

**DIMERCO EXPRESS CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 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 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 \$2,660,343 thousand and \$2,715,591 thousand, constituting 30% and 25% of consolidated total assets; and the total liabilities amounting to \$343,120 thousand and \$702,354 thousand, constituting 12% and 15% of the consolidated total liabilities at September 30, 2023 and 2022, respectively; as well as the total comprehensive income (loss) amounting to \$266,443 thousand, \$265,215 thousand, \$367,938 thousand and \$832,841 thousand, constituting 46%, 25%, 30% and 26% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(d), the other equity accounted investments of the Group in its investee companies of \$287,392 thousand and \$282,832 thousand at September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$9,097 thousand, \$20,781 thousand, \$17,038 thousand and \$48,871 thousand for the three months and nine months ended September 30, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 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 \$678,856 thousand and \$713,591 thousand, constituting 8% and 7% of consolidated total assets at September 30, 2023 and 2022, and total revenues amounting to \$226,128 thousand, \$451,110 thousand, \$791,249 thousand and \$1,434,044 thousand, constituting 4%, 4%, 5% and 4% of consolidated total revenues for the three months and nine months ended September 30, 2023 and 2022, respectively.

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)
November 8, 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.

Consolidated Balance Sheets

(Expressed in Thousands of New Taiwan Dollars)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months and nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 5,225,706	100	10,368,976	100	15,876,510	100	33,305,844	100
5000	Operating costs (notes 6(f) and (k))	4,314,288	82	8,993,577	87	13,106,978	83	28,722,139	86
5900	Gross profit from operations	911,418	18	1,375,399	13	2,769,532	17	4,583,705	14
6000	Operating expenses (notes 6(c), (f), (g), (h), (j), (k), (n), (q), 7 and 9):								
6100	Selling expenses	249,550	4	318,200	3	601,398	3	692,275	2
6200	Administrative expenses	414,633	8	627,138	6	1,329,223	8	1,677,075	5
6450	Expected credit loss (gain on reversal) for bad debt provision	(20,113)	-	(13,119)	-	(31,731)	-	26,471	-
	Total operating expenses	644,070	12	932,219	9	1,898,890	11	2,395,821	7
6900	Net operating income	267,348	6	443,180	4	870,642	6	2,187,884	7
7000	Non-operating income and expenses (notes 6(d), (f), (j) and (r)):								
7100	Interest income	18,849	-	5,552	-	59,314	-	11,615	-
7010	Other income	8,789	-	13,593	-	30,727	-	25,987	-
7020	Other gains and losses	24,631	-	131,838	1	54,686	-	264,363	1
7050	Finance costs	(4,722)	-	(4,690)	-	(13,996)	-	(13,010)	-
7060	Share of profit of associates accounted for using the equity method	9,097	-	20,781	-	17,038	-	48,871	-
	Total non-operating income and expenses	56,644	-	167,074	1	147,769	-	337,826	1
7900	Profit from continuing operations before tax	323,992	6	610,254	5	1,018,411	6	2,525,710	8
7950	Less: Income tax expenses (note 6(l))	59,445	1	67,002	-	195,542	1	324,481	1
	Net income	264,547	5	543,252	5	822,869	5	2,201,229	7
8300	Other comprehensive income:								
8360	Components of other comprehensive income that will be reclassified to profit or loss (notes 6(d) and (m))								
8361	Exchange differences on translation of foreign financial statements	318,443	6	505,824	5	404,359	3	963,868	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income	318,443	6	505,824	5	404,359	3	963,868	3
8500	Total comprehensive income	\$ 582,990	11	1,049,076	10	1,227,228	8	3,165,097	10
	Profit attributable to:								
8610	Owners of the Company	\$ 261,466	5	558,496	5	825,990	5	2,181,973	7
8620	Non-controlling interests	3,081	-	(15,244)	-	(3,121)	-	19,256	-
		\$ 264,547	5	543,252	5	822,869	5	2,201,229	7
	Total comprehensive income attributable to:								
8710	Owners of the Company	\$ 578,412	11	1,063,842	10	1,231,179	8	3,145,528	10
8720	Non-controlling interests	4,578	-	(14,766)	-	(3,951)	-	19,569	-
		\$ 582,990	11	1,049,076	10	1,227,228	8	3,165,097	10
	Earnings per share (NT dollars) (note 6(o))								
9750	Basic earnings per share	\$ 1.83		3.91		5.86		15.27	
9850	Diluted earnings per share	\$ 1.82		3.85		5.81		15.00	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the Company										
	Share capital		Retained earnings				Other equity Foreign currency translation differences for foreign operations	Treasury shares	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total					
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:											
Legal reserve appropriated	-	-	230,715	-	(230,715)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	116,195	(116,195)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,388,016)	(1,388,016)	-	-	(1,388,016)	-	(1,388,016)
Net income	-	-	-	-	2,181,973	2,181,973	-	-	2,181,973	19,256	2,201,229
Other comprehensive income	-	-	-	-	-	-	963,555	-	963,555	313	963,868
Total comprehensive income	-	-	-	-	2,181,973	2,181,973	963,555	-	3,145,528	19,569	3,165,097
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	2,835	2,835
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,749)	(4,749)
Balance at September 30, 2022	\$ 1,360,800	19,362	733,290	557,281	2,989,009	4,279,580	406,274	-	6,066,016	144,125	6,210,141
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:											
Legal reserve appropriated	-	-	254,675	-	(254,675)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(557,281)	557,281	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,456,056)	(1,456,056)	-	-	(1,456,056)	-	(1,456,056)
Stock dividends of ordinary share	68,040	-	-	-	(68,040)	(68,040)	-	-	-	-	-
Net income	-	-	-	-	825,990	825,990	-	-	825,990	(3,121)	822,869
Other comprehensive income	-	-	-	-	-	-	405,189	-	405,189	(830)	404,359
Total comprehensive income	-	-	-	-	825,990	825,990	405,189	-	1,231,179	(3,951)	1,227,228
Changes in non-controlling interests	-	(3,350)	-	-	-	-	-	-	(3,350)	(8,942)	(12,292)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,945)	(3,945)
Transferred treasury shares to employees	-	46,046	-	-	-	-	-	191,620	237,666	-	237,666
Gain on disgorgement	-	176	-	-	-	-	-	-	176	-	176
Balance at September 30, 2023	\$ 1,428,840	62,234	987,965	-	2,958,282	3,946,247	582,778	(9,380)	6,010,719	106,799	6,117,518

