

**DIMERCO EXPRESS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2023 and 2022**

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

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## Independent Auditors' Review Report

To the Board of Directors of  
Dimerco Express Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Dimerco Express Corporation and its subsidiaries (the Group) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflected the total assets amounting to \$2,461,324 thousand and \$2,088,011 thousand, constituting 25% and 20% of consolidated total assets; and the total liabilities amounting to \$341,583 thousand and \$648,929 thousand, constituting 7% and 10% of the consolidated total liabilities at March 31, 2023 and 2022, respectively; as well as the total comprehensive income (loss) amounting to \$5,213 thousand and \$95,436 thousand, constituting 3% and 11% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(d), the other equity accounted investments of the Group in its investee companies of \$273,369 thousand and \$247,674 thousand at March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$2,411 thousand and \$9,893 thousand for the three months ended March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Dimerco Express Corporation and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 Matter**

We did not review the financial statements of Dimerco Air Forwarders (HK) Ltd., a subsidiary of the Group. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for Dimerco Air Forwarders (HK) Ltd., is based solely on the review report of another auditor. The financial statements of Dimerco Air Forwarders (HK) Ltd. reflected total assets amounting to \$666,475 thousand and \$590,670 thousand, constituting 7% and 6% of consolidated total assets at March 31, 2023 and 2022, and total revenues amounting to \$284,425 thousand and \$423,940 thousand, constituting 5% and 4% of consolidated total revenues for the three months ended March 31, 2023 and 2022.

The engagement partners on the review resulting in this independent auditors’ report are Chun-I Chang and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)  
May 10, 2023

### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022**

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2023, December 31, and March 31, 2022**

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

Assets		March 31, 2023		December 31, 2022		March 31, 2022			Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022								
		Amount	%	Amount	%	Amount	%				Amount	%	Amount	%	Amount	%							
Current assets:															Current liabilities:								
1100	Cash and cash equivalents (note 6(a))	\$	5,997,833	61	5,809,475	55	4,776,397	45	2100	Short-term borrowings (notes 6(f), (i) and 8)	\$	417,000	4	430,000	4	658,592	6						
1137	Financial assets measured at amortised cost — current (note 6(b))		3,686	-	9,775	-	-	-	2150	Notes payable		15,280	-	26,780	-	25,453	-						
1150	Notes receivable, net (notes 6(c) and (o))		7,543	-	16,726	-	24,487	-	2170	Accounts payable (note 7)		2,037,620	21	2,815,136	27	3,393,500	32						
1170	Accounts receivable, net (notes 6(c), (o) and 7)		1,950,093	20	2,828,022	27	4,052,315	38	2219	Dividends payable (note 6(m))		1,476,487	15	20,665	-	1,393,711	13						
1470	Other current assets (notes 8 and 9)		407,116	4	382,633	4	361,850	4	2230	Other payables (notes 6(p) and 9)		346,325	4	437,178	4	311,626	3						
	Total current assets		8,366,271	85	9,046,631	86	9,215,049	87	2280	Income tax payable		143,981	2	135,612	2	315,259	3						
	Non-current assets:														2280	Current lease liabilities (note 6(j))		196,740	2	191,023	2	167,577	2
1517	Financial assets at fair value through other comprehensive income— non-current		449	-	449	-	444	-	2399	Other current liabilities		144,868	1	122,433	1	161,856	2						
										Total current liabilities		4,778,301	49	4,178,827	40	6,427,574	61						
1551	Investments accounted for using the equity method (note 6(d))		273,369	3	269,209	3	247,674	3	2570	Deferred income tax liabilities		6,633	-	6,646	-	184	-						
1600	Property, plant and equipment (notes 6(e), (f), (i), 8 and 9)		554,721	6	560,326	5	549,522	5	2580	Non-current lease liabilities (note 6(j))		159,594	2	167,111	2	142,049	1						
1755	Right-of-use assets (notes 6(g) and (j))		387,562	4	390,270	4	340,901	3	2640	Net defined benefit liabilities		7,925	-	8,492	-	18,940	-						
1822	Intangible assets (notes 6(e) and (h))		72,413	1	73,740	1	72,867	1	2670	Other non-current liabilities		36,956	-	37,052	-	52,529	1						
1840	Deferred income tax assets		68,020	-	69,922	-	29,656	-		Total non-current liabilities		211,108	2	219,301	2	213,702	2						
1920	Refundable deposits		95,045	1	104,581	1	94,820	1		Total liabilities		4,989,409	51	4,398,128	42	6,641,276	63						
1990	Other non-current assets (notes 6(c), 8 and 9)		10,798	-	7,741	-	11,445	-		Equity attributable to owners of the Company (notes 6(d), (e) and (m)):													
	Total non-current assets		1,462,377	15	1,476,238	14	1,347,329	13	3110	Common stock		1,360,800	14	1,360,800	13	1,360,800	13						
									3200	Capital surplus		16,012	-	19,362	-	19,362	-						
									33xx	Retained earnings:													
									3310	Legal reserve		733,290	7	733,290	7	502,575	5						
									3320	Special reserve		557,281	6	557,281	5	441,086	4						
									3350	Unappropriated retained earnings		2,163,752	22	3,353,782	32	1,771,411	17						
												3,454,323	35	4,644,353	44	2,715,072	26						
									34xx	Other equity:													
									3410	Foreign currency translation differences for foreign operations		101,270	1	177,589	2	(331,215)	(3)						
									3500	Treasury shares		(201,000)	(2)	(201,000)	(2)	-	-						
										Total equity attributable to owners of the Company		4,731,405	48	6,001,104	57	3,764,019	36						
									36xx	Non-controlling interests		107,834	1	123,637	1	157,083	1						
										Total equity		4,839,239	49	6,124,741	58	3,921,102	37						
Total assets		\$	9,828,648	100	10,522,869	100	10,562,378	100	2-3xxx	Total liabilities and equity	\$	9,828,648	100	10,522,869	100	10,562,378	100						

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with Standards on Auditing**

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2023 and 2022**

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (notes 6(o) and 7)</b>	\$ 5,416,155	100	11,380,929	100
5000	<b>Operating costs (notes 6(f) and (k))</b>	4,495,463	83	9,808,841	86
5900	<b>Gross profit from operations</b>	920,692	17	1,572,088	14
6000	<b>Operating expenses (notes 6(c), (f), (g), (h), (j), (k), (p) and 7):</b>				
6100	Selling expenses	178,413	3	202,645	2
6200	Administrative expenses	453,112	8	571,766	5
6450	Expected credit loss for bad debt expense	15,778	-	41,067	-
	<b>Total operating expenses</b>	647,303	11	815,478	7
6900	<b>Net operating income</b>	273,389	6	756,610	7
7000	<b>Non-operating income and expenses (notes 6(d), (f), (g), (j) and (q)):</b>				
7100	Interest income	19,984	-	2,009	-
7010	Other income	17,992	-	4,868	-
7020	Other gains and losses	1,566	-	18,629	-
7050	Finance costs	(4,593)	-	(4,676)	-
7060	Share of profit of associates accounted for using the equity method	2,411	-	9,893	-
	<b>Total non-operating income and expenses</b>	37,360	-	30,723	-
7900	<b>Profit from continuing operations before tax</b>	310,749	6	787,333	7
7950	<b>Less: Income tax expenses (note 6(l))</b>	50,940	1	145,872	1
	<b>Net income</b>	259,809	5	641,461	6
8300	<b>Other comprehensive income:</b>				
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss (note 6(m))</b>				
8361	Exchange differences on translation of foreign financial statements	(76,963)	(1)	229,848	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	<b>Other comprehensive income</b>	(76,963)	(1)	229,848	2
8500	<b>Total comprehensive income</b>	<u>\$ 182,846</u>	<u>4</u>	<u>871,309</u>	<u>8</u>
	<b>Profit attributable to:</b>				
8610	Owners of the Company	\$ 266,026	5	617,465	6
8620	Non-controlling interests	(6,217)	-	23,996	-
		<u>\$ 259,809</u>	<u>5</u>	<u>641,461</u>	<u>6</u>
	<b>Total comprehensive income attributable to:</b>				
8710	Owners of the Company	\$ 189,707	4	843,531	8
8720	Non-controlling interests	(6,861)	-	27,778	-
		<u>\$ 182,846</u>	<u>4</u>	<u>871,309</u>	<u>8</u>
	<b>Earnings per share (NT dollars) (note 6(n))</b>				
9750	Basic earnings per share	<u>\$ 2.00</u>		<u>4.54</u>	
9850	Diluted earnings per share	<u>\$ 1.97</u>		<u>4.49</u>	

See accompanying notes to consolidated financial statements.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2023 and 2022**

