, Taiwan Airport Service and Global Sky Express despite its ownership of less than 50%, and the Company has control over other subsidiaries with more than 50% of their voting shares. The above financial information of the subsidiaries for the nine months ended September 30, 2025 and 2024 was reported according to financial statements that were not reviewed by independent auditors, except for Mandarin Airlines and Tigerair Taiwan Co., Ltd.

To align with the listing of Tigerair Taiwan Co., Ltd. on the main board, the Company disposed of 36,745 thousand shares of Tigerair Taiwan Co., Ltd. in September 2024, with a disposal amount of \$1,958,844 thousand. After the disposal, the Group's comprehensive ownership percentage dropped to 71%. Since the transaction did not change the authority the Company has over the subsidiaries, it was treated as an equity transaction. The net asset carrying amount of the subsidiaries, in accordance with the change in relative equity, was transferred to non-controlling interests in the amount of \$533,510 thousand. The difference between the actual disposal price of the subsidiary's shares and the carrying amount was \$1,425,334 thousand, which was recognized as an increase in capital reserve.

Additionally, Tigerair Taiwan Co., Ltd. applied for the listing of its shares on the main board on August 16, 2024, and the application was approved by the Taiwan Stock Exchange on September 13, 2024. To align with the public offering prior to the board transfer, Taiwan Tigerair's board of directors approved a cash capital increase on September 27, 2024, with a total planned issuance of 10,530 thousand shares. In addition, due to relevant regulations, the Group did not participate in the cash capital increase; therefore, the Group's comprehensive ownership percentage dropped to 69%. Because the shares were subscribed at a rate different from its existing ownership percentage, the Company's capital surplus increased by \$285,416 thousand. In addition, Tigerair Taiwan Co., Ltd. reserves 15% of the total issuances for employees to subscribe to in accordance with article 267, item 1 of the Company Act. As a result, the Company's capital surplus increased by \$43,216 thousand and non-controlling interests increased by \$17,998 thousand.

In June 2025 and July 2024, respectively, Cal Park gained \$19,363 thousand and \$18,370 thousand by capital increase out of retained earnings; the proportion of ownership of the Company remained unchanged.

The Company's board of directors approved the proposal for the dissolution and liquidation of Global Sky Express on August 9, 2024, and Global Sky Express's extraordinary shareholders' meeting likewise resolved to dissolve the company on September 5, 2024. On September 25, 2025, Global Sky Express's extraordinary shareholders' meeting approved a distributable residual asset amount of \$40,610 thousand, of which the Company received \$10,153 thousand in proportion to its shareholding and recognized a disposal gain of \$4,628 thousand.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2025	December 31, 2024	September 30, 2024
Investments in associates	\$ 828,768	\$ 813,486	\$ 950,151
Investments in joint ventures	<u>2,004,128</u>	<u>1,473,667</u>	<u>1,328,474</u>
	<u>\$ 2,832,896</u>	<u>\$ 2,287,153</u>	<u>\$ 2,278,625</u>

##### a. Investments in associates

The investments in associates were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Unlisted companies</u>			
Airport Air Cargo Terminal (Xiamen)	\$ 581,860	\$ 575,016	\$ 564,491
Airport Air Cargo Service (Xiamen)	201,474	194,170	331,628
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	<u>45,434</u>	<u>44,300</u>	<u>54,032</u>
	<u>\$ 828,768</u>	<u>\$ 813,486</u>	<u>\$ 950,151</u>

At the end of the reporting period, the proportion of ownership and voting rights of associates held by the Group were as follows:

Name of Associate	Proportion of Ownership and Voting Rights		
	September 30, 2025	December 31, 2024	September 30, 2024
Airport Air Cargo Terminal (Xiamen)	28%	28%	28%
Airport Air Cargo Service (Xiamen)	28%	28%	28%
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	35%	35%	35%

The share of profit or loss of associates accounted for using the equity method was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Airport Air Cargo Terminal (Xiamen)	\$ 12,783	\$ 12,596	\$ 35,561	\$ 30,976
Airport Air Cargo Service (Xiamen)	5,896	5,845	17,134	18,604
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	<u>1,489</u>	<u>1,360</u>	<u>3,363</u>	<u>2,871</u>
	<u>\$ 20,168</u>	<u>\$ 19,801</u>	<u>\$ 56,058</u>	<u>\$ 52,451</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on these investees' financial statements, which have not been independently reviewed. However, the management determined that there would have been no significant adjustments had these investee's financial statements been independently reviewed.

b. Investments in joint ventures

The investments in joint ventures were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
China Pacific Catering Services	\$ 1,871,779	\$ 1,353,902	\$ 1,213,417
China Pacific Laundry Services	132,349	119,765	115,057
NORDAM Asia Ltd.	-	-	-
Delica International Co., Ltd.	—	—	—
	<u>\$ 2,004,128</u>	<u>\$ 1,473,667</u>	<u>\$ 1,328,474</u>

At the end of the reporting period, the proportion of ownership and voting rights in joint ventures held by the Group were as follows:

	Proportion of Ownership and Voting Rights		
	September 30, 2025	December 31, 2024	September 30, 2024
China Pacific Catering Services	51%	51%	51%
China Pacific Laundry Services	55%	55%	55%
NORDAM Asia Ltd.	-	49%	49%
Delica International Co., Ltd.	-	-	51%

The Group entered into a joint venture agreement with the Swire Group to invest in China Pacific Catering Services and China Pacific Laundry Services. According to the agreement, both parties have the right to make motion vetoes on the board of directors, and therefore, the Group does not have control.

NORDAM Asia was classified as an associate accounted for using the equity method. On October 27, 2023, the provisional shareholders' meeting was held, and the shareholders resolved to dissolve NORDAM Asia. The court approved the completion of liquidation on July 29, 2025. No related gains or losses were recognized.

To expand the Group's catering business, Kaohsiung Catering entered into a joint venture agreement with a Japanese brand company to invest in Delica International Co., Ltd., with the Japanese brand company having the right to make decisions on operations, and therefore, the Group does not have control. On March 1, 2024, the provisional shareholders' meeting was held, and the shareholders resolved to dissolve Delica International Co., Ltd., and the liquidation process has been in progress. On August 26, 2024, the extraordinary shareholders' meeting passed a resolution to approve the final settlement statements of the liquidation, as well as the distribution amount and method of the remaining assets. Kaohsiung Air Catering recognized a loss of \$29 thousand from the disposal of its investment under the equity method.

In June 2024, China Pacific Catering capital increase out of retained earnings of \$560,000 thousand, the proportion of ownership of the Company remained unchanged.

The share of profit or loss of joint ventures accounted for using the equity method was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
China Pacific Catering Services	\$ 209,140	\$ 150,080	\$ 594,982	\$ 445,802
China Pacific Laundry Services	4,797	5,119	12,585	13,352
NORDAM Asia Ltd.	-	-	-	-
Delica International Co., Ltd.	—	—	—	—
	<u>\$ 213,937</u>	<u>\$ 155,199</u>	<u>\$ 607,567</u>	<u>\$ 459,154</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on these investees' financial statements which were not independently reviewed. However, the management determined that there would have been no significant adjustments had these investees' financial statements been independently reviewed.

For information on the major businesses and products and the locations of registration for the major business offices of the above entities, refer to Tables 5 and 6 (names, locations, and related information of investees on which the Company exercises significant influence and investment in mainland China) following the notes to the consolidated financial statements.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Flight Equipment	Others	Total
<u>Cost</u>					
Balance on January 1, 2024	\$ 997,537	\$ 16,204,479	\$ 227,792,901	\$ 18,241,668	\$ 263,236,585
Additions	-	180,412	1,768,238	397,486	2,346,136
Disposals	-	(1,660)	(3,388,743)	(293,852)	(3,684,255)
Reclassification	-	491	(13,329,412)	56,790	(13,272,131)
Net exchange differences	<u>15,490</u>	<u>29,128</u>	<u>-</u>	<u>3,331</u>	<u>47,949</u>
Balance on September 30, 2024	<u>\$ 1,013,027</u>	<u>\$ 16,412,850</u>	<u>\$ 212,842,984</u>	<u>\$ 18,405,423</u>	<u>\$ 248,674,284</u>
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2024	\$ -	\$ (8,616,999)	\$ (117,861,943)	\$ (13,414,912)	\$ (139,893,854)
Depreciation expenses	-	(379,549)	(10,795,881)	(712,878)	(11,888,308)
Disposals	-	1,660	3,185,150	292,687	3,479,497
Reclassification	-	-	25,154,722	223	25,154,945
Impairment loss	-	-	(121,175)	-	(121,175)
Net exchange differences	<u>-</u>	<u>(17,394)</u>	<u>-</u>	<u>(2,882)</u>	<u>(20,276)</u>
Balance on September 30, 2024	<u>\$ -</u>	<u>\$ (9,012,282)</u>	<u>\$ (100,439,127)</u>	<u>\$ (13,837,762)</u>	<u>\$ (123,289,171)</u>
Balance on September 30, 2024, net value	<u>\$ 1,013,027</u>	<u>\$ 7,400,568</u>	<u>\$ 112,403,857</u>	<u>\$ 4,567,661</u>	<u>\$ 125,385,113</u>
<u>Cost</u>					
Balance on January 1, 2025	\$ 1,033,199	\$ 16,552,168	\$ 216,251,620	\$ 18,626,178	\$ 252,463,165
Additions	-	323,355	3,963,515	802,914	5,089,784
Disposals	(17,888)	(10,608)	(2,381,983)	(415,709)	(2,826,188)
Reclassification	-	9,172	12,430,013	(128,094)	12,311,091
Net exchange differences	<u>(40,636)</u>	<u>(77,415)</u>	<u>-</u>	<u>(9,252)</u>	<u>(127,303)</u>
Balance on September 30, 2025	<u>\$ 974,675</u>	<u>\$ 16,796,672</u>	<u>\$ 230,263,165</u>	<u>\$ 18,876,037</u>	<u>\$ 266,910,549</u>

(Continued)

	Freehold Land	Buildings	Flight Equipment	Others	Total
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2025	\$ -	\$ (9,162,258)	\$ (103,317,308)	\$ (13,995,636)	\$ (126,475,202)
Depreciation expenses	-	(400,447)	(11,106,124)	(731,499)	(12,238,070)
Disposals	-	9,432	1,409,333	399,977	1,818,742
Reclassification	-	119	13,014	170,189	183,322
Net exchange differences	—	48,434	—	7,770	56,204
Balance on September 30, 2025	\$ —	\$ (9,504,720)	\$ (113,001,085)	\$ (14,149,199)	\$ (136,655,004)
Balance on September 30, 2025, net value	\$ 974,675	\$ 7,291,952	\$ 117,262,080	\$ 4,726,838	\$ 130,255,545
					(Concluded)

Reclassification is mainly resulted from the transfer of prepayments for equipment and adaption of non-current assets held for sale.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings					
Main buildings					45-55 years
Others					10-25 years
Machinery equipment					
Electro-mechanical equipment					25 years
Others					3-13 years
Office equipment					3-15 years
Leasehold improvements					
Building improvements					5 years
Others					3-5 years
Assets leased to others					3-5 years
Flight equipment and equipment under finance leases					
Airframes					12-22 years
Aircraft cabins					10-13 years
Engines					12-20 years
Heavy maintenance on aircraft					6-8 years
Engine overhauls					2-7 years
Landing gear overhauls					6-12 years
Repairable spare parts					3-15 years
Leased aircraft improvements					5-12 years
Flight simulation training equipment.					18-25 years
Nonexpendable apparatus of flight simulation training equipment.					8 years

To replace aging aircraft and revitalize the fleet, the Company's board of directors resolved to sell five 747-400F aircraft on March 8, 2024, all of which were fully disposed of in 2024.

Considering the changes in model mix and phase-out plans, the Group used the fair value (Level 3) deducting transaction costs as the recoverable amount of some flight equipment and the recognized impairment losses of \$0 thousand and \$121,175 thousand for the nine months ended September 30, 2025 and 2024, respectively. The fair value was determined with reference to factors such as the condition of the flight equipment and possible market estimates.

Refer to Note 33 for the carrying amounts of property, plant and equipment pledged by the Group.

Based on the particularity of risk in the aviation industry, all of the Group's assets such as aircraft, real estate, and movable property are adequately insured to diversify the potential risk related to operations.

## 16. INVESTMENT PROPERTIES

	September 30, 2025	December 31, 2024	September 30, 2024
Carrying amount			
Investment properties	<u>\$ 2,071,388</u>	<u>\$ 2,071,558</u>	<u>\$ 2,071,615</u>

The investment properties held by the Group were land located in Nankan and buildings in Taipei, which were all leased to other parties. The buildings are depreciated on a straight-line basis over 55 years.