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Net income before tax	\$ 1,018,411	2,525,710
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation expense	204,514	182,927
Amortization expense	2,813	2,561
Expected credit losses (gain on reversal) for bad debt provision	(31,731)	26,471
Interest expense	13,996	13,010
Interest income	(59,314)	(11,615)
Dividend income	(206)	(148)
Share of profit of associates accounted for using the equity method	(17,038)	(48,871)
Loss (gain) on disposal of property, plant and equipment	(273)	53
Compensation cost arising from treasury shares transferred to employees	43,186	-
Gain on lease modification	-	(29)
Total adjustments to reconcile profit and loss	155,947	164,359
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	10,734	8,246
Accounts receivable (including overdue receivables)	504,664	974,036
Other current assets	29,550	(25,471)
Total changes in operating assets, net	544,948	956,811
Net changes in operating liabilities:		
Notes payable	(1,610)	(13,953)
Accounts payable	(1,191,256)	(581,805)
Other payables	(262,555)	67,620
Other current liabilities	151,367	(41,468)
Net defined benefit liabilities	-	(3,087)
Total changes in operating liabilities, net	(1,304,054)	(572,693)
Total changes in operating assets and liabilities, net	(759,106)	384,118
Total adjustments	(603,159)	548,477
Cash inflow generated from operations	415,252	3,074,187
Interest received	59,314	11,615
Interest paid	(13,996)	(13,010)
Income taxes paid	(179,068)	(344,240)
Net cash flows from operating activities	281,502	2,728,552
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(16,147)	(237,584)
Net cash flow from acquisition of subsidiaries (net of cash obtained)	-	(22,807)
Acquisition of property, plant and equipment	(20,889)	(16,218)
Proceeds from disposal of property, plant and equipment	1,686	136
Decrease (increase) in refundable deposits	6,596	(24,788)
Acquisition of intangible assets	-	(121)
(Increase) decrease in other non-current assets	(10,460)	98
Dividends received	3,203	2,757
Increase in other current assets	65	80
Net cash used in investing activities	(35,946)	(298,447)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,187,218	1,219,025
Decrease in short-term borrowings	(1,417,218)	(1,415,617)
Payment of lease liabilities	(178,305)	(140,882)
Decrease in other non-current liabilities	(6,257)	(3,793)
Cash dividends paid	(1,434,662)	(1,367,088)
Transferred treasury shares to employees	194,480	-
Changes in non-controlling interests	(12,887)	(4,749)
Other financing activities	176	-
Net cash flows from financing activities	(1,667,455)	(1,713,104)
Effect of exchange rate changes on cash and cash equivalents	381,413	901,686
Net (decrease) increase in cash and cash equivalents	(1,040,486)	1,618,687
Cash and cash equivalents at beginning of period	5,809,475	3,438,978
Cash and cash equivalents at end of period	\$ 4,768,989	5,057,665

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 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 November 8, 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"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies

Except for the following, the material 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
			September 30, 2023	December 31, 2022	September 30, 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 %	

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Primary business	Shareholding			Remarks
			September 30, 2023	December 31, 2022	September 30, 2022	
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
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

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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
			September 30, 2023	December 31, 2022	September 30, 2022	
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
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. (DMAU)	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

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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
			September 30, 2023	December 31, 2022	September 30, 2022	
DIMPH	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	90.63 %	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 %	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).