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

	Equity attributable to owners of the Company										
							Other equity				
					Retained earnings		Foreign		Total equity		
					Unappropriated		currency		attributable to	Non-controlling	
	Common stock	Capital surplus	Legal reserve	Special reserve	retained	Total	translation	Treasury shares	owners of the	interests	
					earnings		differences for		Company	Total equity	
							foreign				
							operations				
Balance at January 1, 2022	\$ 1,360,800	19,362	502,575	441,086	2,541,962	3,485,623	(557,281)	-	4,308,504	126,470	4,434,974
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary share	-	-	-	-	(1,388,016)	(1,388,016)	-	-	(1,388,016)	-	(1,388,016)
Net income	-	-	-	-	617,465	617,465	-	-	617,465	23,996	641,461
Other comprehensive income	-	-	-	-	-	-	226,066	-	226,066	3,782	229,848
Total comprehensive income	-	-	-	-	617,465	617,465	226,066	-	843,531	27,778	871,309
Subsidiaries distribute cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	2,835	2,835
Balance at March 31, 2022	\$ 1,360,800	19,362	502,575	441,086	1,771,411	2,715,072	(331,215)	-	3,764,019	157,083	3,921,102
Balance at January 1, 2023	\$ 1,360,800	19,362	733,290	557,281	3,353,782	4,644,353	177,589	(201,000)	6,001,104	123,637	6,124,741
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary share	-	-	-	-	(1,456,056)	(1,456,056)	-	-	(1,456,056)	-	(1,456,056)
Net income	-	-	-	-	266,026	266,026	-	-	266,026	(6,217)	259,809
Other comprehensive income	-	-	-	-	-	-	(76,319)	-	(76,319)	(644)	(76,963)
Total comprehensive income	-	-	-	-	266,026	266,026	(76,319)	-	189,707	(6,861)	182,846
Changes in non-controlling interests	-	(3,350)	-	-	-	-	-	-	(3,350)	(8,942)	(12,292)
Balance at March 31, 2023	\$ 1,360,800	16,012	733,290	557,281	2,163,752	3,454,323	101,270	(201,000)	4,731,405	107,834	4,839,239

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with Standards on Auditing

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
Net income before tax	\$ 310,749	787,333
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation expense	70,098	60,796
Amortization expense	826	54
Expected credit losses	15,778	41,067
Interest expense	4,593	4,676
Interest income	(19,984)	(2,009)
Share of profit of associates accounted for using the equity method	(2,411)	(9,893)
Loss on disposal of property, plant and equipment	90	16
Gain on lease modification	-	(12)
Total adjustments to reconcile profit and loss	68,990	94,695
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	9,183	1,432
Accounts receivable (including overdue receivables)	862,151	504,821
Other current assets	(24,483)	86,871
Total changes in operating assets, net	846,851	593,124
Net changes in operating liabilities:		
Notes payable	(11,500)	(16,857)
Accounts payable	(777,516)	(114,101)
Other payables	(84,687)	13,271
Other current liabilities	22,435	23,620
Net defined benefit liabilities	(567)	36
Total changes in operating liabilities, net	(851,835)	(94,031)
Total changes in operating assets and liabilities, net	(4,984)	499,093
Total adjustments	64,006	593,788
Cash inflow generated from operations	374,755	1,381,121
Interest received	19,984	2,009
Interest paid	(4,593)	(4,676)
Income taxes paid	(40,037)	(141,871)
<b>Net cash flows from operating activities</b>	<b>350,109</b>	<b>1,236,583</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from repayments of financial assets at amortised cost	6,089	-
Net cash flow from acquisition of subsidiaries (net of cash obtained)	-	(22,807)
Acquisition of property, plant and equipment	(6,662)	(2,886)
Proceeds from disposal of property, plant and equipment	5	-
Decrease (increase) in refundable deposits	9,536	(18,383)
Acquisition of intangible assets	-	(121)
Increase in other non-current assets	(3,057)	(605)
Acquisition on non-controlling interests	(8,942)	-
<b>Net cash used in investing activities</b>	<b>(3,031)</b>	<b>(44,802)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	457,218	732,025
Decrease in short-term borrowings	(470,218)	(750,025)
Payment of lease liabilities	(54,544)	(43,509)
Increase (decrease) in other non-current liabilities	(96)	1,138
Cash dividends paid	(234)	-
<b>Net cash used in financing activities</b>	<b>(67,874)</b>	<b>(60,371)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(90,846)</b>	<b>206,009</b>
<b>Net increase in cash and cash equivalents</b>	<b>188,358</b>	<b>1,337,419</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,809,475</b>	<b>3,438,978</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,997,833</b>	<b>4,776,397</b>

See accompanying notes to consolidated financial statements.



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Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

## **DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**March 31, 2023 and 2022**

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

#### **(1) Company history**

DIMERCO EXPRESS CORPORATION (DIMITW or the Company) (originally named Dimerco Express (Taiwan) Corporation, changed in June 2012) was incorporated in August 1985 as a company limited by shares under the laws of the Republic of China (ROC). The consolidated financial statements comprise DIMITW and its subsidiaries (together referred to as the "Group"). The Group is primarily engaged in the business of air freight forwarding, ocean freight forwarding, customs brokerage service, and related investing activities.

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

The consolidated financial statements were reported to the Board of Directors and issued on May 10, 2023.

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

- (a) The impact of adopting the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(4) Summary of significant accounting policies**

Except for the following, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations) and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

**(b) Basis of consolidation**

The principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2022.

Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	Dimerco International Logistic Corp. (DIL)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Dimerco Express Holding Co., Ltd. (Holding)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Dimerco Freight System Corporation (DFSTW)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 14
The Company	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	100.00 %	100.00 %	86.11 %	Notes 6 and 14
The Company	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	
The Company	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	15.00 %	
The Company	Diversified International Logistics Co., Ltd. (DILTW)	Global Logistics service	80.00 %	80.00 %	80.00 %	Note 14
The Company	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global Logistics service	100.00 %	100.00 %	-	% Notes 4 and 14
The Company	Dimerco International Logistics Company (DILHK)	Global Logistics service	100.00 %	100.00 %	-	% Notes 5 and 14
The Company	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global Logistics service	100.00 %	100.00 %	-	% Notes 7 and 14
The Company	Diversified International Logistics Pte. Ltd. (DILSG)	Global Logistics service	100.00 %	100.00 %	-	% Notes 8 and 14
The Company	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global Logistics service	100.00 %	100.00 %	-	% Notes 9 and 14

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			March 31, 2023	December 31, 2022	March 31, 2022	
DMCHK	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global Logistics service	99.99 %	99.99 %	- %	Note 10
DMCHK	Diversified Freight System Ltd. (DFSHK)	Global Logistics service	99.99 %	99.99 %	- %	Notes 11 and 14
DIMPH	Diversified Merchandise Company Limited (DMCHK)	Global Logistics service	100.00 %	100.00 %	- %	Notes 12 and 14
DMHK	Global SCM Company Limited (GSCHK)	Global Logistics service	100.00 %	100.00 %	- %	Notes 13 and 14
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	60.00 %	
DIMHK	Dimerco International Logistics (Shanghai) Co., Ltd. (DILSHA)	Global logistics service	99.99 %	99.99 %	99.99 %	Note 14
DIMHK	Dimerco International Transportation (Shanghai) Co., Ltd. (DIMCN)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
DIMHK	Dimerco Zhonging Int'l Express Co., Ltd. (ZJDCN)	Global logistics service	75.00 %	75.00 %	75.00 %	
DIMHK	Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	Global logistics service	75.00 %	75.00 %	75.00 %	Note 14
DFSHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	35.00 %	
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	100.00 %	
DFSTW	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	15.00 %	
DFSTW	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	20.00 %	20.00 %	20.00 %	Note 14
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	100.00 %	60.00 %	60.00 %	Notes 14 and 15
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	20.00 %	
DIL	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global logistics service	- %	- %	99.99 %	Note 10
DIL	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	- %	- %	13.89 %	Notes 6 and 14
DIL	Dimerco Express (UK) Ltd. (DIMGB)	Global logistics service	37.50 %	37.50 %	37.50 %	Note 14
DIL	Dimerco Express (U.S.A.) Corp. (DIMUS)	Global logistics service	100.00 %	100.00 %	100.00 %	
DIL	Global Marketing System Co., Ltd. (GMS)	Global logistics service	100.00 %	100.00 %	100.00 %	
FSCHK	Dimerco Express (UK) Ltd (DIMGB)	Global logistics services	62.50 %	62.50 %	62.50 %	Note 14
FSCHK	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	50.00 %	Note 14
GMS	Dimerco Express Phil. Inc (DIMPH)	Global logistics services	60.01 %	60.01 %	60.01 %	Note 14