The fair values of the investment properties held by the Group were \$3,137,644 thousand as of September 30, 2025, December 31, 2024 and September 30, 2024. The above fair value valuations were performed by independent qualified professional valuers, and the future income evaluated by management was based on market transactions.

All of the Group's investment properties were held under freehold interests.

## 17. OTHER INTANGIBLE ASSETS

	Computer Software Cost	Others	Accumulated Amortization	Net Value
Balance on January 1, 2024	\$ 1,976,490	\$ 168,280	\$ (1,353,203)	\$ 791,567
Additions	112,768	-	-	112,768
Reclassification	(176,206)	-	176,203	(3)
Amortization expense	-	-	(161,416)	(161,416)
Disposals	(247)	-	247	-
Effects of exchange rate changes	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Balance on September 30, 2024	<u>\$ 1,912,805</u>	<u>\$ 168,280</u>	<u>\$ (1,338,168)</u>	<u>\$ 742,917</u>
Balance on January 1, 2025	\$ 1,974,416	\$ 168,280	\$ (1,357,897)	\$ 784,799
Additions	164,829	-	-	164,829
Reclassification	(323,590)	-	325,174	1,584
Amortization expense	-	-	(142,204)	(142,204)
Disposals	(34,839)	-	33,619	(1,220)
Balance on September 30, 2025	<u>\$ 1,780,816</u>	<u>\$ 168,280</u>	<u>\$ (1,141,308)</u>	<u>\$ 807,788</u>

The above items of other intangible assets are amortized on a straight-line basis over 2-16 years.

## 18. OTHER ASSETS

	September 30, 2025	December 31, 2024	September 30, 2024
<b><u>Current</u></b>			
Advance payments	\$ 1,851,876	\$ 343,274	\$ 282,615
Prepayments	939,224	471,305	1,064,728
Temporary payments	694,770	833,966	389,071
Contract assets	357,711	-	-
Restricted assets	20,917	13,159	13,109
Others	<u>25,087</u>	<u>34,571</u>	<u>12,055</u>
	<u>\$ 3,889,585</u>	<u>\$ 1,696,275</u>	<u>\$ 1,761,578</u>
<b><u>Non-current</u></b>			
Prepayments for aircraft	\$ 49,044,828	\$ 30,186,059	\$ 29,500,463
Prepayments - long-term	2,263,172	1,928,627	1,554,673
Refundable deposits	788,477	732,904	698,906
Restricted assets	292,654	351,825	286,730
Other financial assets	9,283	9,101	11,735
Others	<u>15,945</u>	<u>14,294</u>	<u>11,185</u>
	<u>\$ 52,414,359</u>	<u>\$ 33,222,810</u>	<u>\$ 32,063,692</u>

The prepayments for aircraft are comprised of prepaid deposits and capitalized interest from the purchase of A321neo, A320neo, ATR72-600, B777F, B787-9, B787-10, 777-9, 777-8F, A350-1000 and A350-900 aircraft. For details of the contract for the purchase of the aircraft, refer to Note 34.

## 19. BORROWINGS

### a. Short-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Bank loans - unsecured	\$ _____ -	\$ _____ -	\$ 35,000
Interest rates	-	-	1.81%

b. Long-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ 8,047,612	\$ 6,026,499	\$ 5,801,251
Secured bank loans	40,301,251	44,585,526	42,766,483
Commercial papers			
Proceeds from issue	23,690,000	20,430,000	19,440,000
Less: Unamortized discount	58,709	45,432	44,926
	71,980,154	70,996,593	67,962,808
Less: Current portion	10,257,201	11,965,545	11,403,438
	<u>\$ 61,722,953</u>	<u>\$ 59,031,048</u>	<u>\$ 56,559,370</u>
Interest rates	1.91%-2.36%	1.65%-2.38%	1.14%-2.33%

Secured bank loans are secured by flight equipment, buildings, and other equipment, refer to Note 33.

Bank loans (denominated in New Taiwan dollars) are repayable quarterly, semiannually or in lump sum upon maturity. The related information is summarized as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Periods	2009.2.4- 2036.11.28	2009.2.4- 2036.11.28	2009.2.4- 2036.7.22

The Group also entered into separate commercial paper financing agreements with financial institutions, under which the notes are reissued on a revolving basis upon each 90-day maturity and are to be fully redeemed by the end of May 2030. The annual discount rates were 2.062%-2.1530%, 2.0853%-2.220%, and 2.106%-2.3747% as of September 30, 2025, December 31, 2024, and September 30, 2024, respectively. Pursuant to the FSC's Q&A issued on August 15, 2025 regarding the Accounting Research and Development Foundation's interpretation on the liability classification of funds raised through revolving commercial paper issuances, such commercial paper will be classified as current liabilities beginning in the first quarter of 2026 when reissued on a revolving basis.

## 20. BONDS PAYABLE

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured corporate bonds first-time issued in 2018	\$ 1,025,000	\$ 1,025,000	\$ 2,050,000
Unsecured corporate bonds first-time issued in 2019	625,000	1,250,000	1,250,000
Unsecured corporate bonds first-time issued in 2023	2,650,000	2,650,000	2,650,000
Unsecured corporate bonds first-time issued in 2025	3,100,000	-	-
Convertible bonds seventh-time issued	1,030,009	1,144,339	1,575,236
	8,430,009	6,069,339	7,525,236
Less: Current portion and put option of convertible bonds	2,680,009	1,650,000	1,650,000
	<u>\$ 5,750,000</u>	<u>\$ 4,419,339</u>	<u>\$ 5,875,236</u>

Related issuance conditions were as follows:

Category	Period	Conditions	Rate (%)
Seven-year private unsecured bonds - issued at par in November 2018; repayable in November 2024 and 2025; 1.45% interest p.a., payable annually	2018.11.30-2025.11.30	Principal repayable in November of 2024 and 2025; indicator rate; payable annually	1.45
Seven-year private unsecured bonds - issued at par in June 2019; repayable in June 2025 and 2026; 1.32% interest p.a., payable annually	2019.06.21-2026.06.21	Principal repayable in June of 2025 and 2026; indicator rate; payable annually	1.32
Five-year private unsecured bonds - issued at par in May 2023; repayable in May 2027 and 2028; 1.90% interest p.a., payable annually	2023.05.22-2028.05.22	Principal repayable in May of 2027 and 2028; indicator rate; payable annually	1.90
Five-year private unsecured bonds - issued at par in August 2025; repayable in August 2029 and 2030; 2.18% interest p.a., payable annually	2025.8.28-2030.8.28	Principal repayable in May of 2029 and 2030; indicator rate; payable annually	2.18
Five-year convertible bonds - issued at discount in April 2021; repayable in lump sum upon maturity; 0.8612% discount rate p.a.	2021.04.28-2026.04.28	Unless bonds are converted to share capital or redeemed, principal repayable one time in April 2026; 0.8612 discount rate p.a.	-

a. The Company issued the seventh issue of its unsecured convertible bonds, and the issuance conditions were as follows:

- 1) The holders may demand a lump-sum payment for the bonds upon maturity.
- 2) The holders can request that the Company repurchase their bonds at face value on the third anniversary of the offering date. The holders can exercise the right to sell on April 28, 2024.
- 3) The Company may redeem the bonds at face value between July 28, 2021 and March 18, 2026 under certain conditions.
- 4) Between July 28, 2021 and April 28, 2026 (except for the period between the former dividend date and the date of the dividend declaration on record), holders may convert their bonds into the Company's ordinary shares. The initial conversion price was set at NT\$19 per share, which is subject to adjustment if there is a capital injection by cash or share dividend distribution. Because the Company distributed cash dividends on July 22, 2025, the conversion price was adjusted to NT\$16.9. As of September 30, 2025, a total face value of NT\$3,465,100 thousand of convertible bonds was converted into 186,765 thousand ordinary shares of the Company.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.8612% per annum on initial recognition.

Proceeds from issuance	\$ 4,500,000
Equity component	<u>(188,862)</u>
Liability component at the date of issuance	4,311,138
Interest charged at an effective interest rate	75,938
Convertible bonds converted into ordinary shares	<u>(3,242,737)</u>
Liability component on December 31, 2024	1,144,339
Interest charged at an effective interest rate	6,788
Convertible bonds converted into ordinary shares	<u>(121,118)</u>
Liability component on September 30, 2025	\$ <u>1,030,009</u>

b. On March 10, 2025, the board of directors of the Company resolved to issue unsecured corporate bonds. The unsecured corporate bonds may be issued in installments throughout 2025 with a limited total face value of \$8,000 million and had been issued in the amount of \$3,100 million as of September 30, 2025.

## 21. LEASE AGREEMENTS

a. Right-of-use assets

	September 30, 2025	December 31, 2024	September 30, 2024
Carrying amount			
Land	\$ 6,717,855	\$ 6,604,427	\$ 6,659,521
Buildings	2,531,911	2,913,530	2,931,562
Flight equipment	52,452,158	47,408,755	46,055,192
Other equipment	<u>35,880</u>	<u>46,274</u>	<u>16,328</u>
	<u><u>\$ 61,737,804</u></u>	<u><u>\$ 56,972,986</u></u>	<u><u>\$ 55,662,603</u></u>
<b>For the Nine Months Ended September 30</b>			
	<b>2025</b>	<b>2024</b>	
Additions to right-of-use assets	<u><u>\$ 11,627,173</u></u>	<u><u>\$ 18,911,998</u></u>	
Depreciation for right-of-use assets			
Land	\$ 361,895	\$ 317,045	
Buildings	617,206	608,807	
Flight equipment	8,605,941	9,217,373	
Other equipment	<u>9,126</u>	<u>4,774</u>	
	<u><u>\$ 9,594,168</u></u>	<u><u>\$ 10,147,999</u></u>	

b. Lease liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Carrying amount			
Current	<u><u>\$ 4,529,827</u></u>	<u><u>\$ 3,643,176</u></u>	<u><u>\$ 3,600,847</u></u>
Non-current	<u><u>\$ 16,480,411</u></u>	<u><u>\$ 16,822,260</u></u>	<u><u>\$ 16,828,151</u></u>

Range of discount rates for lease liabilities (include leases denominated in USD designated as hedging instruments):

	September 30, 2025	December 31, 2024	September 30, 2024
Land	0%-1.92%	0%-1.92%	0%-2.28%
Buildings	0%-4.65%	0%-4.65%	0%-4.65%
Flight equipment	0.74%-5.73%	0.74%-5.73%	0.74%-5.73%
Other equipment	0%-1.92%	0%-1.74%	0%-1.78%

c. Financial liabilities under hedge accounting

The Group specifies a part of aircraft leases denominated in USD as hedging instruments to avoid exchange rate fluctuations in passenger revenue and applies the accounting treatment of cash flow hedging. The lease information is as follows:

	<b>Maturity Date</b>	<b>Subject</b>	<b>Carrying Value</b>
September 30, 2025	2026.1.16-2037.8.19	Financial liabilities for hedging - current	\$ 8,856,639
		Financial liabilities for hedging - non-current	33,023,848
December 31, 2024	2025.8.23-2036.7.4	Financial liabilities for hedging - current	9,649,668
		Financial liabilities for hedging - non-current	31,970,060
September 30, 2024	2025.4.29-2036.7.4	Financial liabilities for hedging - current	9,440,065
		Financial liabilities for hedging - non-current	29,071,761

Impact on other comprehensive income (loss)

	<b>Recognized in Other Comprehensive Income (Loss)</b>	<b>Reclassified to Income</b>
For the nine months ended September 30, 2025	\$ 3,058,469	\$ (1,415)
For the three months ended September 30, 2025	(1,802,350)	108,904
For the nine months ended September 30, 2024	(633,297)	(383,276)
For the three months ended September 30, 2024	1,138,496	(145,660)

d. Material leasing activities and terms

China Airlines, Mandarin Airlines and Tigerair Taiwan leased one A350-900 plane, ten 777-300ER planes, thirteen A330-300 planes, ten 737-800 planes, eight A320-200 planes, eight A320neo planes, sixteen A321neo planes and three ATR72-600 planes for operation, lease periods are 4 to 16 years from June 2015 to August 2037. The rental pricing method is partly a fixed amount of funds, and some of them are floating rents; floating rents are according to benchmark ratio, and the rent is revised every half year. When the lease expires, the lessee does not have purchase rights.

The information of refundable deposits and letter of credit due to rental of planes:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Refundable deposits	\$ 415,889	\$ 356,103	\$ 385,544
Credit guarantees	1,921,379	2,020,580	1,950,243

On November 7, 2025, the Company's Board of Directors resolved to lease office premises on Minquan East Road from Kindom Development Co., Ltd., covering a ten-year term from March 2026 to February 2036, with a right of first refusal for renewal for a maximum additional period of ten years. The right-of-use asset is expected to amount to \$910,641 thousand.