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) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as employee expenses, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For share based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(e) **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 measured by multiplying together the pretax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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.

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**

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 3,578	4,232	3,871
Checking accounts and savings deposits	2,925,249	4,283,103	4,588,535
Time deposits	1,840,162	1,522,140	465,259
Cash and cash equivalents in consolidated statement of cash flows	<u><u>\$ 4,768,989</u></u>	<u><u>5,809,475</u></u>	<u><u>5,057,665</u></u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(b) Financial assets at amortized cost—current

	September 30, 2023	December 31, 2022	September 30, 2022
Bank's time deposits	\$ <u>25,922</u>	<u>9,775</u>	<u>237,584</u>
Interest rate	<u>0.2~2.05%</u>	<u>0.2~1.35%</u>	<u>0.2~3.7%</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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 5,992	16,726	17,673
Accounts receivable	2,440,979	2,945,645	3,726,161
Overdue receivable	5,487	5,485	7,532
Less: Loss allowance—accounts receivable	85,890	117,623	128,465
Loss allowance—overdue receivable	5,487	5,485	7,532
	<u>\$ 2,361,081</u>	<u>2,844,748</u>	<u>3,615,369</u>

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

	September 30, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 2,197,528	0%	-
1 to 30 days past due	211,040	24%	51,160
31 to 60 days past due	19,330	81%	15,657
61 to 90 days past due	3,221	100%	3,221
91 to 365 days past due	9,166	100%	9,166
More than 365 days	12,173	100%	12,173
	<u>\$ 2,452,458</u>		<u>91,377</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
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
	\$ 2,967,856		123,108

	September 30, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 3,331,645	0%	-
1 to 30 days past due	340,143	18%	65,118
31 to 60 days past due	45,782	81%	37,083
61 to 90 days past due	16,178	100%	16,178
91 to 365 days past due	11,043	100%	11,043
More than 365 days	6,575	100%	6,575
	\$ 3,751,366		135,997

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

	For the nine months ended September 30	
	2023	2022
Balance at beginning of the period	\$ 123,108	109,526
Impairment losses recognized (reversed)	(31,731)	26,471
Balance at end of the period	\$ 91,377	135,997

(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:

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	\$ 287,392	269,209	282,832

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

1) The details of significant associate were as follows:

Name of associate	Relationship with the Group	Main operating location / country of registration	Ownership and voting right percentage		
			September 30, 2023	December 31, 2022	September 30, 2022
ITG Air & Sea GmbH	Global air and ocean freight forwarder	Germany	25.00 %	25.00 %	25.00 %

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

Summary of financial information of ITG Air & Sea GmbH

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 1,277,822	1,299,254	1,464,186
Non-current assets	118,706	83,643	79,602
Current liabilities	(823,746)	(905,396)	(1,004,469)
Non-current liabilities	(64,371)	(29,582)	(28,177)
Net assets	<u>\$ 508,411</u>	<u>447,919</u>	<u>511,142</u>
The Group's share of net assets	<u>\$ 127,102</u>	<u>111,979</u>	<u>127,785</u>
	For the three months ended September 30		For the nine months ended September 30
	2023	2022	2023 2022
Revenue	<u>\$ 629,882</u>	<u>1,262,746</u>	<u>1,976,555</u> <u>3,518,226</u>
Profit from continuing operations	\$ 20,040	77,259	42,130 177,597
Other comprehensive income	-	-	- -
Profit and total comprehensive income	<u>\$ 20,040</u>	<u>77,259</u>	<u>42,130</u> <u>177,597</u>
The Group's share of profit and total comprehensive income	<u>\$ 5,010</u>	<u>19,314</u>	<u>10,532</u> <u>44,399</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30	
	2023	2022
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	10,532	44,399
Exchange difference	4,591	(763)
Share of net assets of associates as of September 30	127,102	127,785
Add : Goodwill	129,692	129,692
Ending balance of the equity of the associate attributable to the Group	<u>\$ 256,794</u>	<u>257,477</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 30,598</u>	<u>27,538</u>	<u>25,355</u>