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			March 31, 2023	December 31, 2022	March 31, 2022	
GMS	Diversified International Logistics Service Company Ltd.	Global logistics services	100.00 %	100.00 %	100.00 %	Note 14
GMS	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global logistics services	- %	- %	100.00 %	Notes 7 and 14
GMS	Dimerco International Logistics Company (DILHK)	Global logistics services	- %	- %	100.00 %	Notes 5 and 14
GMS	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	50.00 %	Note 14
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	48.99 %	Notes 1 and 14
Holding	Dimerco Express Phils. Inc. (DIMPH)	Global logistics service	39.99 %	39.99 %	39.99 %	Note 14
Holding	Dimerco Express (Australia) Pty Ltd. (DIMAU)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
Holding	Dimerco Express (Korea) Corp. (DIMKR)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
Holding	Dimerco Express (Canada) Corp. (DIMCA)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
Holding	Diversified International Service Logistics System Corporation (DSLUS)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
Holding	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global logistics service	- %	- %	100.00 %	Notes 9 and 14
Holding	Dimerco Express Netherlands B.V. (DIMNL)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
Holding	Diversified Freight System Ltd. (DFSHK)	Global logistics service	- %	- %	99.99 %	Notes 11 and 14
Holding	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global logistics service	- %	- %	100.00 %	Notes 4 and 14
DTLHK	Diversified Transportation (China) Co., Ltd. (DTLCN)	Global logistics service	100.00 %	100.00 %	100.00 %	Note 14
DIMUS	Dimerco Customs Brokerage Co. Ltd. (DCBUS)	Brokerage service	100.00 %	100.00 %	100.00 %	Note 14
DIMUS	B.C. Logistics, LLC	Global logistics service	85.00 %	85.00 %	85.00 %	Notes 2 and 14
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	39.99 %	Notes 1 and 14
DIMPH	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	90.63 %	90.63 %	- %	Notes 3 and 14
DILHK	Diversified International Logistics Pte Ltd (DILSG)	Global logistics service	- %	- %	100.00 %	Notes 8 and 14
DFSSG	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	9.37 %	9.37 %	- %	Notes 3 and 14

Note 1: The Group owns less than 50% of the subsidiaries' voting stock, but the Group has control over the subsidiaries' financial and operating policies through agreement with other investors. Therefore, the Group includes the subsidiaries in the consolidated financial statements.

Note 2: The subsidiary has been acquired in 2022; Please refer to note 6(e).

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## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 3: DIMPH and DFSSG invested and established DFSPH in June 2022 and own 100% of DFSPH's shares. The capital amount of PHP \$10,670 thousand had been paid in August 2022 (DIMPH and DFSSG own DFSPH's shares 90.63% and 9.37%, respectively), and DFSPH has become a subsidiary of the Group.

Note 4: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to the Company.

Note 5: In December 2022, the Group reorganized and transferred 100% of the shares held by GMS to the Company.

Note 6: In December 2022, the Group reorganized and transferred 13.89% of the shares held by DIL to the Company.

Note 7: In December 2022, the Group reorganized and transferred 100% of the shares held by GMS to the Company.

Note 8: In December 2022, the Group reorganized and transferred 100% of the shares held by DILHK to the Company.

Note 9: In December 2022, the Group reorganized and transferred 100% of the shares held by Holding to the Company.

Note 10: In December 2022, the Group reorganized and transferred 99.99% of the shares held by DIL to the DMCHK.

Note 11: In December 2022, the Group reorganized and transferred 99.99% of the shares held by Holding to the DMCHK.

Note 12: DIMPH established DMCHK in December 2022 and owns 100% shares. DMCHK became the consolidated subsidiary of the Group.

Note 13: DMCHK established GSCHK in December 2022 and owns 100% shares. GSCHK became the consolidated subsidiary of the Group.

Note 14: It is a non-significant subsidiary, and its financial statements have not been reviewed.

Note 15: DIMSG purchased all the shares of DIMIN from non-controlling interests in January 2023 resulting in an increase in DIMSG's shareholding from 60% to 100%.

#### (c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time event.

#### (d) Income tax

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

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as current tax expense.

Tax expense which recognizes directly in equity or other comprehensive income comes from the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, which is measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled.

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

The preparation of the interim consolidated financial statements is in conformity with IAS 34 "Interim Financial Reporting" endorsed by FSC. The standard requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with note 5 of the consolidated financial statement for the year ended December 31, 2022.

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

**(a) Cash and cash equivalents**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$ 3,766	4,232	4,317
Checking accounts and savings deposits	4,452,023	4,283,103	4,117,475
Time deposits	<u>1,542,044</u>	<u>1,522,140</u>	<u>654,605</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 5,997,833</u>	<u>5,809,475</u>	<u>4,776,397</u>

Please refer to note 6(r) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

**(b) Financial assets measured at amortized cost—current**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bank's time deposits	<u>\$ 3,686</u>	<u>9,775</u>	<u>-</u>
Interest rate	<u>0.2%</u>	<u>0.2~1.35%</u>	<u>-</u>

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

**(c) Notes and accounts receivable**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 7,543	16,726	24,487
Accounts receivable	2,082,841	2,945,645	4,195,239
Overdue receivable	6,138	5,485	7,669
Less: Loss allowance—accounts receivable	132,748	117,623	142,924
Loss allowance—overdue receivable	6,138	5,485	7,669
	<u>\$ 1,957,636</u>	<u>2,844,748</u>	<u>4,076,802</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 1,714,653	0%	-
1 to 30 days past due	305,685	22%	67,546
31 to 60 days past due	25,494	81%	20,650
61 to 90 days past due	3,780	100%	3,780
91 to 365 days past due	1,748	100%	1,748
More than 365 days	15,077	100%	15,077
	<b>\$ 2,066,437</b>		<b>108,801</b>

The amounts of receivables mentioned above have excluded receivables from specific customers amounting \$30,085 thousand dollars, for which the Group has assessed the possibility of collection as uncertain and recognized the whole amount as impairment loss.

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,570,609	0%	-
1 to 30 days past due	323,664	18%	57,858
31 to 60 days past due	43,860	81%	35,527
61 to 90 days past due	8,535	100%	8,535
91 to 365 days past due	6,359	100%	6,359
More than 365 days	14,829	100%	14,829
	<b>\$ 2,967,856</b>		<b>123,108</b>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,775,658	0%	-
1 to 30 days past due	385,560	24%	94,047
31 to 60 days past due	50,690	81%	41,059
61 to 90 days past due	10,333	100%	10,333
91 to 365 days past due	1,815	100%	1,815
More than 365 days	3,339	100%	3,339
	<u><b>\$ 4,227,395</b></u>		<u><b>150,593</b></u>

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 123,108	109,526
Impairment losses recognized	15,778	41,067
Balance at March 31	<u><b>\$ 138,886</b></u>	<u><b>150,593</b></u>

(d) Investments accounted for using the equity method

A summary of the Group's investments accounted for using the equity method at the reporting date was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Associates	<u><b>\$ 273,369</b></u>	<u><b>269,209</b></u>	<u><b>247,674</b></u>

(i) Associates

1) The details of significant associate were as follows:

<b>Name of associate</b>	<b>Relationship with the Group</b>	<b>Main operating location / country of registration</b>	<b>Ownership and voting right percentage</b>		
			<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
ITG Air & Sea GmbH	Global air and ocean freight forwarder	Germany	25.00 %	25.00 %	25.00 %

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

A summary of the financial information of the significant associate was as follows:

Summary of financial information of ITG Air & Sea GmbH

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 1,249,615	1,299,254	1,152,871
Non-current assets	122,705	83,643	86,738
Current liabilities	(844,664)	(905,396)	(825,826)
Non-current liabilities	(69,868)	(29,582)	(36,245)
Net assets	<u>\$ 457,788</u>	<u>447,919</u>	<u>377,538</u>
The Group's share of net assets	<u>\$ 114,447</u>	<u>111,979</u>	<u>94,385</u>

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue	\$ <u>714,021</u>	<u>1,087,414</u>
Profit from continuing operations	\$ 4,692	34,786
Other comprehensive income	-	-
Profit and total comprehensive income	<u>\$ 4,692</u>	<u>34,786</u>
The Group's share of profit and total comprehensive income	<u>\$ 1,173</u>	<u>8,697</u>

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance of the equity of the associate attributable to the Group	\$ 111,979	84,149
Total comprehensive income (loss) of the associate attributable to the Group	1,173	8,697
Exchange difference	1,295	1,539
Share of net assets of associates as of March 31	114,447	94,385
Add : Goodwill	129,692	129,692
Ending balance of the equity of the associate attributable to the Group	<u>\$ 244,139</u>	<u>224,077</u>

- 2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Carrying amount of individually insignificant associates' equity	<u>\$ 29,230</u>	<u>27,538</u>	<u>23,597</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>2023</u>	<u>2022</u>
Attributable to the Group:		
Profit from continuing operations	\$ 1,238	1,196
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u><u>\$ 1,238</u></u>	<u><u>1,196</u></u>

(ii) Collateral

As of March 31, 2023, December 31 and March 31, 2022, the Group did not provide any investment accounted for using the equity method as collaterals for its loans.