CAL Park, and Taoyuan International Airport Service signed a BOT contract with a land lease agreement, for the details for the lease agreement, please refer to Note 34. The lease includes an option to extend the lease, as it is not possible to extend the lease, the amount of the lease related to the period covered by the option is not included in the lease liability. If the amount of the extended lease period is included in the lease liability, the lease liability would have increased by \$943,403 thousand, \$933,989 thousand and \$930,872 thousand on September 30, 2025, December 31, 2024 and September 30, 2024, respectively.

Taiwan Air Cargo Terminal Co. and Civil Aeronautics Administration (CAA) signed a BOT contract with a land lease agreement. For details, please refer to Note 34.

e. Lease agreement signed but not yet delivered

On June 25, 2025, the Company signed a rental contract for three A321neo with Avolon Aerospace Lease Corporation, which are expected to be introduced in 2027.

On June 25, 2025, the Company's Board of Directors approved the lease of five A321neo aircraft from ALC, of which two aircraft had already been leased under signed agreements and were introduced in August 2025.

On October 31, 2025, the Board of Directors of Tigerair Taiwan Co., Ltd. resolved to extend the lease of one A320-200 aircraft with SMBC Aviation Capital Limited for a period of 24 months, with the right-of-use asset expected to amount to US\$7,585 thousand.

On October 31, 2025, the Board of Directors of Tigerair Taiwan Co., Ltd. resolved to lease three PW1100G backup engines from ICBC Aviation Leasing Company Limited, with the right-of-use asset expected to amount to US\$19,955 thousand.

The Group also signed related aircraft purchase agreement, please refer to Note 34 for details.

f. Aircraft leases

In order to revitalize assets, the Company signed a lease agreement for two 747-400F aircraft with US Cargo Company in August 2021 and September 2021, respectively. The lease commencement dates were on July 15 and October 10, 2022, respectively. Due to early termination of the lease agreements, these two cargo aircraft were sold to Icelandic owner Air Atlanta Icelandic in August 2023. One of the cargo aircraft was sold on a finance lease basis, and ownership can only be obtained after the payment is paid in accordance with the 24-installment payment schedule. Air Atlanta Icelandic completed the final payment on August 30, 2025, and finalized the aircraft re-registration process.

Finance lease receivables

The composition of finance lease receivables is as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Undiscounted lease payments</u>			
Year 1	\$ -	\$ 205,513	\$ 272,744
Year 2	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>205,513</u>	<u>272,744</u>
Less: Unearned finance income	<u>—</u>	<u>(5,291)</u>	<u>(9,309)</u>
Net investment in leases presented as finance lease receivables	<u>\$ —</u>	<u>\$ 200,222</u>	<u>\$ 263,435</u>
Current	<u>\$ —</u>	<u>\$ 200,222</u>	<u>\$ 263,435</u>
Non-current	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Group originally measured impairment of finance lease receivables based on lifetime expected credit losses, taking into account the lessees' historical default experience, the future prospects of the industries related to the leased assets, and the value of collateral held. All finance lease receivables were fully collected during the period; therefore, no allowance for expected credit losses was required.

g. Other lease information

The Group use operating lease agreement for investment properties, refer to Note 16.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Short-term leases and low-value asset leases	\$ 26,012	\$ 21,314	\$ 80,776	\$ 67,110
Total cash outflow for leases	\$ (3,862,441)	\$ (3,934,409)	\$ (11,546,325)	\$ (11,333,050)

The Group chooses to waive the recognition of the contract provisions for short-term leases and low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for such leases.

## 22. OTHER PAYABLES

	September 30, 2025	December 31, 2024	September 30, 2024
Short-term employee benefits	\$ 7,519,581	\$ 9,621,200	\$ 6,817,740
Fuel costs	3,422,920	3,896,608	3,755,357
Repair expenses	2,344,432	2,076,368	1,684,641
Terminal surcharges	969,576	1,032,086	1,026,559
Ground service expenses	929,188	903,547	979,133
Commission expenses	161,433	239,947	198,168
Finance costs	146,894	195,166	156,465
Others	<u>3,124,193</u>	<u>3,485,219</u>	<u>3,151,333</u>
	<u>\$ 18,618,217</u>	<u>\$ 21,450,141</u>	<u>\$ 17,769,396</u>

## 23. CONTRACT LIABILITIES

	September 30, 2025	December 31, 2024	September 30, 2024
Frequent flyer program	\$ 7,392,148	\$ 5,863,373	\$ 5,213,053
Advance ticket sales	27,534,841	28,549,379	26,326,589
Others	<u>9,519</u>	<u>88,389</u>	<u>23,782</u>
	<u>\$ 34,936,508</u>	<u>\$ 34,501,141</u>	<u>\$ 31,563,424</u>
Current	\$ 29,578,758	\$ 29,651,212	\$ 27,208,174
Non-current	<u>5,357,750</u>	<u>4,849,929</u>	<u>4,355,250</u>
	<u>\$ 34,936,508</u>	<u>\$ 34,501,141</u>	<u>\$ 31,563,424</u>

## 24. PROVISIONS

	September 30, 2025	December 31, 2024	September 30, 2024
Provisions for aircraft leasing	<u>\$ 21,355,295</u>	<u>\$ 20,916,341</u>	<u>\$ 20,480,162</u>
Current	\$ 3,838,012	\$ 1,679,375	\$ 1,674,655
Non-current	<u>17,517,283</u>	<u>19,236,966</u>	<u>18,805,507</u>
	<u><u>\$ 21,355,295</u></u>	<u><u>\$ 20,916,341</u></u>	<u><u>\$ 20,480,162</u></u>
			<b>Operating Lease-Aircraft</b>
Balance on January 1, 2024			\$ 19,608,003
Additional provisions recognized			3,498,316
Usage			(2,973,694)
Effects of foreign currency exchange differences			<u>347,537</u>
Balance on September 30, 2024			<u><u>\$ 20,480,162</u></u>
Balance on January 1, 2025			\$ 20,916,341
Additional provisions recognized			4,680,306
Usage			(3,100,316)
Effects of foreign currency exchange differences			<u>(1,141,036)</u>
Balance on September 30, 2025			<u><u>\$ 21,355,295</u></u>

The Group leased flight equipment. Under the contracts, when the leases expire and the equipment is returned to the lessor, the flight equipment has to be repaired according to the expected years of use, number of flight hours, flight cycles and the number of engine revolution. The Group had existing obligations to recognize provisions when signing a lease or during the lease term. Tigerair Taiwan Co., Ltd. also leased flight equipment. In accordance with the contract, Tigerair had to pay the maintenance reserve monthly accounted for by using the actual number of flight hours.

## 25. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined retirement benefit plan was calculated using the actuarially determined pension cost discount rate as of December 31, 2024 and 2023.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Operating costs	\$ 223,493	\$ 251,854	\$ 670,439	\$ 681,027
Operating expenses	<u>80,721</u>	<u>98,551</u>	<u>236,052</u>	<u>271,514</u>
	<u><u>\$ 304,214</u></u>	<u><u>\$ 350,405</u></u>	<u><u>\$ 906,491</u></u>	<u><u>\$ 952,541</u></u>

## 26. EQUITY

### a. Share capital

#### Ordinary shares

	September 30, 2025	December 31, 2024	September 30, 2024
Number of shares authorized (in thousands of shares)	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Amount of shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Amount of shares issued	<u>\$ 60,839,236</u>	<u>\$ 60,769,350</u>	<u>\$ 60,518,379</u>

The Company issued the 7th domestic unsecured convertible bonds, and the holders of the convertible bonds applied for conversion in the amount of \$122,300 thousand and \$8,900 thousand for the nine months ended September 30, 2025 and 2024, respectively. The number of ordinary shares exchanged was 6,989 thousand and 497 thousand, respectively, and entitled to registration change after the issuance of new shares.

### b. Capital surplus

	September 30, 2025	December 31, 2024	September 30, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			

Issuance of convertible bonds in excess of par value and conversion premium	\$ 2,620,312	\$ 2,569,080	\$ 2,385,831
Treasury share transactions (dividend distributed to subsidiaries)	5,762	4,111	4,111
Expired equity component of convertible bonds	982,174	977,041	958,608
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	1,425,334	1,425,334	1,425,334

#### May only be used to offset a deficit (2)

Long-term investments	805,344	805,344	476,712
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#### May not be used for any purpose

Equity component of convertible bonds	<u>43,434</u>	<u>48,567</u>	<u>67,000</u>
	<u>\$ 5,882,360</u>	<u>\$ 5,829,477</u>	<u>\$ 5,317,596</u>

- 1) Such capital surplus may be used to offset deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Appropriation of earnings and dividend policy

The Company resolved and recognized to amend the Company Act in the shareholders' meeting on May 30, 2024. Under the dividend policy as set forth in the amended Company Act, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The profit can be distributed in the form of new shares or cash, and the cash dividends should be no less than 30% of the total dividends.

Under the Company Act, before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations. Then, if any remaining profit together with any undistributed retained earnings, it shall be used by the Company's board of directors as the basis for proposing a distribution plan that dividends and bonus shall be no less than 50% of the remaining profit and undistributed retained earnings. The dividends and bonus mentioned above can be distributed in the form of new shares or cash, and the cash dividends should be no less than 30% of the total dividends. If surplus earnings are distributed in the form of new shares, the distribution of shares shall be resolved in the shareholders' meeting; if such earnings are distributed in the form of cash, the cash distribution shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting. If the Company has no loss, according to laws and regulations, the Company can distribute its capital reserve, in whole or in part, by issuing new shares or cash based on financial, business and management considerations. If such capital reserve is distributed in the form of new shares, it shall be resolved by a meeting of the shareholders; if such capital reserve is distributed in the form of cash, it shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The distribution of dividends should be resolved and recognized in the shareholders' meeting in the current year.

1) Appropriation of earnings in 2023

The appropriation of earnings in 2023 which was resolved and recognized in the shareholders' meeting on May 30, 2024 is as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 637,399	
Special reserve	155,639	
Cash dividends	4,176,580	\$ 0.69016808

2) Appropriation of earnings in 2024

The appropriation of earnings in 2024 which was resolved and recognized in the shareholders' meeting on May 28, 2025 is as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,424,253	
Special reserve	854,805	
Cash dividends	4,842,015	\$ 0.79587046

d. Other equity items

The movement of other equity items is as follows:

	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Total
Balance on January 1, 2024	\$ (12,965)	\$ 22,726	\$ (699,775)	\$ (690,014)
Exchange differences on translation of the financial statements of foreign operations	74,057	-	-	74,057
Cumulative gain (loss) on changes in fair value of hedging instruments	-	-	(291,526)	(291,526)
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	355,060	355,060
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	4,582	-	4,582
Effects of income tax	(13,456)	(1,158)	117,702	103,088
Other comprehensive income (loss) recognized in the period	<u>60,601</u>	<u>3,424</u>	<u>181,236</u>	<u>245,261</u>
Transferred to initial carrying amount of hedged items	<u>-</u>	<u>-</u>	<u>(208,642)</u>	<u>(208,642)</u>
Balance on September 30, 2024	<u><u>\$ 47,636</u></u>	<u><u>\$ 26,150</u></u>	<u><u>\$ (727,181)</u></u>	<u><u>\$ (653,395)</u></u>
Balance on January 1, 2025	\$ 88,681	\$ 50,613	\$ (1,684,113)	\$ (1,544,819)
Exchange differences on translation of the financial statements of foreign operations	(156,969)	-	-	(156,969)
Cumulative gain (loss) on changes in fair value of hedging instruments	-	-	2,689,889	2,689,889
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	14,325	14,325
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(8,951)	-	(8,951)
Effects of income tax	31,394	653	(612,690)	(580,643)
Other comprehensive income (loss) recognized in the period	<u>(125,575)</u>	<u>(8,298)</u>	<u>2,091,524</u>	<u>1,957,651</u>
Transferred to initial carrying amount of hedged items	<u>-</u>	<u>-</u>	<u>61,661</u>	<u>61,661</u>
Balance on September 30, 2025	<u><u>\$ (36,894)</u></u>	<u><u>\$ 42,315</u></u>	<u><u>\$ 469,072</u></u>	<u><u>\$ 474,493</u></u>

e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2025</b>	<b>2024</b>
Beginning balance	\$ 4,548,226	\$ 2,887,755
Net income attributable to non-controlling interests	1,253,854	966,857
Other comprehensive income recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	(11,576)	7,229
Cash flow hedge on changes in fair value of hedging instruments	1,565	2,241
Cumulative gain (loss) arising on changes in fair value of hedging instruments reclassified to profit or loss	673	(2,686)
Effects of income tax	<u>1,866</u>	<u>89</u>
	<u>(7,472)</u>	<u>6,873</u>
Change in equity in subsidiaries	(16,573)	533,510
Dividends paid by subsidiaries	<u>(1,050,006)</u>	<u>(146,868)</u>
Ending balance	<u><u>\$ 4,728,029</u></u>	<u><u>\$ 4,248,127</u></u>

f. Treasury shares

Treasury shares are the Company's shares held by its subsidiaries as of the reporting date and were as follows:

	<b>(In Thousands of Shares)</b>		
<b>Period of Treasury Shares</b>	<b>Number of Shares, Beginning of Period</b>	<b>Reduction During the Period</b>	<b>Number of Shares, End of Period</b>
For the nine months ended September 30, 2025	<u>2,075</u>	_____ -	<u>2,075</u>
For the nine months ended September 30, 2024	<u>2,075</u>	_____ -	<u>2,075</u>
<b>Subsidiary</b>	<b>Number of Shares (In Thousands)</b>	<b>Carrying Amount</b>	<b>Market Value</b>
<u>September 30, 2025</u>			
Mandarin Airlines	2,075	<u>\$ 43,256</u>	<u>\$ 43,256</u>
<u>December 31, 2024</u>			
Mandarin Airlines	2,075	<u>\$ 53,214</u>	<u>\$ 53,214</u>
<u>September 30, 2024</u>			
Mandarin Airlines	2,075	<u>\$ 44,605</u>	<u>\$ 44,605</u>

The above acquisitions by subsidiaries of the Company's shares in previous years was due to investment planning. The shares of the Company held by its subsidiaries were treated as treasury shares. The subsidiaries can exercise shareholders' right on these treasury shares, except for the right to subscribe for the Company's new shares and voting rights.