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Attributable to the Group:				
Profit from continuing operations	\$ 4,087	1,467	6,506	4,472
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ 4,087</u>	<u>1,467</u>	<u>6,506</u>	<u>4,472</u>

(ii) Collateral

As of September 30, 2023, December 31 and September 30, 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Acquisition of subsidiary and non-controlling interests

On January 1, 2022, the Group acquired 85% shares and voting interests of B.C. Logistics, 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>

- (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. Logistics, 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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(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	-	2,133	3,211	7,250	4,425	3,870	20,889
Disposals	-	(1,143)	(1,091)	(4,327)	(280)	(875)	(7,716)
Effect of changes in exchange rates	1,436	15,256	751	3,899	4,761	(5,373)	20,730
Balance at September 30, 2023	<u>\$ 186,716</u>	<u>571,313</u>	<u>39,186</u>	<u>159,652</u>	<u>73,528</u>	<u>54,624</u>	<u>1,085,019</u>
Balance at January 1, 2022	\$ 182,377	512,510	35,226	140,175	58,123	51,628	980,039
Acquisition of subsidiary	-	-	1,986	1,193	-	12,780	15,959
Additions	-	-	2,125	9,816	529	3,748	16,218
Disposals	-	-	(766)	(1,362)	-	(9,785)	(11,913)
Effect of changes in exchange rates	3,934	47,972	3,571	4,889	4,726	5,707	70,799
Balance at September 30, 2022	<u>\$ 186,311</u>	<u>560,482</u>	<u>42,142</u>	<u>154,711</u>	<u>63,378</u>	<u>64,078</u>	<u>1,071,102</u>
Depreciation and impairment loss:							
Balance at January 1, 2023	\$ -	231,006	26,472	130,599	52,308	50,405	490,790
Depreciation	-	11,855	2,024	9,130	3,837	1,711	28,557
Disposals	-	-	(982)	(4,304)	(216)	(801)	(6,303)
Effect of changes in exchange rates	-	5,325	634	3,760	4,554	(6,331)	7,942
Balance at September 30, 2023	<u>\$ -</u>	<u>248,186</u>	<u>28,148</u>	<u>139,185</u>	<u>60,483</u>	<u>44,984</u>	<u>520,986</u>
Balance at January 1, 2022	\$ -	200,636	25,648	117,063	45,993	46,243	435,583
Acquisition of subsidiary	-	-	1,441	947	-	12,608	14,996
Depreciation	-	10,923	3,138	7,327	5,694	2,884	29,966
Disposals	-	-	(690)	(1,249)	-	(9,785)	(11,724)
Reclassification	-	-	-	401	266	(667)	-
Effect of changes in exchange rates	-	18,752	2,755	4,056	3,566	4,465	33,594
Balance at September 30, 2022	<u>\$ -</u>	<u>230,311</u>	<u>32,292</u>	<u>128,545</u>	<u>55,519</u>	<u>55,748</u>	<u>502,415</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>
September 30, 2023	<u>\$ 186,716</u>	<u>323,127</u>	<u>11,038</u>	<u>20,467</u>	<u>13,045</u>	<u>9,640</u>	<u>564,033</u>
September 30, 2022	<u>\$ 186,311</u>	<u>330,171</u>	<u>9,850</u>	<u>26,166</u>	<u>7,859</u>	<u>8,330</u>	<u>568,687</u>