(iii) The unreviewed financial statements of investments accounted for using the equity method

The above investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed by auditors.

(e) Acquisition of subsidiary and non-controlling interests

On January 1, 2022, the Group acquired 85% shares and voting interests of B.C. Logistic, LLC (a logistic service company located in United States), resulting in the Group to obtain control over it.

The fair value of each major class of consideration transferred, amounts of assets acquired, liabilities assumed and the goodwill recognized at the acquisition date were as follows:

(i) The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

Cash	<u><u>\$ 54,103</u></u>
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(ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$ 12,478
Accounts receivable	10,808
Property, plant and equipment (note 6(f))	963
Other current assets	1,771
Trademarks (note 6(h))	2,767
Customer relationships (note 6(h))	13,837
Account payables	(6,697)
Other current liabilities	<u>(420)</u>
Total identifiable net assets acquired	<u><u>\$ 35,507</u></u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	\$ 54,103
Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)	2,835
Less: Fair value of identifiable net assets	<u>35,507</u>
Goodwill	<u><u>\$ 21,431</u></u>

The goodwill is attributable mainly to B.C. Logistic, LLC's relationship in specific local city work force and the synergies expected to be achieved from integrating the company into the Group's existing logistic business.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost or deemed cost:							
Balance at January 1, 2023	\$ 185,280	555,067	36,315	152,830	64,622	57,002	1,051,116
Additions	-	-	2,403	3,232	293	733	6,661
Disposals	-	-	-	(360)	-	(744)	(1,104)
Effect of changes in exchange rates	(262)	(4,096)	(391)	4,021	2,897	(7,922)	(5,753)
Balance at March 31, 2023	<u>\$ 185,018</u>	<u>550,971</u>	<u>38,327</u>	<u>159,723</u>	<u>67,812</u>	<u>49,069</u>	<u>1,050,920</u>
Balance at January 1, 2022	\$ 182,377	512,510	35,226	140,175	58,123	51,628	980,039
Acquisition of subsidiary	-	-	-	-	-	15,959	15,959
Additions	-	-	-	2,497	84	305	2,886
Disposals	-	-	-	(172)	-	-	(172)
Effect of changes in exchange rates	837	14,679	1,017	2,731	1,571	2,150	22,985
Balance at March 31, 2022	<u>\$ 183,214</u>	<u>527,189</u>	<u>36,243</u>	<u>145,231</u>	<u>59,778</u>	<u>70,042</u>	<u>1,021,697</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	231,006	26,472	130,599	52,308	50,405	490,790
Depreciation	-	3,286	1,003	2,956	1,823	488	9,556
Disposals	-	-	-	(741)	-	(268)	(1,009)
Reclassification	-	-	-	1,263	-	(1,263)	-
Effect of changes in exchange rates	-	(2,537)	(281)	2,285	3,173	(5,778)	(3,138)
Balance at March 31, 2023	<u>\$ -</u>	<u>231,755</u>	<u>27,194</u>	<u>136,362</u>	<u>57,304</u>	<u>43,584</u>	<u>496,199</u>
Balance at January 1, 2022	\$ -	200,636	25,648	117,063	45,993	46,243	435,583
Acquisition of subsidiary	-	-	-	-	-	14,996	14,996
Depreciation	-	4,259	843	2,689	1,880	746	10,417
Disposals	-	-	-	(156)	-	-	(156)
Effect of changes in exchange rates	-	5,838	754	2,676	1,548	519	11,335
Balance at March 31, 2022	<u>\$ -</u>	<u>210,733</u>	<u>27,245</u>	<u>122,272</u>	<u>49,421</u>	<u>62,504</u>	<u>472,175</u>
Carrying value:							
January 1, 2023	<u>\$ 185,280</u>	<u>324,061</u>	<u>9,843</u>	<u>22,231</u>	<u>12,314</u>	<u>6,597</u>	<u>560,326</u>
March 31, 2023	<u>\$ 185,018</u>	<u>319,216</u>	<u>11,133</u>	<u>23,361</u>	<u>10,508</u>	<u>5,485</u>	<u>554,721</u>
March 31, 2022	<u>\$ 183,214</u>	<u>316,456</u>	<u>8,998</u>	<u>22,959</u>	<u>10,357</u>	<u>7,538</u>	<u>549,522</u>

As of March 31, 2023, December 31 and March 31, 2022, the property, plant and equipment of the Group had been pledged as collateral for short-term borrowings; please refer to note 8.

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## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (g) Right-of-use assets

The Group leases its assets including land, offices, warehouse, transportation equipment and other equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Building	Transportation equipment	Other equipment	Total
Cost:					
Balance at January 1, 2023	\$ 48,048	650,186	51,786	143,048	893,068
Additions	-	41,916	4,366	19,754	66,036
Decreases (early termination)	-	(33,202)	(866)	(1,259)	(35,327)
Effect of changes in exchange rates	(430)	(5,844)	(549)	(782)	(7,605)
Balance at March 31, 2023	<u>\$ 47,618</u>	<u>653,056</u>	<u>54,737</u>	<u>160,761</u>	<u>916,172</u>
Balance at January 1, 2022	\$ 43,270	487,307	40,860	103,782	675,219
Additions	-	46,900	14,491	24,249	85,640
Decreases (early termination)	-	(22,068)	(909)	(4,045)	(27,022)
Effect of changes in exchange rates	1,377	14,510	1,357	3,284	20,528
Balance at March 31, 2022	<u>\$ 44,647</u>	<u>526,649</u>	<u>55,799</u>	<u>127,270</u>	<u>754,365</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 5,346	371,919	32,799	92,734	502,798
Depreciation	331	48,133	3,621	8,457	60,542
Decreases (early termination)	-	(27,367)	(866)	(1,259)	(29,492)
Effect of changes in exchange rates	(48)	(4,171)	(379)	(640)	(5,238)
Balance at March 31, 2023	<u>\$ 5,629</u>	<u>388,514</u>	<u>35,175</u>	<u>99,292</u>	<u>528,610</u>
Balance at January 1, 2022	\$ 7,222	289,674	21,582	58,186	376,664
Depreciation	(3,347)	38,652	7,369	7,705	50,379
Decreases (early termination)	-	(20,044)	(909)	(4,045)	(24,998)
Effect of changes in exchange rates	162	8,840	718	1,699	11,419
Balance at March 31, 2022	<u>\$ 4,037</u>	<u>317,122</u>	<u>28,760</u>	<u>63,545</u>	<u>413,464</u>
Carrying amounts:					
January 1, 2023	<u>\$ 42,702</u>	<u>278,267</u>	<u>18,987</u>	<u>50,314</u>	<u>390,270</u>
March 31, 2023	<u>\$ 41,989</u>	<u>264,542</u>	<u>19,562</u>	<u>61,469</u>	<u>387,562</u>
March 31, 2022	<u>\$ 40,610</u>	<u>209,527</u>	<u>27,039</u>	<u>63,725</u>	<u>340,901</u>

#### (h) Intangible assets

	Goodwill	Trademarks	Customer relationships	Software	Total
Cost:					
Balance at January 1, 2023	\$ 58,253	3,073	15,365	3,064	79,755
Effect of changes in exchange rates	(363)	(27)	(137)	1	(526)
Balance at March 31, 2023	<u>\$ 57,890</u>	<u>3,046</u>	<u>15,228</u>	<u>3,065</u>	<u>79,229</u>
Balance at January 1, 2022	\$ 32,780	-	-	2,742	35,522
Acquisition of subsidiary	21,431	2,767	13,837	-	38,035
Depreciation	-	-	-	121	121
Effect of changes in exchange rates	1,164	89	441	7	1,701
Balance at March 31, 2022	<u>\$ 55,375</u>	<u>2,856</u>	<u>14,278</u>	<u>2,870</u>	<u>75,379</u>
Accumulated amortization and impairment losses :					
Balance at January 1, 2023	\$ -	307	3,073	2,635	6,015
Additions	-	76	760	(10)	826
Effect of changes in exchange rates	-	(2)	(26)	3	(25)
Balance at March 31, 2023	<u>\$ -</u>	<u>381</u>	<u>3,807</u>	<u>2,628</u>	<u>6,816</u>
Balance at January 1, 2022	\$ -	-	-	2,454	2,454
Depreciation	-	-	-	54	54
Effect of changes in exchange rates	-	-	-	4	4
Balance at March 31, 2022	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>2,512</u>	<u>2,512</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Goodwill	Trademarks	Customer relationships	Software	Total
Carrying amounts:					
January 1, 2023	\$ 58,253	2,766	12,292	429	73,740
March 31, 2023	\$ 57,890	2,665	11,421	437	72,413
March 31, 2022	\$ 55,375	2,856	14,278	358	72,867

(i) Borrowings

The details, terms and clauses of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

	<b>March 31, 2023</b>		
	<b>Interest rate</b>	<b>Maturity</b>	
	<b>(%)</b>	<b>year</b>	<b>Amount</b>
Unsecured bank loans	1.35~1.45	2023	\$ <u>417,000</u>

  

	<b>December 31, 2022</b>		
	<b>Interest rate</b>	<b>Maturity</b>	
	<b>(%)</b>	<b>year</b>	<b>Amount</b>
Unsecured bank loans	1.15~1.5	2023	\$ <u>430,000</u>

  

	<b>March 31, 2022</b>		
	<b>Interest rate</b>	<b>Maturity</b>	
	<b>(%)</b>	<b>year</b>	<b>Amount</b>
Unsecured bank loans	0.55~0.97	2022	\$ <u>658,592</u>

As of March 31, 2023, December 31 and March 31, 2022, the unused credit facilities of the Group's short-term borrowings amounted to \$1,324,604 thousand, \$1,303,952 thousand and \$825,158 thousand, respectively.