## 27. NET INCOME

### a. Revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Passenger	\$ 29,854,482	\$ 32,475,788	\$ 93,389,246	\$ 97,151,593
Cargo	16,533,767	15,773,909	48,705,570	42,859,893
Others	<u>4,483,871</u>	<u>3,765,397</u>	<u>12,881,890</u>	<u>10,917,033</u>
	<u>\$ 50,872,120</u>	<u>\$ 52,015,094</u>	<u>\$ 154,976,706</u>	<u>\$ 150,928,519</u>

### b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Interest income	\$ 375,377	\$ 547,128	\$ 1,378,080	\$ 1,610,580
Dividends income	2,327	2,186	15,974	12,097
Others	<u>42,791</u>	<u>73,303</u>	<u>155,122</u>	<u>376,308</u>
	<u>\$ 420,495</u>	<u>\$ 622,617</u>	<u>\$ 1,549,176</u>	<u>\$ 1,998,985</u>

### c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Gain on disposal of property, plant and equipment	\$ 6,898	\$ 4,502	\$ 29,722	\$ 380,240
Gain on sale of non-current assets held for sale	-	48,970	-	28,284
Gain on financial assets mandatorily classified as at FVTPL	711	594	2,389	1,796
Reversal of impairment loss recognized on flight equipment	-	74,473	-	171,529
Gain (loss) on disposal of investments	4,628	(29)	4,628	(29)
Net foreign exchange loss	(49,117)	(198,829)	(326,796)	(160,413)
Others	<u>(101,758)</u>	<u>(65,035)</u>	<u>(260,034)</u>	<u>(205,103)</u>
	<u>\$ (138,638)</u>	<u>\$ (135,354)</u>	<u>\$ (550,091)</u>	<u>\$ 216,304</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Interest expense				
Bonds payable	\$ 26,859	\$ 27,759	\$ 71,732	\$ 94,988
Bank loans	179,713	232,828	591,959	593,525
Interest on lease liabilities	547,738	471,655	1,619,458	1,332,004
Loss arising from derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	(404)	(295)	(1,195)	(466)
	<u>\$ 753,906</u>	<u>\$ 731,947</u>	<u>\$ 2,281,954</u>	<u>\$ 2,020,051</u>
Capitalization interest	<u>\$ 204,371</u>	<u>\$ 141,062</u>	<u>\$ 542,180</u>	<u>\$ 440,773</u>
Capitalization rate	2.08%-2.16%	1.99%-2.10%	2.07%-2.16%	1.84%-2.10%

e. Depreciation and amortization expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Property, plant, equipment	\$ 4,132,919	\$ 4,038,335	\$ 12,238,070	\$ 11,888,308
Right-of-use assets	3,228,119	3,442,252	9,594,168	10,147,999
Investment properties	56	57	170	170
Intangible assets	<u>44,959</u>	<u>51,563</u>	<u>142,204</u>	<u>161,416</u>
Depreciation and amortization expenses	<u>\$ 7,406,053</u>	<u>\$ 7,532,207</u>	<u>\$ 21,974,612</u>	<u>\$ 22,197,893</u>
An analysis of depreciation by function				
Operating costs	\$ 6,934,813	\$ 7,064,003	\$ 20,556,745	\$ 20,797,124
Operating expenses	<u>426,281</u>	<u>416,641</u>	<u>1,275,663</u>	<u>1,239,353</u>
	<u>\$ 7,361,094</u>	<u>\$ 7,480,644</u>	<u>\$ 21,832,408</u>	<u>\$ 22,036,477</u>
An analysis of amortization by function				
Operating costs	\$ 2,230	\$ 2,476	\$ 6,753	\$ 7,170
Operating expenses	<u>42,729</u>	<u>49,087</u>	<u>135,451</u>	<u>154,246</u>
	<u>\$ 44,959</u>	<u>\$ 51,563</u>	<u>\$ 142,204</u>	<u>\$ 161,416</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Post-employment benefits				
Defined contribution plan	\$ 187,325	\$ 171,341	\$ 558,318	\$ 508,059
Defined benefit plan	<u>304,214</u>	<u>350,405</u>	<u>906,491</u>	<u>952,541</u>
	<u><u>\$ 491,539</u></u>	<u><u>\$ 521,746</u></u>	<u><u>\$ 1,464,809</u></u>	<u><u>\$ 1,460,600</u></u>
Other employee benefits				
Salary expenses	\$ 7,543,664	\$ 7,420,848	\$ 22,677,932	\$ 21,117,051
Personnel service expenses	<u>1,537,113</u>	<u>2,180,249</u>	<u>5,681,758</u>	<u>6,301,253</u>
	<u><u>\$ 9,080,777</u></u>	<u><u>\$ 9,601,097</u></u>	<u><u>\$ 28,359,690</u></u>	<u><u>\$ 27,418,304</u></u>
An analysis of employee benefits expense by function				
Operating costs	\$ 8,465,361	\$ 8,258,889	\$ 25,200,266	\$ 23,720,098
Operating expenses	<u>1,106,955</u>	<u>1,863,954</u>	<u>4,624,233</u>	<u>5,158,806</u>
	<u><u>\$ 9,572,316</u></u>	<u><u>\$ 10,122,843</u></u>	<u><u>\$ 29,824,499</u></u>	<u><u>\$ 28,878,904</u></u>

According to the Company's Articles, the Company accrues compensation of employees at rates of no less than 3% of the net profit before income tax and compensation of employees. When the Company has an accumulated deficit, the Company shall set aside some amounts to offset the deficit in advance. According to the amendments to the Securities and Exchange Act in August 2024, the Company resolved at its 2025 shareholders' meeting to amend the Articles, stipulating that compensation for non-executive employees shall be no less than 30% of the total employee compensation actually accrued in that year. For the nine months ended September 30, 2025 and 2024, the estimated amount of compensation of employees (including compensation for non-executive employees) were \$492,020 thousand and \$442,477 thousand, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date that the annual consolidated financial statements are authorized for issue are adjusted in the year that the compensation and remuneration are recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual appropriated amounts of compensation of employees and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 28. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Current tax				
Current period	\$ 723,405	\$ 924,911	\$ 3,091,793	\$ 2,222,970
Adjustments for prior periods	(78)	(407)	5,208	(407)
Deferred tax				
Current period	<u>(9,588)</u>	<u>84,395</u>	<u>(202,151)</u>	<u>489,615</u>
Income tax expense recognized in profit or loss	<u>\$ 713,739</u>	<u>\$ 1,008,899</u>	<u>\$ 2,894,850</u>	<u>\$ 2,712,178</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
<u>Deferred tax</u>				
Recognized in other comprehensive income				
Translation of foreign operations	\$ (16,987)	\$ 6,184	\$ 31,537	\$ (13,456)
Fair value changes of financial assets at FVTOCI	5,290	(10,704)	653	(1,158)
Fair value changes of hedging instruments for cash flow hedging	<u>356,679</u>	<u>(208,614)</u>	<u>(610,967)</u>	<u>117,791</u>
Total income tax recognized in other comprehensive income	<u>\$ 344,982</u>	<u>\$ (213,134)</u>	<u>\$ (578,777)</u>	<u>\$ 103,177</u>

c. Income tax assessment

The income tax returns of the Company through 2022 have been examined by the tax authorities. Except Taiwan Airport Services and Mandarin Airline Co., Ltd., the income tax returns of the Company's subsidiaries through 2023 have been examined by the tax authorities.

## 29. EARNINGS PER SHARE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Basic earnings per share	\$ 0.49	\$ 0.63	\$ 1.81	\$ 1.71
Diluted earnings per share	\$ 0.48	\$ 0.62	\$ 1.78	\$ 1.68
<u>Net income for the period</u>				
Earnings used in the computation of basic earnings per share	\$ 2,955,632	\$ 3,828,100	\$ 10,996,731	\$ 10,373,683
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds (after tax)	2,231	3,414	6,722	10,146
Earnings used in the computation of diluted earnings per share	\$ 2,957,863	\$ 3,831,514	\$ 11,003,453	\$ 10,383,829
<u>In thousands of shares</u>				
Weighted average number of ordinary shares in computation of basic earnings per share	6,081,849	6,049,716	6,080,681	6,049,520
Effect of potentially dilutive ordinary shares:				
Compensation of employees or bonuses issued to employees	23,598	20,580	30,913	23,703
Convertible bonds	60,757	90,636	60,851	89,568
Weighted average number of ordinary shares used in the computation of diluted earnings per share	6,166,204	6,160,932	6,172,445	6,162,791

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 30. CAPITAL MANAGEMENT

The goal, policies and procedures as well as the composition of the Group's capital management are the same as those stated in Note 30 to the Group's consolidated financial statements for the year ended December 31, 2024.

## 31. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements as approximating their fair values.

	September 30, 2025		December 31, 2024		September 30, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Bonds payable	\$ 8,430,009	\$ 8,729,458	\$ 6,069,339	\$ 6,616,629	\$ 7,525,236	\$ 8,005,896

Lease liabilities and long-term borrowings are floating-rate financial liabilities, so their carrying amounts are their fair values. Fair values of bonds payable trading in OTC are based on quoted market prices (Level 1).

### b. Fair value of financial instruments measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 1) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 fair value measurements are those derived from 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); and
- 3) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### September 30, 2025

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Domestic money market funds	\$ 154,268	\$ -	\$ -	\$ 154,268
<b>Financial assets at FVTOCI</b>				
Investments in equity instruments				
Unlisted shares - domestic	\$ -	\$ -	\$ 19,234	\$ 19,234
Unlisted shares - foreign	-	-	110,646	110,646
Listed shares - foreign	369	-	-	369
	\$ 369	\$ -	\$ 129,880	\$ 130,249
Financial assets for hedging	\$ 2,439,024	\$ 11,415	\$ -	\$ 2,450,439
Financial liabilities for hedging	\$ 41,880,487	\$ 22,526	\$ 5,169	\$ 41,908,182

December 31, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Domestic money market funds	<u>\$ 196,217</u>	<u>\$ _____-</u>	<u>\$ _____-</u>	<u>\$ 196,217</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares - domestic	\$ -	\$ -	\$ 23,095	\$ 23,095
Unlisted shares - foreign	-	-	117,423	117,423
Listed shares - foreign	<u>368</u>	<u>_____</u>	<u>_____</u>	<u>368</u>
	<u>\$ 368</u>	<u>\$ _____-</u>	<u>\$ 140,518</u>	<u>\$ 140,886</u>
Financial assets for hedging	<u>\$ 2,950,820</u>	<u>\$ 37,664</u>	<u>\$ 348</u>	<u>\$ 2,988,832</u>
Financial liabilities for hedging	<u>\$ 41,619,728</u>	<u>\$ _____-</u>	<u>\$ 11,461</u>	<u>\$ 41,631,189</u>

September 30, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Domestic money market funds	<u>\$ 140,513</u>	<u>\$ _____-</u>	<u>\$ _____-</u>	<u>\$ 140,513</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares - domestic	\$ -	\$ -	\$ 21,578	\$ 21,578
Unlisted shares - foreign	-	-	89,134	89,134
Listed shares - foreign	<u>329</u>	<u>_____</u>	<u>_____</u>	<u>329</u>
	<u>\$ 329</u>	<u>\$ _____-</u>	<u>\$ 110,712</u>	<u>\$ 111,041</u>
Financial assets for hedging	<u>\$ 4,746,835</u>	<u>\$ 17,468</u>	<u>\$ 928</u>	<u>\$ 4,765,231</u>
Financial liabilities for hedging	<u>\$ 38,511,826</u>	<u>\$ 15,793</u>	<u>\$ 42,323</u>	<u>\$ 38,569,942</u>

There were no transfers between Levels 1 and 2 in the current period.