(ii) Long-term borrowings

As of March 31, 2023, December 31 and March 31, 2022, the unused credit facilities of the Group's long-term borrowings all amounted to \$150,000 thousand.

The Group has pledged certain assets against the loans; please refer to note 8 for additional information.

(j) Lease liabilities

The Group's lease liabilities were as follow:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	\$ 196,740	191,023	167,577
Non-current	159,594	167,111	142,049
	<u>\$ 356,334</u>	<u>358,134</u>	<u>309,626</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interests on lease liabilities	\$ <u>2,771</u>	<u>3,244</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>13,519</u>	<u>8,098</u>

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	\$ <u>70,834</u>	<u>54,851</u>

(k) Employee benefits

(i) Defined benefit plans

Since there were no significant market fluctuations, curtailments, reimbursement and settlement, or other material one-time events since prior fiscal year, the pension cost for the interim periods was measured according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Operating expenses	\$ <u>716</u>	<u>747</u>

(ii) Defined contribution plans

For the three months ended March 31, 2023 and 2022, the pension costs under the defined contribution method were \$11,710 thousand and \$9,356 thousand, respectively.

(l) Income tax

Income tax expense in the interim consolidated report was measured and disclosed in accordance with the estimated average annual effective income tax rate applied to the profit before tax.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The components of income tax expense were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense		
Current period	\$ 50,940	117,261
Additional tax on undistributed earnings	<u>-</u>	<u>28,611</u>
Deferred tax expense		
Income tax expense from continuing operations	<u><b>\$ 50,940</b></u>	<u><b>145,872</b></u>

The tax returns of DIMTW have been examined by the tax authorities through 2020.

(m) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in capital and other equity during the three months ended March 31, 2023 and 2022. Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2022, for related information.

(i) Retained earnings

On March 15, 2023, the Company's Board of Directors resolved to appropriate cash dividends of the 2022 earnings and proposed stock dividends distribution of surplus. The amount of cash dividends of appropriations of earnings for 2021 had been approved in the meeting of the board of directors on March 17, 2022. These earnings were appropriated as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Amount per share (NTD)</b>	<b>Total Amount</b>	<b>Amount per share (NTD)</b>	<b>Total Amount</b>
Dividends distributed to ordinary stockholders:				
Cash	\$ 10.70	1,456,056	10.20	1,388,016
Stock	0.50	<u>68,040</u>	-	<u>-</u>
Total		<u><b>\$ 1,524,096</b></u>		<u><b>1,388,016</b></u>

The related information can be obtained from the Market Observation Post System.

(ii) Treasury stock

In order to motivate the employees and improve the operating performance, as well as to maintain the Company's credit and shareholders' right, the Company's Board of Directors approved a resolution to purchase its own common stock as treasury shares in accordance with the requirements under section 28(2) of the Securities and Exchange Act on October 12, 2022. The Company has purchased 3,000,000 shares from October 17, 2022 to December 8, 2022, and total cost amounted to \$201,000 thousand.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The information on stock bought back by DIMTW to reward employees is as follows:

	Unit: thousand shares	
	<b>2023</b>	<b>2022</b>
Balance at January 1	3,000	-
Purchase of stock	-	-
Balance at March 31	<u><b>3,000</b></u>	<u><b>-</b></u>

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The maximum shares and the maximum total cost of the treasury stock hold by the Company from January 1 to March 31, 2023 has complied with the foregoing regulations. Furthermore, treasury shares cannot be pledged for debts, and treasury shares do not carry any shareholder rights until it is transferred.

(iii) Other equities (net of income tax)

	<b>Foreign exchange differences arising from foreign operations</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 177,589	(557,281)
Foreign exchange differences arising from foreign operations	(79,669)	226,066
Balance at March 31	<u><b>\$ 97,920</b></u>	<u><b>(331,215)</b></u>

(n) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the three months ended March 31, 2023 and 2022, was as follows:

(i) Basic earnings per share

	Share unit: thousand shares <b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Net income attributable to ordinary shareholders of the Company	<u><b>\$ 266,026</b></u>	<u><b>617,465</b></u>
Weighted-average number of ordinary shares	<u><b>133,080</b></u>	<u><b>136,080</b></u>
Basic earnings per share (in NT dollars)	<u><b>\$ 2.00</b></u>	<u><b>4.54</b></u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Net income attributable to ordinary shareholders of the Company	\$ <u><b>266,026</b></u>	<u><b>617,465</b></u>
Weighted-average number of ordinary shares (basic)	133,080	136,080
Impact of dilutive potential common shares		
Effect of employee stock bonus	<u>1,711</u>	<u>1,573</u>
Weighted-average number of ordinary shares (diluted)	<u><b>134,791</b></u>	<u><b>137,653</b></u>
Diluted earnings per share (in NT dollars)	\$ <u><b>1.97</b></u>	<u><b>4.49</b></u>

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended March 31, 2023</b>			
	<b>Asia</b>	<b>Americas</b>	<b>Europe</b>	<b>Total</b>
Major products/services lines:				
Air freight forwarding	\$ 2,633,799	435,189	40,849	3,109,837
Ocean freight forwarding	1,368,721	399,867	49,165	1,817,753
Others	<u>43,720</u>	<u>440,092</u>	<u>4,753</u>	<u>488,565</u>
	<u><b>\$ 4,046,240</b></u>	<u><b>1,275,148</b></u>	<u><b>94,767</b></u>	<u><b>5,416,155</b></u>
	<b>For the three months ended March 31, 2022</b>			
	<b>Asia</b>	<b>Americas</b>	<b>Europe</b>	<b>Total</b>
Major products/services lines:				
Air freight forwarding	\$ 4,596,942	1,121,886	59,160	5,777,988
Ocean freight forwarding	3,309,497	1,306,280	337,284	4,953,061
Others	<u>536,653</u>	<u>76,975</u>	<u>36,252</u>	<u>649,880</u>
	<u><b>\$ 8,443,092</b></u>	<u><b>2,505,141</b></u>	<u><b>432,696</b></u>	<u><b>11,380,929</b></u>

(ii) Contract balance

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivable	\$ 7,543	16,726	24,487
Accounts receivable, net	2,082,841	2,945,645	4,195,239
Less: allowance for impairment	<u>132,748</u>	<u>117,623</u>	<u>142,924</u>
Total	<u><b>\$ 1,957,636</b></u>	<u><b>2,844,748</b></u>	<u><b>4,076,802</b></u>

Please refer to note 6(c) for the disclosure of accounts receivable and its impairment.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Employee compensation and directors' and supervisors' remuneration

In accordance with the Company's articles, it should contribute no less than 5% of the profit as employee compensation and less than 5% as directors' and supervisors' remuneration when it has realized profit for the year. The revision to the Company's articles has been approved by the Company's shareholders' meeting on June 8, 2022, and the directors' and supervisors' remuneration was replaced by directors' remuneration. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The payment for director and supervisors' remuneration must be in the form of cash.

For the three months ended March 31, 2023 and 2022, the Company recognized its employees' compensation of \$16,780 thousand and \$38,900 thousand, respectively, and directors' and supervisors' remuneration of \$4,788 thousand and \$11,114 thousand, respectively. The employees' compensation, and directors' and supervisors' remuneration were recognized as operating expenses on a specific percentage of the net income. These amounts are calculated by using the Company's net income before tax (excluding the employees' compensation, and directors' and supervisors' remuneration), multiplied by the percentage specified in the Company's article for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

In its financial statements for the years ended December 31, 2022 and 2021, the Company accrued employees' compensation amounting to \$147,501 thousand and \$145,689 thousand, respectively, and directors' and supervisors' remuneration amounting to \$42,071 thousand and \$41,625 thousand, respectively, which was identical to the actual distribution. The information mentioned above can be accessed on the Market Observation Post System.

(q) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	<u><u>\$ 19,984</u></u>	<u><u>2,009</u></u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Other income

The details of the Group's other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Government grants	\$ 3,109	2,851
Other	14,883	2,017
Total other income	<u><u>\$ 17,992</u></u>	<u><u>4,868</u></u>

(iii) Other gains and losses

The details of the Group's other gain and losses were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Losses on disposal of property, plant and equipment	\$ (90)	(16)
Gains on foreign exchange	1,910	20,933
Others losses	(254)	(2,288)
Other gains and losses, net	<u><u>\$ 1,566</u></u>	<u><u>18,629</u></u>

(iv) Finance costs

The details of the Group's finance costs were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expense		
Bank loan	\$ 1,822	1,432
Lease liabilities	2,771	3,244
Net finance cost	<u><u>\$ 4,593</u></u>	<u><u>4,676</u></u>

(r) Financial instruments

(i) Credit risk

As of March 31, 2023, December 31 and March 31, 2022, there was no concentration of credit risk in accounts receivable.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2023</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 417,000	417,880	417,880	-	-	-	-
Notes payable	15,280	15,280	15,280	-	-	-	-
Accounts payable	2,037,620	1,982,711	1,982,711	-	-	-	-
Lease liabilities	356,334	366,312	101,129	101,129	112,073	51,981	-
Dividend payable	1,476,487	1,476,487	1,476,487	-	-	-	-
Other payables	346,325	346,325	346,325	-	-	-	-
	<u><u>\$ 4,649,046</u></u>	<u><u>4,604,995</u></u>	<u><u>4,339,812</u></u>	<u><u>101,129</u></u>	<u><u>112,073</u></u>	<u><u>51,981</u></u>	<u><u>-</u></u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 430,000	435,977	435,977	-	-	-	-
Notes payable	26,780	26,780	26,780	-	-	-	-
Accounts payable	2,815,136	2,815,136	2,815,136	-	-	-	-
Lease liabilities	358,134	368,161	98,186	98,186	114,357	57,432	-
Dividend payable	20,665	20,665	20,665	-	-	-	-
Other payables	437,178	437,178	437,178	-	-	-	-
	<u><u>\$ 4,087,893</u></u>	<u><u>4,103,897</u></u>	<u><u>3,833,922</u></u>	<u><u>98,186</u></u>	<u><u>114,357</u></u>	<u><u>57,432</u></u>	<u><u>-</u></u>
<b>March 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 658,592	659,907	659,907	-	-	-	-
Notes payable	25,453	25,453	25,453	-	-	-	-
Accounts payable	3,393,500	3,393,500	3,393,500	-	-	-	-
Lease liabilities	309,626	318,296	86,135	86,135	103,979	42,047	-
Dividend payable	1,393,711	1,393,711	1,393,711	-	-	-	-
Other payables	311,626	311,626	311,626	-	-	-	-
	<u><u>\$ 6,092,508</u></u>	<u><u>6,102,493</u></u>	<u><u>5,870,332</u></u>	<u><u>86,135</u></u>	<u><u>103,979</u></u>	<u><u>42,047</u></u>	<u><u>-</u></u>

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

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Market risk

1) Currency risk

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

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>March 31, 2023</b>			
Financial assets:			
USD	\$ 18,111	30.455	551,569
HKD	5,816	3.880	22,566
EUR	3,915	33.187	129,938
CNY	21,810	4.432	96,664
Financial liabilities:			
Monetary items:			
USD	2,633	30.455	80,181
EUR	20,547	33.187	681,905
<b>December 31, 2022</b>			
Financial assets:			
USD	\$ 34,647	30.730	1,064,707
HKD	6,196	4.053	24,407
EUR	835	32.814	27,409
GBP	323	37.005	11,951
Financial liabilities:			
Monetary items:			
USD	9,529	30.730	292,827
EUR	29	32.814	951
<b>March 31, 2022</b>			
Financial assets:			
Monetary items:			
USD	\$ 37,904	28.555	1,082,339
HKD	6,418	3.648	23,413
GBP	386	37.544	14,484
Financial liabilities:			
Monetary items:			
USD	9,295	28.555	265,410

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and other payables that are denominated in foreign currency. A weakening (strengthening) of 3% of the NTD against USD, HKD, EUR, CNY and GBP of March 31, 2023 and 2022, would have increased or decreased the net income before tax by \$1,160 thousand and \$25,645 thousand, respectively. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$1,910 thousand and \$20,933 thousand, respectively.

2) Interest rate analysis

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

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

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have decreased or increased by \$1,043 thousand and \$1,646 thousand for the three months ended March 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Fair value

1) Categories and fair value of financial instruments

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

	<b>March 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 449	-	-	449	449
Financial assets measured at amortized cost					
Cash and cash equivalents	5,997,833	-	-	-	-
Notes and accounts receivables	1,957,636	-	-	-	-
Financial assets measured at amortised cost – current	3,686	-	-	-	-
Refundable deposits	95,045	-	-	-	-
Restricted certificate of deposit	5,691	-	-	-	-
Subtotal	8,059,891	-	-	-	-
Total	<u>\$ 8,060,340</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 417,000	-	-	-	-
Notes and accounts payable	2,052,900	-	-	-	-
Other payables	346,325	-	-	-	-
Lease liabilities	356,334	-	-	-	-
Dividend payable	1,476,487	-	-	-	-
Total	<u>\$ 4,649,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)



**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>December 31, 2022</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 449	-	-	449	449
Financial assets measured at amortized cost					
Cash and cash equivalents	5,809,475	-	-	-	-
Notes and accounts receivables	2,844,748	-	-	-	-
Financial assets measured at amortized cost—current	9,775	-	-	-	-
Refundable deposits	104,581	-	-	-	-
Restricted certificate of deposit	4,723	-	-	-	-
Subtotal	8,773,302	-	-	-	-
Total	<u>\$ 8,773,751</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 430,000	-	-	-	-
Notes and accounts payable	2,841,916	-	-	-	-
Other payables	437,178	-	-	-	-
Lease liabilities	358,134	-	-	-	-
Dividend payable	20,665	-	-	-	-
Total	<u>\$ 4,087,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>March 31, 2022</b>					
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 444	-	-	444	444
Financial assets measured at amortized cost					
Cash and cash equivalents	4,776,397	-	-	-	-
Notes and accounts receivables	4,076,802	-	-	-	-
Refundable deposits	94,820	-	-	-	-
Restricted certificate of deposit	4,639	-	-	-	-
Subtotal	8,952,658	-	-	-	-
Total	<u>\$ 8,953,102</u>	<u>-</u>	<u>-</u>	<u>444</u>	<u>444</u>

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Carrying amount	March 31, 2022			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 658,592	-	-	-	-
Notes and accounts payable	3,418,953	-	-	-	-
Other payables	311,626	-	-	-	-
Lease liabilities	309,626	-	-	-	-
Dividend payable	1,393,711	-	-	-	-
Total	<u>\$ 6,092,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques and assumptions used in fair value determination – non-derivative financial instruments

Financial instruments held by the Group constitute equity instruments that are not publicly quoted in an active market. The fair value of those financial instruments is estimated using the market comparables approach. The main assumptions of the market comparables approach are based on the after-tax net profit or equity net worth of the investee and the earnings or book value multipliers derived from market quotations of comparable listed companies. This estimate has been adjusted for the discounting effect of the lack of market liquidity of the equity securities. The amount of equity investment estimated by the Group using the market comparable company method to estimate the fair value is not significant, and thus there is no intention to disclose quantitative information.

3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the 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).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Group reclassified the financial instruments from one level to another during the reporting periods.

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Reconciliation of Level 3 fair values

	<b>Unquoted equity instruments</b>
Balance at March 31, 2023	<u>\$ 449</u>
Balance at January 1, 2022	\$ 442
Effect of changes in exchange rates	<u>2</u>
Balance at March 31, 2022	<u><u>\$ 444</u></u>

(s) Financial risk management

The disclosures of objectives and policies of the Group's financial risk management are the same as those in the note 6(t) to the consolidated financial statements for the year ended December 31, 2022.

(t) Capital management

The disclosures of objectives, policies and procedures of the Group's capital management are the same as those of the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2022.

(u) Financing activities not affecting current cash flow

The Group's reconciliation of liabilities arising from financing activities for the three months ended March 31, 2023 and 2022 were as follows:

For right-of-use assets under leases, please refer to note 6 (g).