4) Valuation techniques and inputs applied for Level 2 fair value measurement

<b>Financial Instrument</b>	<b>Valuation Techniques and Inputs</b>
Derivatives	The fair values of derivatives (except for options) have been determined based on discounted cash flow analysis using interest yield curves applicable for the duration of the derivatives. The estimates and assumptions that the Group used to determine the fair values are identical to those used in the pricing of financial instruments for market participants.

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of currency options and fuel options and swap are determined using option pricing models where the significant unobservable inputs are implied fluctuations. Changes in the implied fluctuations used in isolation would result in an increase or decrease in the fair value of the currency options and fuel options and swap.

The domestic and foreign unlisted equity investment are based on the comparative company valuation to estimate the fair value. The main assumptions are based on the multiplier of the market price of the comparable listed company and the net value per share, which have considered the liquidity discount. The higher the multiplier or the lower the liquidity discount, the higher the fair value of the relevant financial instruments.

The multiplier and liquidity discount of financial instruments based on Level 3 fair value measurement were as follows:

	<b>Multiplier</b>	<b>Liquidity Discount</b>
September 30, 2025	0.98-24.62	80%
December 31, 2024	0.75-25.43	80%
September 30, 2024	0.59-30.96	80%
	<b>Derivative Instruments</b>	<b>Equity Instruments</b>
Balance on January 1, 2025	\$ (11,113)	\$ 140,518
Recognized in other comprehensive income	<u>5,944</u>	<u>(10,638)</u>
Balance on September 30, 2025	<u><u>\$ (5,169)</u></u>	<u><u>\$ 129,880</u></u>
Balance on January 1, 2024	\$ (72,026)	\$ 103,982
Recognized in other comprehensive income	<u>30,631</u>	<u>6,730</u>
Balance on September 30, 2024	<u><u>\$ (41,395)</u></u>	<u><u>\$ 110,712</u></u>

Because some financial instruments and nonfinancial instruments may not have their fair values disclosed, the total fair value disclosed herein is not the total value of the Group's collective instruments.

c. Categories of financial instruments

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
<b><u>Financial assets</u></b>			
Financial assets at FVTPL	\$ 154,268	\$ 196,217	\$ 140,513
Financial assets for hedging	2,450,439	2,988,832	4,765,231
Financial assets at amortized cost (Note 1)	63,185,267	81,901,617	65,932,101
Financial assets at FVTOCI - investments in equity instruments	130,249	140,886	111,041
<b><u>Financial liabilities</u></b>			
Financial liabilities for hedging	41,908,182	41,631,189	38,569,942
Financial liabilities at amortized cost (Note 2)	143,834,245	143,175,818	120,765,161

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, notes and accounts receivable, accounts receivable - related parties, finance lease receivables, other receivables, refundable deposits, restricted financial assets and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, accounts payable - related parties, other payables, bonds payable, long-term borrowings, lease liabilities, provisions, parts of other current liabilities and parts of other non-current liabilities.

d. Financial risk management objectives and policies

The Group has risk management and hedging strategies to respond to changes in the economic and financial environment and in the fuel market. To reduce the financial risks from changes in interest, exchange rates and in fuel prices, the Group has its operating costs stay within a specified range by using appropriate financial hedging instruments and hedging percentages in accordance with the "Processing Program of Derivative Financial Instrument Transactions" approved by the Group's shareholders to reduce the impact of market price changes on earnings. These risks include market risk, (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

In addition, the Company has a risk committee, which meets periodically to evaluate the performance of derivative instruments and determine the appropriate hedging percentage. The committee informs the Group of global economic and financial conditions, controls the entire financial risk resulting from changes in the financial environment and fuel prices, and develops the strategy and response to avoid financial risk with the assistance of financial risk experts to effect risk management.

1) Market risk

The Group is primarily exposed to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk. The Group enters into foreign exchange forward contracts, foreign currency option contracts, and interest swap contracts with fair values that are highly negatively correlated to the fair values of hedged items and evaluates the hedging effectiveness of these instruments periodically.

a) Foreign currency risk

The Group enters into foreign currency option contracts to hedge against the risks on change in related exchange rates, enters into forward contracts to hedge against the risks on changes in foreign-currency assets, liabilities and commitments in the related exchange rates.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

An increase/decrease in U.S. dollars one dollar against New Taiwan dollars when reporting foreign currency risk internally to key management personnel represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period for U.S. dollars increase/decrease by one dollar against New Taiwan dollars in foreign currency rates.

When New Taiwan dollars increased by one dollar against U.S. dollars and all other variables were held constant, there would be a increase in pre-tax profit and an increase in pre-tax other comprehensive income for the nine months ended September 30, 2025 of \$259,353 thousand and \$1,265,146 thousand, respectively; and an decrease in pre-tax profit and increase in pre-tax other comprehensive income for the nine months ended September 30, 2024 of \$210,182 thousand and \$1,006,637 thousand, respectively.

The Group's hedging strategy is to enter into foreign exchange forward contracts and foreign currency option contracts to avoid exchange rate exposure of its foreign currency denominated receipts and payments and to manage exchange rate exposure of its aircraft prepayments in the next year. Those transactions are designated as cash flow hedges. When forecasted purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable aircraft prepayments, as the critical terms (i.e., the notional amount, useful life and underlying asset) of the foreign currency option contracts and foreign exchange forward contracts and their corresponding hedged items are the same. The Group performs a qualitative assessment of the effectiveness. The value of the foreign exchange forward contracts and the value of the corresponding hedged items are expected to change systematically in the opposite direction in response to movements in the underlying exchange rates.

The following table summarizes the information relating to the hedging of foreign currency risk.

Refer to Note 21 for rental contract for hedging.

#### September 30, 2025

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Aircraft rentals - forward exchange contracts	NTD/USD	NTD223,359/ USD7,534	2025.10.01- 2025.12.26	29.468- 29.765	Financial assets for hedging - current/liabilities for hedging - current	\$ 5,471	\$ -
Aircraft prepayments - forward exchange contracts	NTD/USD	NTD640,244/ USD21,000	2025.10.31- 2025.12.31	29.902- 32.505	Financial assets for hedging - current/liabilities for hedging - current	3,907	22,526

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals and aircraft prepayments) was \$(13,148) thousand.

#### December 31, 2024

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Aircraft prepayments - forward exchange contracts	NTD/USD	NTD1,180,328/ USD36,000	2025.01.24- 2025.09.30	30.993- 32.277	Financial assets for hedging - current/liabilities for hedging - current	\$ 31,437	\$ -

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft prepayments) was \$31,437 thousand.

#### September 30, 2024

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Carrying Amount	Carrying Amount
Cash flow hedge							
Aircraft rentals - forward exchange contracts	NTD/USD	NTD41,239/ USD1,337	2024.10.08- 2024.11.27	29.919- 31.715	Financial assets for hedging - current/liabilities for hedging - current	\$ 963	\$ -
Aircraft prepayments - forward exchange contracts	NTD/USD	NTD1,867,089/ USD59,000	2024.10.31- 2025.4.30	30.317- 32.277	Financial assets for hedging - current/liabilities for hedging - current	11,981	15,793

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals and aircraft prepayments) was \$(2,849) thousand.

For the nine months ended September 30, 2025

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Aircraft rentals	\$ 5,471	\$ -
Aircraft prepayments	<u>(74,255)</u>	<u>-</u>
	<u><u>\$ (68,784)</u></u>	<u><u>\$ -</u></u>

For the nine months ended September 30, 2025, the amount of hedging instrument settlements recognized as a increase of aircraft prepayments were \$24,198 thousand.

For the three months ended September 30, 2025

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Aircraft rentals	\$ 6,998	\$ -
Aircraft prepayments	<u>33,301</u>	<u>-</u>
	<u><u>\$ 40,299</u></u>	<u><u>\$ -</u></u>

For the nine months ended September 30, 2024

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Aircraft rentals	\$ 3,683	\$ 12,515
Aircraft prepayments	<u>206,405</u>	<u>-</u>
	<u><u>\$ 210,088</u></u>	<u><u>\$ 12,515</u></u>

Note: Decrease in operating costs or exchange loss.

For the nine months ended September 30, 2024, the amount of hedging instrument settlements recognized as a decrease of aircraft prepayments were \$208,642 thousand.

For the three months ended September 30, 2024

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss)</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Aircraft rentals	\$ (2,196)	\$ 1,423
Aircraft prepayments	<u>(21,143)</u>	<u>-</u>
	<u><u>\$ (23,339)</u></u>	<u><u>\$ 1,423</u></u>

Note: Decrease in operating costs or exchange loss.

b) Interest rate risk

The Group enters into interest swap contracts to hedge against the risks on change in interest rates of long-term borrowings. The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Fair value interest rate risk	\$ 59,717,064	\$ 55,955,007	\$ 54,063,573
Cash flow interest rate risk	83,583,823	83,196,088	80,400,294

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A one yard (25 basis points) increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates increased by one yard (25 basis points) and all other variables been held constant, the Group's pre-tax profit for the nine months ended September 30, 2025 and 2024 would have decreased by \$156,720 thousand and \$150,751 thousand, respectively.

The following tables summarize the information relating to the hedges for interest rate risk.

September 30, 2025

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Interest expenses on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - current/liabilities for hedging - non-current	\$ 2,037	\$ -

Note: The Company recognized interest receivable for \$322 thousand.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was \$2,037 thousand.

December 31, 2024

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge - Interest expense on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - non-current/liabilities for hedging - non-current	\$ 6,227	\$ -

Note: The Company recognized interest receivable for \$307 thousand.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was \$6,227 thousand.

September 30, 2024

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Interest expenses on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - current/liabilities for hedging - non-current	\$ 4,524	\$ -

Note: The Company recognized interest receivable for \$254 thousand.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was \$4,524 thousand.

For the nine months ended September 30, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item
Cash flow hedge Interest expenses on long-term borrowings	\$ (4,190)	\$ 1,195 (Note)

Note: Decrease in financial costs or other losses.

For the three months ended September 30, 2025

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Interest expenses on long-term borrowings	\$ 1,648	\$ 404 (Note)

Note: Decrease in financial costs or other losses.

For the nine months ended September 30, 2024

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Interest expenses on long-term borrowings	\$ 10,032	\$ 466 (Note)

Note: Decrease in financial costs or other losses.

For the three months ended September 30, 2024

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Interest expenses on long-term borrowings	\$ (3,494)	\$ 295 (Note)

Note: Decrease in financial costs or other losses.

c) Other price risk

The Group was exposed to fuel price risk on its purchase of aviation fuel. The Group enters into fuel options contract to hedge against adverse risks on fuel price changes.

September 30, 2025

<b>Hedging Instrument</b>	<b>Currency</b>	<b>Notional Amount</b>	<b>Maturity</b>	<b>Forward Rate</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount</b>	
						<b>Asset</b>	<b>Liability</b>
Cash flow hedges - Aviation fuel - swap	USD	NTD5,168	2025.12.31- 2025.12.31	USD67.20- USD69.78	Financial assets for hedging - current/liabilities for hedging - current	\$ -	\$ 5,169

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was \$(5,169) thousand.

December 31, 2024

<b>Hedging Instrument</b>	<b>Currency</b>	<b>Notional Amount</b>	<b>Maturity</b>	<b>Forward Rate</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount</b>	
						<b>Asset</b>	<b>Liability</b>
Cash flow hedges - Aviation fuel - fuel options	USD	NTD3,758	2025.3.31- 2025.9.30	USD65.00- USD92.2	Financial assets for hedging - current/liabilities for hedging - current	\$ 348	\$ 4,106
Cash flow hedges - Aviation fuel - swap	USD	NTD7,355	2025.1.6- 2025.6.30	USD76.5- USD79.38	Financial assets for hedging - current/liabilities for hedging - current	-	7,355

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was \$(11,113) thousand.