Reconciliation of liabilities arising from financing activities were as follows:

	<b>Non-cash changes</b>						
	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Additions</b>	<b>Decreases</b>	<b>Lease modification</b>	<b>March 31, 2023</b>
Short term borrowings	\$ 430,000	(13,000)	-	-	-	-	417,000
Lease liabilities	358,134	(54,544)	(7,457)	66,036	(5,835)	-	356,334
Total liabilities from financing activities	<u>\$ 788,134</u>	<u>(67,544)</u>	<u>(7,457)</u>	<u>66,036</u>	<u>(5,835)</u>	<u>-</u>	<u>773,334</u>

  

	<b>Non-cash changes</b>						
	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Additions</b>	<b>Decreases</b>	<b>Lease modification</b>	<b>March 31, 2022</b>
Short term borrowings	\$ 676,592	(18,000)	-	-	-	-	658,592
Lease liabilities	270,020	(43,509)	(489)	85,640	(2,024)	(12)	309,626
Total liabilities from financing activities	<u>\$ 946,612</u>	<u>(61,509)</u>	<u>(489)</u>	<u>85,640</u>	<u>(2,024)</u>	<u>(12)</u>	<u>968,218</u>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Names and relationship with related parties

In this consolidated financial report, the related parties having transactions with the Group are listed as below:

<u>Name of related party</u>	<u>Relationship with the Group</u>
ITG Air & Sea GmbH	An associate

(c) Significant transactions with related parties

(i) Operating revenue

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ <u><u>62,662</u></u>	<u><u>99,832</u></u>

The Group recorded the above revenue deriving from providing air and ocean freight services to the associates.

The conditions and terms to related parties are the same as those offered to other customers.

(ii) Collection and payment on behalf of other parties (recognized as deduction of operation income)

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ <u><u>16,339</u></u>	<u><u>49,015</u></u>

The Group collects the above income deriving from imported freight and shipment on behalf of the associates.

The conditions and terms on business transactions to related parties are the same as those offered to other vendors.

(iii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

<u>Accounts</u>	<u>Type of related parties</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable	Associates	\$ <u><u>4,070</u></u>	<u><u>9,099</u></u>	<u><u>10,991</u></u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, no allowance for loss is required for the above-mentioned related parties.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Payables to related parties

The details of the Group's payables to related parties were as follows:

<u>Accounts</u>	<u>Type of related parties</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payable	Associates	\$ <u>920</u>	<u>4,265</u>	<u>4,073</u>

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 18,068	16,121
Post-employment benefits	194	202
	<u>\$ 18,262</u>	<u>16,323</u>

**(8) Assets pledged as security**

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

<u>Assets pledged as security</u>	<u>Liabilities secured by pledged</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 2,031	1,063	979
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for customs	3,000	3,000	3,000
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for the Group's logistics operations	660	660	660
Property, plant and equipment:				
Land	Guarantee for long-term and short-term borrowings and the Group's logistics operations	41,792	41,792	-
Buildings	"	<u>15,280</u>	<u>15,416</u>	<u>-</u>
		<u>\$ 62,763</u>	<u>61,931</u>	<u>4,639</u>

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(9) Commitments and contingencies**

- (a) The Group provided certificates of deposit, land, and buildings as collateral to the banks for the performance of freight forwarding contracts in 2023 and 2022. As of March 31, 2023, December 31 and March 31, 2022, the guarantees from the banks were \$338,671 thousand, \$349,527 thousand and \$202,764 thousand, respectively, and the used amounts were \$213,522 thousand, \$226,246 thousand and \$167,930 thousand, respectively.
- (b) As of March 31, 2023, December 31 and March 31, 2022, the Group had outstanding guaranteed notes deposited totaling \$131,271 thousand, \$142,127 thousand and \$65,364 thousand, respectively. As of March 31, 2023, December 31 and March 31, 2022, the guarantees recorded for customs duty were \$5,759 thousand, \$5,739 thousand and \$5,649 thousand, respectively.
- (c) In 2014, a customer of the consolidated subsidiary had an unclaimed shipment. After notifying the customer and failing to obtain any response from it, resulting in the consolidated subsidiary unable to collect the storage fee from the customer in April 2014, the consolidated subsidiary held an auction and sold the shipment in June 2014. However, the customer filed a lawsuit against the consolidated subsidiary in June 2016 for selling the shipment without the customer's consent and demanded the compensation of USD1,414 thousand. Shenzhen Qianhai Cooperation Zone People's Court held the first hearing in October 2016. On June 4, 2019, the Court ruled that the consolidated subsidiary should compensate the customer the amount of CNY5,615 thousand. However, the consolidated subsidiary disagreed with the ruling and filed an appeal to the court on June 19, 2019. The court, on the other hand, rescinded the original judgement, and handed the case over to the Guangzhou maritime court of PRC on March 15, 2021. The Guangzhou Maritime Court held a hearing on November 10, 2021, and the final result has not yet been determined. The Group assessed that the consolidated subsidiary is likely being liable for compensation, thus recognized the possible loss in 2021.
- (d) Since 2021, the Group is defending a lawsuit filed by its former employees for her alleged wrongful treatment during her tenure and the termination of employment. The case has been resolved through mediation with total settlement USD1,000 thousand, among which USD637 thousand was paid by insurance and USD363 thousand was paid by the Group which was recorded under administrative expenses.

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

**(11) Subsequent Events: None**

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other**

- (a) The following is a summary statement of employee benefits, depreciation and amortization expenses by function:

By item	Three months ended March 31, 2023			Three months ended March 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	9,316	436,599	445,915	10,522	490,611	501,133
Labor and health insurance	467	59,988	60,455	376	51,006	51,382
Pension	244	12,182	12,426	304	9,799	10,103
Others	150	33,010	33,160	431	33,236	33,667
Depreciation	1,272	68,826	70,098	1,456	59,340	60,796
Amortization	-	826	826	-	54	54

- (b) Seasonality or cyclically of interim operations

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

(Continued)

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures

##### (a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

##### (i) Loans extended to other parties

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral	Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
1	HOLDING	The Company	Accounts receivable from related parties	Yes	28,864	26,067	26,067	-	(2)	-	Operating capital	-		267,276	1,069,102
2	FSC	The Company	Accounts receivable from related parties	Yes	119,550	119,550	119,550	-	(2)	-	Operating capital	-		135,761	543,044

Note 1: Purpose of fund financing for the borrower:

- (1) Business between the two parties.
- (2) Funds required for operations.

Note 2: Based on the Company's guidelines, the aggregate amount of financing provided to others cannot exceed 40% of the Company's stockholders' equity, and the maximum financing provided to an individual counterparty cannot exceed 10% of the Company's stockholders' equity.

Note 3: The amounts were eliminated in the consolidated interim financial statements.

##### (ii) Guarantees and endorsements for other parties

No.	Name of Guarantees	Counter-party of guarantee or endorsement	Relationship with the Company (Note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	DIMVN	2	272,160	4,416	4,416	4,416	4,416	0.09 %	544,320	Y	N	N
0	The Company	DIMIN & DIMTH	2	272,160	308	308	308	308	0.01 %	544,320	Y	N	N
0	The Company	DILTW	2	272,160	250	250	250	250	- %	544,320	Y	N	N

Note 1: Relationship with the Company are listed as below:

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Based on the Company's guidelines, the aggregate amount of guarantee and endorsement provided to others cannot exceed 40% of the Company's issued capital, while the guarantee and endorsement for an individual counterparty cannot exceed 20% of the Company's issued capital.

##### (iii) Information regarding securities held as of March 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with the security issuer	Recorded account	Ending balance				Note
				Number of shares	Carrying amount	Percentage of ownership	Fair value	
The Company	Global Sky Express Taiwan Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	10,000	100	1.00 %	100	
The Company	Evergreen Air Cargo Service Corporation	—	Financial assets at fair value through other comprehensive income — non-current	29,000	290	0.02 %	290	
DIMSG	Burwill Holdings Ltd.	—	Financial assets at fair value through other comprehensive income — non-current	22,000	19	-	19	
DIMSG	Stamford Land	—	Financial assets at fair value through other comprehensive income — non-current	5,000	40	-	40	

(iv) Accumulated holding amount of a single security in excess of NT\$300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate in excess of NT\$300 million or 20% of the paid-in capital: None.

(Continued)



## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(vii) Sales to or purchases from related parties in excess of NT\$100 million or 20% of DIMITW's issued share capital: None.

(viii) Receivables from related parties in excess of NT\$100 million or 20% of the paid-in capital

Name of Company	Counter-party	Nature of Relationship	Balance of receivables from related party (note 4)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
The Company	ZJDCN	Subsidiary	100,907 (Note 1)	- %	-		-	-
FSC	The Company	Subsidiary	168,278 (Note 2)	- %	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 3)	- %	-		-	-

Note 1: Accounts receivable of \$8,211 thousand and other receivables of \$92,696 thousand.

Note 2: Loan from the subsidiary of \$119,550 thousand and other receivables of \$48,728 thousand.

Note 3: Paid on behalf of DIMITW.

Note 4: The amount was eliminated in the consolidated financial statements.

(ix) Financial derivative instrument transactions: None.

(x) Business relationships and significant intercompany transactions

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with counter-party (Note 2)	Transaction details			
				Account name	Amount (Notes 3 and 4)	Terms of trading	Percentage of total consolidated revenue or total assets
0	The Company	ZJDCN	1	Accounts receivable—related parties	100,907	Negotiated	1.03 %
1	FSC	The Company	2	Accounts receivable—related parties	168,278	Negotiated	1.71 %
1	FSC	The Company	2	Prepayments—related parties	717,466	Negotiated	7.30 %
1	FSC	DIL	3	Accounts receivable—related parties	216,717	Negotiated	2.21 %
3	FSCHK	The Company	2	Prepayments—related parties	3,471,031	Negotiated	35.33 %

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents lateral transactions.

Note 3: Only a transaction amount over \$100,000 thousand and a balance amount over total consolidated assets 1% shall be disclosed.

Note 4: The amount was eliminated in the consolidated financial statements.

(b) Information on investees

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses) (Note 2)	Notes (Note 3)
				March 31, 2023	December 31, 2022	Shares	Ratio of shares	Carrying amount (Note 2)			
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99 %	783,707	9,284	9,284	(2)
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	2,672,755	67,796	67,796	(1)
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	132,266	132,266	5,400,000	100 %	539,015	(50,497)	(50,497)	(2)
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	4,341,869	208,105	208,105	(1)
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	271,522	322	64	(1)
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	726,561	23,538	3,531	(1)
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	244,139	4,692	1,173	(2)
The Company	DILTW	Taiwan	Logistics & warehousing	8,000	8,000	800,000	80 %	8,277	140	112	(2)
The Company	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100 %	42,925	1,799	1,799	(2)
The Company	DILHK	Hong Kong	Logistics & warehousing	-	-	-	100 %	49,888	(332)	(332)	(2)
The Company	DILSG	Singapore	Logistics & warehousing	4,215	4,215	-	100 %	2,276	193	193	(2)
The Company	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	195,459	(2,672)	(2,672)	(2)
The Company	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	50,698	(6)	(6)	(2)

(Continued)

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Net income (losses) of investee	Investment income (losses) (Note 2)	Notes (Note 3)
				March 31, 2023	December 31, 2022	Shares	Ratio of shares	Carrying amount (Note 2)			
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	674,462	23,538	3,531	(1)
DFSTW	DILTW	Taiwan	Logistics & warehousing	2,000	2,000	200,000	20 %	2,069	140	27	(2)
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	1,081,858	115,690	115,690	(1)
DIL	DIMGB	U.K	Global air and ocean freight forwarder	(5,624)	(5,624)	300,000	37 %	(14,212)	(1,607)	(603)	(2)
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	-	100 %	3,274,222	91,058	91,058	(1)
DMCHK	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	300,000	99 %	3,363,172	3,266	3,266	(1)
DMCHK	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99 %	1,997,792	24,898	24,896	(2)
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60 %	3,384,387	150,695	90,417	(2)
DIMUS	DCBUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100 %	44,799	2,235	2,235	(2)
DIMUS	B.C. Logistic, LLC	U.S.A.	Trucking service	54,103	54,103	-	85 %	20,492	125	106	(2)
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60 %	814,566	322	193	(1)
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75 %	37,344	(3,455)	(2,591)	(2)
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	1,563,965	23,538	8,238	(1)
DIMPH	GSCHK	Hong Kong	Settlement center	-	-	-	100 %	120,624	120,448	-	(1)
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20 %	271,522	322	64	(1)
DIMSG	DIMIN	India	Trucking service	17,595	5,303	960,000	100 %	26,702	1,359	1,359	(2)
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	69,560	7,855	3,848	(2)
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	2,256,278	150,695	60,278	(2)
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(29,536)	(38)	(38)	(2)
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100 %	121,365	3,652	3,652	(2)
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100 %	201,901	2,369	2,369	(2)
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	33,119	(577)	(577)	(2)
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	29,605	(1,555)	(1,555)	(2)
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	252	101	(2)
DIMPH	DFSPH	Philippines	Trucking service	5,231	5,231	96,700	91 %	18,263	4,172	3,781	(2)
DIMPH	DMCHK	Hong Kong	Settlement center	5,382,655	5,382,655	-	100 %	5,481,588	148,612	148,612	(1)
DFSSG	DFSPH	Philippines	Trucking service	541	541	10,000	9 %	1,806	4,172	391	(2)
DFSHK	FSCHK	Hong Kong	Settlement center	566	566	17,500	35 %	1,563,965	23,538	8,238	(1)
FSCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63 %	(7,826)	(1,607)	(1,005)	(2)

Note 1: The company was established as a limited company.

Note 2: Except for ITG Air & Sea GmbH the amount was eliminated in the consolidated financial statements.

Note 3: The recognition basis of financial statement of the investment column was as follows:

(1) The financial statements were reviewed by auditors.

(2) The financial statements have not been reviewed by auditors.

#### (c) Information on investment in mainland China

##### (i) The names of investees in Mainland China, the main businesses and products, and other information

Unit: thousand dollars

Name of investee in Mainland China	Main businesses	Issued capital	Method of investment (Note 1)	Beginning remittance balance-accumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount)		Ending remittance balance-accumulative investment (amount) from Taiwan	Net income (losses) of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment income and losses (Notes 2 and 3)	Carrying amount (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Invested amount	Returned amount						
ZJDCN	Global air and ocean freight forwarder	54,928	(2)	27,470 (USD902)	-	-	27,470 (USD902)	(37,548)	75 %	(28,161) (1)	128,281 (1)	-
DILSHA	Logistics & warehousing	5,970	(2)	6,091 (USD200)	-	-	6,091 (USD200)	44	99 %	44 (2)	(58,189) (2)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	17,258	100 %	17,258 (1)	444,738 (1)	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(28)	100 %	(28) (2)	(19,372) (2)	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	15,754	100 %	15,754 (1)	352,470 (1)	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	(380)	100 %	(380) (2)	21,513 (2)	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	4,547	25 %	1,137 (2)	29,230 (2)	-
Diversified (Shanghai) International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	2,771	100 %	2,771 (2)	6,517 (2)	-
Diversified (Shenzhen) International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	(635)	100 %	(635) (2)	842 (2)	-

(Continued)

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 1: The method of investment is divided into the following three methods:

- (1) Investing directly in Mainland China.
- (2) Through transferring the investment to third-region existing companies then investing in Mainland China. (through Bermuda and British Virgin Islands.).
- (3) Other methods.

Note 2: Expect for Yuhang Int'l Logistics (Dalian) Co., Ltd. the amount was eliminated in the consolidated financial statements

Note 3: The recognition basic of financial statement of the investment column ws as follows:

- (1) The financial statements were reviewed by an international accounting firm in cooperation with the ROC accounting firm.
- (2) The financial statements have not been reviewed by auditors.

(ii) Limitation on investment in Mainland China

Unit: thousand dollars

Company name	Aggregate investment amount remitted from Taiwan to Mainland China at end of period (Note2)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission (Note2)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 1)
DIMTW	33,561 (USD1,102)	73,092 (USD2,400)	2,838,843

Note 1: It represents 60% of the Company's net equity.

Note 2: USD:NT\$=1:30.455.

(iii) Significant transactions

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
MEC ELECTRONICS CORPORATION		7,279,243	5.34 %

(Continued)

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information**

The Group's operating segment information and reconciliation are as follows:

	<u>Asia</u>	<u>American</u>	<u>Europe</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
<b>Three months ended March 31, 2023</b>					
Revenue:					
From external customers	\$ 4,046,240	1,275,148	94,767	-	5,416,155
From companies within the Group	<u>108,988</u>	<u>-</u>	<u>-</u>	<u>(108,988)</u>	<u>-</u>
<b>Total revenue</b>	<u><b>\$ 4,155,228</b></u>	<u><b>1,275,148</b></u>	<u><b>94,767</b></u>	<u><b>(108,988)</b></u>	<u><b>5,416,155</b></u>
<b>Segment income</b>	<u><b>\$ 312,118</b></u>	<u><b>815</b></u>	<u><b>(2,184)</b></u>	<u><b>-</b></u>	<u><b>310,749</b></u>
<b>Three months ended March 31, 2022</b>					
Revenue:					
From external customers	\$ 8,443,092	2,505,141	432,696	-	11,380,929
From companies within the Group	<u>216,425</u>	<u>-</u>	<u>-</u>	<u>(216,425)</u>	<u>-</u>
<b>Total revenue</b>	<u><b>\$ 8,659,517</b></u>	<u><b>2,505,141</b></u>	<u><b>432,696</b></u>	<u><b>(216,425)</b></u>	<u><b>11,380,929</b></u>
<b>Segment income</b>	<u><b>\$ 621,870</b></u>	<u><b>159,840</b></u>	<u><b>5,623</b></u>	<u><b>-</b></u>	<u><b>787,333</b></u>

The inter-company revenue of \$108,988 thousand and \$216,425 thousand for the three months ended March 31, 2023 and 2022, respectively, was eliminated.