September 30, 2024

<b>Hedging Instrument</b>	<b>Currency</b>	<b>Notional Amount</b>	<b>Maturity</b>	<b>Forward Rate</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount</b>	
						<b>Asset</b>	<b>Liability</b>
Cash flow hedges - Aviation fuel - fuel options	USD	NTD19,485	2024.12.31- 2025.6.30	USD65- USD96	Financial assets for hedging - current/liabilities for hedging - current	\$ 928	\$ 20,413
Cash flow hedges - Aviation fuel - swap	USD	NTD21,910	2024.10.7- 2025.6.30	USD74.04- USD79.98	Financial assets for hedging - current/liabilities for hedging - current	-	21,910

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was \$(41,395) thousand.

For the nine months ended September 30, 2025

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss)</b>	<b>Amount Reclassified to Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedges - fuel options and swap	\$ 5,944	\$ (14,777)	(Note)

Note: Increase in operating costs.

For the three months ended September 30, 2025

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss)</b>	<b>Amount Reclassified to Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedges - fuel options and swap	\$ 5,074	\$ (371)	(Note)

Note: Increase in operating costs.

For the nine months ended September 30, 2024

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedges - fuel options and swap	\$ 30,629	\$ 17,921 (Note)

Note: Decrease in operating costs.

For the three months ended September 30, 2024

<b>Comprehensive Income</b>	<b>Hedging Gain (Loss) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedges - fuel options and swap	\$ (89,736)	\$ (1,186) (Note)

Note: Increase in operating costs.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to fuel price risks at the end of the reporting period.

	<b>For the Nine Months Ended September 30</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Pre-tax Profit Increase (Decrease)</b>	<b>Other Comprehensive Income Increase (Decrease)</b>	<b>Pre-tax Profit Increase (Decrease)</b>	<b>Other Comprehensive Income Increase (Decrease)</b>
Fuel price increase of 5%	\$ 5,516	\$ 258	\$ 4,656	\$ 1,847
Fuel price decrease of 5%	(6,466)	(258)	(5,152)	(1,847)

#### 2) Credit risk

The objective, policies and procedure of credit risk management are the same as the consolidated financial statements for the year ended December 31, 2024. Related illustration can be referred to Note 31.

3) Liquidity risk

The objective of the Group's management of liquidity is to maintain cash and cash equivalents sufficient for operating purposes, marketable securities with high liquidity and loan commitments that are sufficient to ensure that the Group has adequate financial flexibility.

<b>Undrawn Bank Loan Commitments (Unsecured)</b>		
<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>

The Group (China Airlines, Ltd., Mandarin Airlines and Tigerair Taiwan Co., Ltd.)	\$ 32,414,877	\$ 37,188,619	\$ 36,975,946
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Liquidity and interest rate risk table

The following table shows the remaining contractual maturity analysis of the Group's financial liabilities with agreed-upon repayment periods, which were based on the date the Group may be required to pay the first repayment and financial liabilities is evaluated based on undiscounted cash flows, including cash flows of interest and principal.

Bank loans with a repayment on demand clause were included in the second column of the table below regardless of whether or not the banks would choose to exercise early their rights to repayment. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates. The Group's liquidity analysis for its derivative financial instruments is also shown in the following table. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross cash inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by yield curves at the end of the reporting period.

September 30, 2025

	<b>The Weighted Average Effective Interest Rate (%)</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	3.1690	\$ 4,983,195	\$ 7,960,632	\$ 10,628,537
Floating interest rate liabilities	2.1326	11,852,246	49,110,004	14,226,346
Hedging instruments	4.0024	10,089,328	23,684,132	13,656,753
Bonds payable	1.6731	2,821,052	5,846,203	-
		<u>\$ 29,745,821</u>	<u>\$ 86,600,971</u>	<u>\$ 38,511,636</u>

December 31, 2024

	<b>The Weighted Average Effective Interest Rate (%)</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	3.0341	\$ 5,848,149	\$ 9,767,305	\$ 9,260,598
Floating interest rate liabilities	2.1279	13,476,295	43,647,832	16,993,421
Hedging instruments	3.8208	10,855,109	26,088,849	9,618,253
Bonds payable	1.3463	<u>1,731,713</u>	<u>4,478,837</u>	<u>-</u>
		<u>\$ 31,911,266</u>	<u>\$ 83,982,823</u>	<u>\$ 35,872,272</u>

September 30, 2024

	<b>The Weighted Average Effective Interest Rate (%)</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	3.1553	\$ 5,415,223	\$ 9,643,024	\$ 9,442,205
Floating interest rate liabilities	2.1230	12,927,943	43,383,387	14,681,992
Hedging instruments	3.5293	17,063,263	29,975,701	22,419,643
Bonds payable	1.2833	<u>1,746,575</u>	<u>5,950,636</u>	<u>-</u>
		<u>\$ 37,153,004</u>	<u>\$ 88,952,748</u>	<u>\$ 46,543,840</u>

## 32. TRANSACTIONS WITH RELATED PARTIES

The transactions between subsidiaries (obtain business) relationship with China Airlines, Ltd., remaining account balance, revenue and expense are eliminated when combined, which is not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are as follows:

### a. Related party name and relationships

<b>Related Party Name</b>	<b>Relationship with the Company</b>
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Associate
Airport Air Cargo Service (Xiamen) Co., Ltd.	Associate
Eastern United International Logistics (Hong Kong)	Associate
China Pacific Catering Services	Joint venture
China Pacific Laundry Services	Joint venture
NORDAM Asia Ltd.	Joint venture (completed the dissolution and liquidation procedures in July 2025)

(Continued)

<b>Related Party Name</b>	<b>Relationship with the Company</b>
Delica International Co., Ltd.	Joint venture (completed the dissolution and liquidation procedures in October 2024)
China Aviation Development Foundation	Director of the Company and major shareholder
Others	Director, key management personnel, chairman, general manager of the Group, spouse and second-degree relatives
	(Concluded)

b. Operating transactions

<b>Account Items</b>	<b>Related Party Type</b>	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Other income	Major shareholders of the Company	\$ 8,006	\$ 4,622	\$ 22,004	\$ 11,838
	Joint venture	\$ 7,638	\$ 8,077	\$ 22,809	\$ 23,844

c. Purchases

<b>Related Party Type</b>	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Associate	\$ 35,822	\$ 46,846	\$ 136,445	\$ 165,895
Joint venture	\$ 954,348	\$ 785,743	\$ 2,728,537	\$ 2,308,463

d. Accounts receivable - related parties (generated by operations)

<b>Related Party Type</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
Major shareholders of the Company	\$ 1,822	\$ 3,472	\$ 1,271
Joint venture	\$ 2,538	\$ 2,750	\$ 3,645
	<u>\$ 4,360</u>	<u>\$ 6,222</u>	<u>\$ 4,916</u>

The receivables are not guaranteed, and there is no allowance for doubtful accounts related to accounts receivable - related parties. The payment periods of such accounts were within 30 to 90 days, and there are no overdue payments.

e. Accounts payable - related parties (generated by operations)

<b>Related Party Type</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
Major shareholders of the Company	\$ 3,369	\$ 8,040	\$ 2,594
Associates	\$ 11,863	\$ 18,681	\$ 14,223
Joint venture	\$ 920,549	\$ 784,468	\$ 758,977
	<u>\$ 935,781</u>	<u>\$ 811,189</u>	<u>\$ 775,794</u>

The remaining balance of accounts payable - related parties will be paid in cash if they are not secured.

f. Disposal of property, plant and equipment

Related Party Type	Proceeds		Loss on Disposal	
	For the Three Months Ended September 30		For the Three Months Ended September 30	
	2025	2024	2025	2024
Major shareholders of the Company	\$ 671,613	\$ -	\$ (12,654)	\$ -
<b>Related Party Type</b>				
Related Party Type	Proceeds		Loss on Disposal	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2025	2024	2025	2024
Major shareholders of the Company	\$ 671,613	\$ -	\$ (12,654)	\$ -

g. Lease arrangements (operating leases)

Under an operating lease agreement, the Company rented flight training machines and flight simulators from the China Aviation Development Foundation to train pilots, and the Company paid the rental based on usage hours. For the three and nine months ended September 30, 2025 and 2024, the Company paid rentals of \$16,643 thousand, \$10,354 thousand, \$46,080 thousand and \$25,669 thousand, respectively.

h. Endorsements and guarantees

	September 30, 2025		December 31, 2024		September 30, 2024	
	Authorized Amount	Actual Amount Used	Authorized Amount	Actual Amount Used	Authorized Amount	Actual Amount Used
<u>The Company</u>						
Cal Park	\$ 3,400,000	\$ 786,840	\$ 3,400,000	\$ 1,005,960	\$ 3,400,000	\$ 1,005,960
Tigerair Taiwan Co., Ltd.	1,981,707	124,302	2,131,148	84,907	2,056,962	81,951
Taiwan Aircraft Maintenance and Engineering Co., Ltd.	2,000,000	1,499,239	2,000,000	1,586,500	2,000,000	1,608,750

i. Remuneration of key management personnel

The compensation to directors and other key management personnel were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2025		2024	
	2025	2024	2025	2024
Short-term employee benefits	\$ 16,030	\$ 13,575	\$ 56,318	\$ 51,241
Post-employment benefits	778	688	2,399	2,312
	<u>\$ 16,808</u>	<u>\$ 14,263</u>	<u>\$ 58,717</u>	<u>\$ 53,553</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for long-term bank loans and business transactions:

	September 30, 2025	December 31, 2024	September 30, 2024
Property, plant and equipment	\$ 53,868,617	\$ 56,711,730	\$ 52,188,622
Restricted assets	<u>313,571</u>	<u>364,984</u>	<u>299,839</u>
	<u><u>\$ 54,182,188</u></u>	<u><u>\$ 57,076,714</u></u>	<u><u>\$ 52,488,461</u></u>

The above restricted assets included pledged time deposits and demand deposits which were made according to loan agreements.

### 34. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

In addition to those disclosed in the other notes, significant commitments and contingent liabilities of the Group on September 30, 2025 were as follows:

- a. Taiwan Air Cargo Terminal Co. (TACT) signed a terminal construction contract with Civil Aeronautics Administrations (CAA) on January 14, 2000. The chartered operation period (COP) is 20 years from the date of transfer of the chartered operation rights from CAA to TACT. TACT filed an application for a 10-year extension of the COP for the cargo terminals in the Taiwan Taoyuan International Airport and Kaohsiung International Airport and received the approval from Taoyuan Airport Corporation and CAA in July 2013 and July 2015, respectively.

In addition, TACT filed an arbitration in 2012 to revise the total amount of expenditure to \$6,840,000 thousand. As of September 30, 2025, TACT had no individually significant uncompleted construction contracts.

Assets acquired from cargo terminal improvements, equipment acquisition and subsequent equipment acquisition and replacement will be transferred to the government without any compensation when the chartered operating license expires.

TACT shall pay royalties to Taoyuan Airport Corporation and CAA during the chartered operation period. The calculation is based on annual sales (including operating and non-operating revenue but excluding the rental revenue from specific districts), and Taoyuan Airport Corporation and CAA have the option to adjust the royalty rates every 3 years starting from the date of transfer of the chartered operation rights on the basis of actual revenue and expenditures. The current royalty rate is 6% for less than \$2 billion and 8% for \$2 billion to \$4 billion.

- b. CAL Park Co., Ltd. (“CAL Park”) signed the “Taiwan Taoyuan International Airport Aviation Operation Center (including Airport Hotel) Construction Operating Contract” with the CAA on September 20, 2006. However, on November 1, 2010, the Taoyuan Airport Corporation took over the CAA’s rights on this contract from the CAA. The contract is effective for 50 years (consisting of the development stage and operating period) from the contract date. Three years before the contract expiration date, CAL Park has the first option to renew the contract with a 20-year extension.

CAL Park’s business scope includes providing business and other operating space related to civil air transport, hotels, aviation services and related industries that adhere to the base and essential services law and are approved by the Taoyuan Airport Corporation.

CAL Park should pay land rentals on the date of the registration of surface rights. The rental rates during the development stage differ from those during the operational period. The rental rates shall follow Article No. 2 of the “Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects”, which states that rental calculation during the development stage shall include the land value-added tax plus the necessary maintenance fee; during the operation period, rentals are 60% of the amount based on the National Building Land Rental Standard plus land value tax, value-added tax and the necessary maintenance fee.

During the 50 years beginning from the initial operation date of CAL Park to the end of the construction period, CAL Park shall pay royalties based on the operating revenue estimated in the financial plan of its investment execution proposal. If the sales and business tax declared and filed by a business entity for a single year exceeds 10% of the operating revenue as estimated in the financial plan in its investment execution proposal, CAL Park shall pay additional royalties at 10% of this excess.

CAL Park shall submit the asset transfer plan within five years before the expiry date of the chartered operation period, begin the negotiation of the asset transfer contract, and complete the assignment no later than three years before the expiry date of the chartered period. If CAA decides not to keep the building and equipment in the base area, CAL Park shall remove all related buildings and equipment within three months after the expiration date.

- c. In October 2019, the Company signed a contract with Airbus S.A.S. to purchase eleven A321neo aircraft and an option to purchase five A321neo aircraft. The total list price of the eleven aircraft is US\$1,687,810 thousand, and the list price of the option to purchase five aircraft is US\$769,922 thousand. The expected delivery periods of the eleven aircraft are from 2024 to 2026. As of September 30, 2025, three out of the eleven aircraft have been delivered. The total list price of the remaining eight aircraft is US\$1,236,390 thousand, and the list price had been paid in the amount of US\$104,980 thousand (recognized as prepayments for aircraft). In October 2019, the Company signed a contract with International Aero Engines Company to purchase four backup engines for the A321neo. The total list price of the four engines is US\$60,289 thousand. As of September 30, 2025, three out of the four backup engines have been delivered. The Group also signed a related aircraft lease agreement; refer to Note 21.
- d. On September 28, 2022, the Company signed a contract with the Boeing Company to purchase sixteen 787-9 aircraft and the option to purchase eight 787-9 aircraft. On May 23 and June 20, 2023, the Company exercised the option to purchase eight aircraft, six of it 787-9 aircraft were converted to 787-10, with a total of twenty-four aircraft (including eighteen 787-9 aircraft and six 787-10 aircraft). The total list price is approximately US\$9,246,181 thousand. The expected delivery periods are from 2026 to 2029. As of September 30, 2025, the list price has been paid in the amount of US\$858,421 thousand (recognized as prepayments for aircraft).
- e. On March 31, 2025, the Company signed a contract with The Boeing Company to purchase ten 777-9 passenger aircraft and obtained purchase options for five additional aircraft. The total list price of the ten aircraft is approximately US\$7,382,236 thousand, and the list price of the five optional aircraft is approximately US\$3,815,465 thousand. The delivery of the ten aircraft is scheduled to commence in 2030. As of September 30, 2025, payments of US\$157,920 thousand had been made (recognized as prepayments for aircraft).
- f. On March 31, 2025, the Company also signed a contract with The Boeing Company to purchase four 777-8F freighter aircraft and obtained purchase options for four additional aircraft. The total list price of the four aircraft is approximately US\$2,733,966 thousand, and the list price of the four optional aircraft is approximately US\$2,748,725 thousand. The delivery of the aircraft is scheduled to commence in 2031. As of September 30, 2025, payments of US\$62,899 thousand had been made (recognized as prepayments for aircraft).

- g. On March 31, 2025, the Company signed a contract with Airbus S.A.S. to purchase ten A350-1000 passenger aircraft and obtained purchase options for five additional aircraft. The total list price of the ten aircraft is approximately US\$5,477,580 thousand, and the list price of the five optional aircraft is approximately US\$2,815,579 thousand. The delivery of the aircraft is scheduled to commence in 2029. As of September 30, 2025, payments of US\$58,526 thousand had been made (recognized as prepayments for aircraft).
- h. On June 25, 2025, the Board of Directors approved the introduction of three A321neo passenger aircraft and five A350-900 passenger aircraft. The related procurement negotiations are currently in progress; among them, three A350-900 aircraft are to be contracted with ILFC Ireland Limited, with a list price of approximately US\$1,200,000 thousand for the three firm orders.
- i. In October 2019, Tigerair Taiwan Co., Ltd. signed a contract with Airbus S.A.S. to purchase seven A320neo aircraft and an option to purchase two A320neo aircraft. In October 2025, the Board of Directors further resolved to convert the two additional options into firm orders for A321neo aircraft, with the related acquisition arrangements currently under negotiation. The total list price of the seven aircraft is US\$729,746 thousand, and the list price of the option to purchase two aircraft is US\$208,499 thousand. The expected delivery period of the seven aircraft ranges from 2026 to 2028. As of September 30, 2025, the list price has been paid in the amount of US\$55,050 thousand (recognized as prepayments for aircraft). The Group also signed a related aircraft lease agreement; refer to Note 21.
- j. On May 30, 2023, the board of directors of Mandarin Airlines approved the activation of the option under the contract with AVIONS DE TRANSPORT REGIONAL G.I.E. to purchase three more ATR72-600 aircraft. The total contract price is approximately US\$69,000 thousand. The expected delivery date is 2025. On September 30, 2024, the board of directors approved the activation of the option in the original contract to purchase one ATR72-600 aircraft, with a total transaction price of approximately US\$24,000 thousand. The delivery is expected to take place in 2026. As of September 30, 2025, the list price of the remaining four aircraft has been paid in the amount of US\$13,862 thousand (recognized as prepayments for aircraft).

## 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of entities in the Group, and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2025

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 897,656	30.4878	\$ 27,367,557
EUR	18,544	35.7143	662,286
HKD	290,214	3.9154	1,136,304
JPY	4,862,981	0.2058	1,000,801
RMB	418,441	4.2753	1,788,961

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial liabilities</u></b>			
Monetary items			
USD	\$ 2,450,689	30.4878	\$ 74,716,116
EUR	5,426	35.7143	193,786
HKD	71,446	3.9154	279,740
JPY	6,489,780	0.2058	1,335,597
RMB	107,367	4.2753	459,026
			(Concluded)

December 31, 2024

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 1,456,091	32.7869	\$ 47,740,710
EUR	20,505	34.1297	699,829
HKD	329,296	4.2230	1,390,617
JPY	4,388,567	0.2096	919,843
RMB	506,333	4.4924	2,274,650

Financial liabilities

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Monetary items			
USD	2,187,918	32.7869	71,735,049
EUR	10,414	34.1297	355,427
HKD	77,472	4.2230	327,164
JPY	6,529,364	0.2096	1,368,555
RMB	103,452	4.4924	464,748

September 30, 2024

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<b><u>Financial assets</u></b>			
Monetary items			
USD	\$ 1,329,270	31.6456	\$ 42,059,161
EUR	18,998	35.3357	671,305
HKD	300,865	4.0733	1,225,521
JPY	3,637,649	0.2221	808,007
RMB	404,450	4.5126	1,825,133
			(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 2,185,862	31.6456	\$ 69,172,861
EUR	10,357	35.3357	365,958
HKD	82,750	4.0733	337,068
JPY	6,584,426	0.2221	1,462,556
RMB	113,067	4.5126	510,231
			(Concluded)

For the three and nine months ended September 30, 2025 and 2024, respectively; the Group's net foreign exchange gains (losses) were \$(49,117) thousand, \$(198,829) thousand, \$(326,796) thousand and \$(160,413) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 36. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:
  - 1) Financing provided to others: Table 1 (attached)
  - 2) Endorsements/guarantees provided: Table 2 (attached)
  - 3) Significant marketable securities held (excluded investment in subsidiaries, associates and joint controlled entities): None
  - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
  - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
  - 6) Names, locations, and related information of investees over which the Company exercises significant influence: Table 5 (attached)
- b. Information on investments in mainland China: Table 6 (attached)
- c. Business relationships and significant transactions between China Airlines, Ltd. and its subsidiaries: Table 7 (attached)

## 37. SEGMENT INFORMATION

The Group mainly engages in air transportation services for passengers, cargo and others. Its major revenue-generating asset is its aircraft fleet, which is used jointly for passenger and cargo services. Thus, the Group's sole reportable segment is its flight segment. For the disclosure of operating segment in the consolidated financial statements, the reportable segment of the Group comprises flight and non-flight business departments. The accounting policy applied for reportable segments are consistent with the policies aforementioned in Note 4.

For the nine months ended September 30, 2025 and 2024, financial information of reportable segments is listed below:

	For the Nine Months Ended September 30, 2025			
	Air Transportation	Others	Adjustments and Write-offs	
			Total	
Operating revenue	\$ 150,138,434	\$ 10,527,330	\$ (5,689,058)	\$ 154,976,706
Operating profit and loss	\$ 13,965,638	\$ 1,851,962	\$ (52,921)	\$ 15,764,679
Interest income				1,378,080
Investment income (loss) accounted for using the equity method				663,625
Revenue				207,835
Finance costs				(2,281,954)
Expenses				<u>(586,830)</u>
Profit before income tax				\$ 15,145,435
Identifiable assets	\$ 187,763,676	\$ 12,234,046	\$ (5,932,985)	\$ 194,064,737
Investments accounted for using the equity method				2,832,896
Assets				<u>141,043,053</u>
Total assets				\$ 337,940,686

	For the Nine Months Ended September 30, 2024			
	Air Transportation	Others	Adjustments and Write-offs	
			Total	
Operating revenue	\$ 146,814,512	\$ 9,259,663	\$ (5,145,656)	\$ 150,928,519
Operating profit and loss	\$ 12,092,892	\$ 1,305,928	\$ (52,945)	\$ 13,345,875
Interest income				1,610,580
Investment income (loss) accounted for using the equity method				511,605
Revenue				970,254
Finance costs				(2,020,051)
Expenses				<u>(365,545)</u>
Profit before income tax				\$ 14,052,718
Identifiable assets	\$ 176,186,196	\$ 13,083,214	\$ (6,150,079)	\$ 183,119,331
Investments accounted for using the equity method				2,278,625
Assets				<u>125,600,346</u>
Total assets				\$ 310,998,302

**TABLE 1****CHINA AIRLINES, LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Cal-Dynasty International	Dynasty Hotel of Hawaii, Inc.	Notes receivable	Yes	\$ 116,279	\$ 106,707	\$ 106,707	2.25	Short-term financing facility is necessary	\$ -	Operating cycle capital expenditure	\$ -	-	\$ -	\$ 158,775	\$ 317,550	

Cal-Dynasty International's operational procedures for financing provided to others or legal requirements:

Note 1: The maximum amount of loans provided to others by the Company is up to 40% of the Company's net worth as stated in its latest financial statements.

Note 2: The maximum amount of loans provided to an individual counterparty by the Company is up to 20% of the Company's net worth as stated in its latest financial statements.

**TABLE 2****CHINA AIRLINES, LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statement (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China Airlines (the "Company")	Cal Park Tigerair Taiwan Ltd.	100% owned subsidiary 69.09% owned subsidiary by direct and indirect shareholdings	\$ 18,859,486 18,859,486	\$ 3,400,000 2,159,468	\$ 3,400,000 1,981,707	\$ 786,840 124,302	\$ - -	3.61 2.10	\$ 47,148,714 47,148,714	Yes Yes	No No	No No
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	100% owned subsidiary	18,859,486	4,000,000	2,000,000	1,499,239	-	2.12	47,148,714	Yes	No	No

Note 1: Based on the Company's operational procedures for endorsements/guarantees, the maximum amount of guarantee to an individual counterparty is up to 20% of the Company's shareholders' equity.

Note 2: Based on the Company's operational procedures for endorsements/guarantees, the maximum amount of collateral guarantee is up to 50% of the Company's shareholders' equity.

**TABLE 3****CHINA AIRLINES, LTD. AND SUBSIDIARIES****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Account Payable or Receivable	Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
China Airlines, Ltd. ("China Airlines")	Dynasty Aerotech International Corp.	Subsidiary	Purchase	\$ 318,832	0.28	2 months	\$ -	-	\$ (87,695)	(3.80)
	Cal Park	Subsidiary	Purchase	173,788	0.15	2 months	-	-	-	0.00
	Cal Hotel Co., Ltd.	Subsidiary	Purchase	178,547	0.16	2 months	-	-	(20,302)	(0.88)
	Mandarin Airlines	Subsidiary	Sales	(888,202)	(0.67)	2 months	-	-	204,465	1.65
	Taiwan Air Cargo Terminal	Subsidiary	Purchase	411,415	0.37	30 days	-	-	(54,954)	(2.38)
	Taoyuan International Airport Service	Subsidiary	Purchase	991,405	0.88	40 days	-	-	(345,946)	(14.99)
	Taiwan Airport Services	Subsidiary	Purchase	303,653	0.27	40 days	-	-	(73,929)	(3.20)
	Tigerair Taiwan Co., Ltd.	Subsidiary	Sales	(473,471)	(0.36)	1 month	-	-	59,004	0.48
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Subsidiary	Purchase	308,892	0.28	1 month	-	-	(25,708)	(1.11)
	Kaohsiung Catering Service, Ltd.	Subsidiary	Purchase	453,018	0.40	90 days	-	-	(95,052)	(4.12)
	Eastern United International Logistics (Holdings) Ltd.	Associates	Purchase	132,687	0.12	2 months	-	-	(11,357)	(0.49)
	China Pacific Laundry Services	Joint venture	Purchase	132,056	0.12	90 days	-	-	(29,749)	(1.29)
	China Pacific Catering Services	Joint venture	Purchase	2,596,481	2.31	90 days	-	-	(890,801)	(38.61)
Tigerair Taiwan Ltd.	Taoyuan International Airport Services	Same parent company	Purchase	247,255	2.75	40 days	-	-	(97,771)	(6.04)
	Taiwan Airport Services	Same parent company	Purchase	172,444	1.92	40 days	-	-	(40,304)	(2.49)
Mandarin Airlines	Taiwan Airport Services	Same parent company	Purchase	315,458	7.31	1 month	-	-	(36)	(0.01)

**TABLE 4****CHINA AIRLINES, LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****SEPTEMBER 30, 2025****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<b>Company Name</b>	<b>Related Party</b>	<b>Relationship</b>	<b>Ending Balance</b>	<b>Turnover Rate</b>	<b>Overdue</b>		<b>Amounts Received in Subsequent Period</b>	<b>Allowance for Impairment Loss</b>
					<b>Amount</b>	<b>Action Taken</b>		
Taoyuan International Airport Service	China Airlines	Parent company	\$ 345,946	3.76	\$ -	-	\$ 204,804	\$ -
China Pacific Catering Services	China Airlines	Joint venture	890,801	4.21	-	-	327,711	-
China Airlines	Mandarin Airlines	Subsidiary	204,465	5.96	-	-	197,886	-

Note: Due to the nature of the industry, accounts receivable and operating revenue are not directly related, and the turnover rate is not applicable.

TABLE 5

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2025	December 31, 2024	Number of Shares	Percentage of Ownership	Carrying Amount			
China Airlines, Ltd.	Cal Park	Taoyuan, Taiwan	Real estate lease and international trade	\$ 1,500,000	\$ 1,500,000	158,209,368	100.00	\$ 1,905,414	\$ 36,228	\$ 61,378	Note 4
	Mandarin Airlines	Taipei, Taiwan	Air transportation and maintenance of aircraft	4,039,140	4,039,140	387,831,234	96.96	2,346,673	280,481	270,258	Notes 1 and 4
	Taiwan Air Cargo Terminal	Taoyuan, Taiwan	Air cargo and storage	1,080,000	1,080,000	108,000,000	54.00	1,487,597	467,178	252,392	Note 4
	Cal-Dynasty International	Los Angeles, U.S.A.	A holding company, real estate and hotel services	US\$ 26,145	US\$ 26,145	2,614,500	100.00	1,470,570	20,800	21,069	Notes 2 and 4
	China Pacific Catering Services	Taoyuan, Taiwan	In-flight catering	439,110	439,110	72,471,000	51.00	1,871,779	1,166,630	594,982	-
	Taoyuan International Airport Services	Taoyuan, Taiwan	Airport services	147,000	147,000	34,300,000	49.00	588,313	390,195	191,196	-
	Cal-Asia Investment	Territory of the British Virgin Islands	General investment	US\$ 7,172	US\$ 7,172	7,172,346	100.00	723,330	32,889	32,889	-
	Sabre Travel Network (Taiwan)	Taipei, Taiwan	Sale and maintenance of hardware and software	52,200	52,200	13,021,042	93.93	253,044	57,011	53,550	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	12,289	12,289	20,626,644	47.35	288,010	258,565	122,431	-
	Kaohsiung Catering Services	Kaohsiung, Taiwan	In-flight catering	383,846	383,846	21,494,637	53.67	550,849	239,426	126,870	Note 5
	Cal Hotel Co., Ltd.	Taoyuan, Taiwan	Hotel business	334,800	334,800	33,480,000	100.00	307,711	(3,746)	(919)	Note 4
	China Pacific Laundry Services	Taoyuan, Taiwan	Cleaning and leasing of the towel of airlines, hotels, restaurants and health clubs	137,500	137,500	13,750,000	55.00	132,349	22,880	12,585	-
	Dynasty Aerotech International Corp.	Taoyuan, Taiwan	Cleaning of aircraft and maintenance of machine and equipment	77,270	77,270	77,270	100.00	128,749	29,277	29,337	Note 4
	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	5,560,884	5,560,884	300,879,050	65.48	4,466,658	1,969,086	1,289,328	Note 4
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Taoyuan, Taiwan	Aircraft maintenance	560,000	560,000	56,000,000	100.00	287,478	(49,134)	(49,134)	-
Mandarin Airlines	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	183,846	186,846	16,613,624	3.61	246,936	1,969,086	71,283	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	11,658	11,658	469,755	1.08	6,551	258,565	2,785	-
Cal-Asia Investment	Eastern United International Logistics	Hong Kong	Forwarding and storage of air cargo	HK\$ 3,329	HK\$ 3,329	1,050,000	35.00	45,434	9,609	3,363	-
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Samoa	Airport services and investment	US\$ 5,877	US\$ 5,877	-	100.00	459,043	25,409	25,409	Note 3

Note 1: Adopted the treasury shares method in recognizing investment income or loss.

Note 2: Represents the consolidated financial information of the foreign holding company disclosed in accordance with local regulations.

Note 3: The company does not issue shares because it is a limited company.

Note 4: The difference is due to lease arrangement between consolidated entities.

Note 5: The difference is due to acquisition.

**TABLE 6****CHINA AIRLINES, LTD. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**  
**(In Thousands of New Taiwan Dollars/Renminbi/U.S. Dollars, Unless Stated Otherwise)**

China Airlines

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2025	Accumulated Repatriation of Investment Income as of September 30, 2025
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	\$ 1,087,978 (RMB 254,480)	Indirect (Note 1)	\$ 127,621 (US\$ 4,186)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 127,621 (US\$ 4,186)	\$ 131,436 (RMB 29,940)	14.00	\$ 17,781 (RMB 4,192)	\$ 291,973 (RMB 68,293)	\$ 129,609 (US\$ 4,251) (Note 2)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	59,854 (RMB 14,000)	Indirect (Note 1)	59,373 (US\$ 1,947)	-	-	59,373 (US\$ 1,947)	62,646 (RMB 14,270)	14.00	8,567 (RMB 1,998)	100,847 (RMB 23,588)	67,936 (US\$ 2,228) (Note 2)
Taikoo (Xiamen) Landing Gear Services	Landing gear maintenance services	2,533,231 (US\$ 83,090)	Indirect (Note 1)	65,585 (US\$ 2,151)	-	-	65,585 (US\$ 2,151)	-	2.59	-	-	-
Taikoo Spirit Aerospace Systems (Jinjang)	Composite material	355,579 (US\$ 11,663)	Indirect (Note 1)	19,390 (US\$ 636)	-	-	19,390 (US\$ 636)	-	5.45	-	71,802 (RMB 16,795)	28,853 (US\$ 946)

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 271,970 (US\$ 8,920)	\$ 659,145 (Note 3)	\$ 59,415,274 (Note 4)

(Continued)

Taiwan Airport Services

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Amount as of September 30, 2025	Accumulated Repatriation of Investment Income as of September 30, 2025
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	\$ 1,087,978 (RMB 254,480)	Indirect (Note 5)	\$ 122,511 (US\$ 4,018)	\$ -	\$ -	\$ 122,511 (US\$ 4,018)	\$ 131,436 (RMB 29,940)	14.00	\$ 17,780 (RMB 4,192)	\$ 289,887 (RMB 67,805)	\$ 160,237 (US\$ 5,256)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	59,854 (RMB 14,000)	Indirect (Note 5)	58,742 (US\$ 1,927)	-	-	58,742 (US\$ 1,927)	62,646 (RMB 14,270)	14.00	8,567 (RMB 1,998)	100,627 (RMB 23,537)	84,133 (US\$ 2,760)

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 181,253 (US\$ 5,945)	\$ 181,253 (US\$ 5,945)	\$ 364,955 (Note 4)

Note 1: The Company invested in CAL-Asia Investment, which invested in a company located in mainland China.

Note 2: As of September 30, 2025, the inward remittance of earnings amounted to US\$4,251,192 and US\$2,228,304.

Note 3: The amount comprised US\$19,828,324, RMB4,200,000 and NT\$36,666,667.

Note 4: The limit stated in the Investment Commission's regulation "The Review Principle of Investment or Technical Cooperation in Mainland China" is the larger of the Company's net asset value or 60% of the consolidated net asset value.

Note 5: Taiwan Airport Services invested in Taiwan Airport Services (Samoa), which invested in a company located in mainland China.

Note 6: The RMB and U.S. dollar amounts of assets are converted at period-end rates and the gains (losses) are converted at the average of the period-end rates for the reporting period.

(Concluded)

**TABLE 7****CHINA AIRLINES, LTD. AND SUBSIDIARIES****BUSINESS RELATIONSHIPS AND IMPORTANT TRANSACTIONS BETWEEN CHINA AIRLINES, LTD. AND ITS SUBSIDIARIES****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**

(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			% of Total Consolidated Total Revenue or Assets
				Financial Statement Account	Amount (Note 2)	Transaction Criteria	
0	China Airlines, Ltd.	Mandarin Airlines	a	Air freight revenue	\$ 814,322	The same as ordinary transactions	0.53
		Tigerair Taiwan Co., Ltd.	a	Other operating revenue	473,471	The same as ordinary transactions	0.31
		Taoyuan International Airport Services	a	Airport service cost	991,405	The same as ordinary transactions	0.64
		Taiwan Airport Services	a	Airport service cost	303,653	The same as ordinary transactions	0.20
		Dynasty Aerotech International Corp.	a	Airport service cost	318,832	The same as ordinary transactions	0.21
		Taiwan Air Cargo Terminal	a	Other operating cost	411,415	The same as ordinary transactions	0.27
		Cal Park	a	Other operating cost	173,788	The same as ordinary transactions	0.11
		Cal Hotel Co., Ltd.	a	Other operating cost	178,547	The same as ordinary transactions	0.12
		Kaohsiung Catering Services	a	Other operating cost	453,018	The same as ordinary transactions	0.29
		Mandarin Airlines	a	Accounts receivable - related parties	204,465	The same as ordinary transactions	0.06
		Taoyuan International Airport Service	a	Accounts payable - related parties	345,946	The same as ordinary transactions	0.10
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	a	Operating cost	308,892	The same as ordinary transactions	0.20
		Tigerair Taiwan Co., Ltd.	a	Dividends receivable	1,921,088	The same as ordinary transactions	0.57
1	Taiwan Air Cargo Terminal	China Airlines, Ltd.	b	Sales revenue	411,415	The same as ordinary transactions	0.27
2	Mandarin Airlines	China Airlines, Ltd. Taiwan Airport Services China Airlines, Ltd.	b c b	Air freight costs Airport service cost Accounts payable - related parties	814,322 315,458 204,465	The same as ordinary transactions The same as ordinary transactions The same as ordinary transactions	0.53 0.20 0.06
3	Taoyuan International Airport Services	China Airlines, Ltd. China Airlines, Ltd. Tigerair Taiwan Co., Ltd.	b b c	Airport service revenue Accounts receivable - related parties Airport service revenue	991,405 345,946 247,255	The same as ordinary transactions The same as ordinary transactions The same as ordinary transactions	0.64 0.10 0.16
5	Taiwan Airport Services	China Airlines, Ltd. Mandarin Airlines Tigerair Taiwan Co., Ltd.	b c c	Operating revenue Operating revenue Airport service revenue	303,653 315,458 172,444	The same as ordinary transactions The same as ordinary transactions The same as ordinary transactions	0.20 0.20 0.11
6	Dynasty Aerotech International Corp.	China Airlines, Ltd.	b	Operating revenue	318,832	The same as ordinary transactions	0.21
7	Cal Park	China Airlines, Ltd.	b	Operating revenue	173,788	The same as ordinary transactions	0.11
8	Cal Hotel Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	178,547	The same as ordinary transactions	0.12

(Continued)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount (Note 2)	Transaction Criteria	% of Total Consolidated Total Revenue or Assets
9	Tigerair Taiwan Co., Ltd.	China Airlines, Ltd. China Airlines, Ltd. Taoyuan International Airport Service Taiwan Airport Services	b b c c	Operating expense Dividends payable Airport service cost Airport service cost	\$ 473,471 1,921,088 247,255 172,444	The same as ordinary transactions The same as ordinary transactions The same as ordinary transactions The same as ordinary transactions	0.31 0.57 0.16 0.11
10	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	308,892	The same as ordinary transactions	0.20
11	Kaohsiung Catering Services	China Airlines, Ltd.	b	Operating revenue	453,018	The same as ordinary transactions	0.29

Note 1: The three directional types for transactions by business relationship between China Airlines, Ltd. and its subsidiaries are as follows:

- a. Parent to subsidiaries.
- b. Subsidiaries to parent.
- c. Subsidiaries to subsidiaries.

Note 2: Intercompany transactions were eliminated in the consolidated financial statements.

Note 3: The Company only discloses transaction amounts or balances of more than \$100,000 thousand.

(Concluded)