As of September 30, 2023, December 31 and September 30, 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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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	-	118,402	7,238	28,644	154,284
Decreases (early termination)	-	(47,380)	(1,561)	(1,518)	(50,459)
Effect of changes in exchange rates	2,366	19,721	(469)	5,936	27,554
Balance at September 30, 2023	<u>\$ 50,414</u>	<u>740,929</u>	<u>56,994</u>	<u>176,110</u>	<u>1,024,447</u>
Balance at January 1, 2022	\$ 43,270	487,307	40,860	103,782	675,219
Additions	-	246,645	8,045	30,664	285,354
Decreases (early termination)	-	(42,934)	(2,724)	(4,014)	(49,672)
Effect of changes in exchange rates	6,476	58,180	2,052	11,785	78,493
Balance at September 30, 2022	<u>\$ 49,746</u>	<u>749,198</u>	<u>48,233</u>	<u>142,217</u>	<u>989,394</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2023	\$ 5,346	371,919	32,799	92,734	502,798
Depreciation	(1,209)	138,966	10,724	27,476	175,957
Decreases (early termination)	-	(41,422)	(1,561)	(1,518)	(44,501)
Effect of changes in exchange rates	211	15,366	(57)	4,328	19,848
Balance at September 30, 2023	<u>\$ 4,348</u>	<u>484,829</u>	<u>41,905</u>	<u>123,020</u>	<u>654,102</u>
Balance at January 1, 2022	\$ 7,222	289,674	21,582	58,186	376,664
Depreciation	(3,121)	122,874	9,372	23,836	152,961
Decreases (early termination)	-	(42,453)	(2,724)	(4,014)	(49,191)
Effect of changes in exchange rates	1,088	30,439	1,343	7,310	40,180
Balance at September 30, 2022	<u>\$ 5,189</u>	<u>400,534</u>	<u>29,573</u>	<u>85,318</u>	<u>520,614</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>
September 30, 2023	<u>\$ 46,066</u>	<u>256,100</u>	<u>15,089</u>	<u>53,090</u>	<u>370,345</u>
September 30, 2022	<u>\$ 44,557</u>	<u>348,664</u>	<u>18,660</u>	<u>56,899</u>	<u>468,780</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	2,034	151	757	(9)	2,933
Balance at September 30, 2023	<u>\$ 60,287</u>	<u>3,224</u>	<u>16,122</u>	<u>3,055</u>	<u>82,688</u>
Balance at January 1, 2022	\$ 32,780	-	-	2,742	35,522
Acquisition of subsidiary	21,431	2,767	13,837	-	38,035
Additions	-	-	-	121	121
Effect of changes in exchange rates	5,479	415	2,071	1	7,966
Balance at September 30, 2022	<u>\$ 59,690</u>	<u>3,182</u>	<u>15,908</u>	<u>2,864</u>	<u>81,644</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Goodwill	Trademarks	Customer relationships	Software	Total
Accumulated amortization and impairment losses :					
Balance at January 1, 2023	\$ -	307	3,073	2,635	6,015
Amortization	-	232	2,320	261	2,813
Effect of changes in exchange rates	-	25	250	(6)	269
Balance at September 30, 2023	<u>\$ -</u>	<u>564</u>	<u>5,643</u>	<u>2,890</u>	<u>9,097</u>
Balance at January 1, 2022	\$ -	-	-	2,454	2,454
Amortization	-	219	2,195	147	2,561
Effect of changes in exchange rates	-	20	191	(1)	210
Balance at September 30, 2022	<u>\$ -</u>	<u>239</u>	<u>2,386</u>	<u>2,600</u>	<u>5,225</u>
Carrying amounts:					
January 1, 2023	<u>\$ 58,253</u>	<u>2,766</u>	<u>12,292</u>	<u>429</u>	<u>73,740</u>
September 30, 2023	<u>\$ 60,287</u>	<u>2,660</u>	<u>10,479</u>	<u>165</u>	<u>73,591</u>
September 30, 2022	<u>\$ 59,690</u>	<u>2,943</u>	<u>13,522</u>	<u>264</u>	<u>76,419</u>

(i) Borrowings

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

(i) Short-term borrowings

September 30, 2023			
	Interest rate (%)	Maturity year	Amount
Unsecured bank loans	1.35~1.45	2023	\$ <u>200,000</u>
December 31, 2022			
	Interest rate (%)	Maturity year	Amount
Unsecured bank loans	1.15~1.5	2023	\$ <u>430,000</u>
September 30, 2022			
	Interest rate (%)	Maturity year	Amount
Unsecured bank loans	0.85~1.65	2022~2023	\$ <u>480,000</u>

As of September 30, 2023, December 31 and September 30, 2022, the unused credit facilities of the Group's short-term borrowings amounted to \$1,642,120 thousand, \$1,303,952 thousand and \$1,233,503 thousand, respectively.

(ii) Long-term borrowings

As of September 30, 2023, December 31 and September 30, 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Lease liabilities

The Group's lease liabilities were as follow:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 181,464	191,023	207,323
Non-current	154,479	167,111	227,437
	<u>\$ 335,943</u>	<u>358,134</u>	<u>434,760</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interests on lease liabilities	<u>\$ 3,552</u>	<u>3,581</u>	<u>9,452</u>	<u>9,033</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 16,256</u>	<u>8,556</u>	<u>39,655</u>	<u>30,645</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 227,412</u>	<u>180,560</u>

1. Leases of land, buildings and improvement

The Group leases land, buildings and improvement for its office and business space. The leases of land run for a period of fifty years, and of buildings typically for one to ten years.

2. Other leases

The Group leases transportation and equipment, with lease terms of one to three years. In some cases, the Group also leased transportation and equipment with contract terms less than one year. These leases were short-term items and the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating expenses	<u>\$ 782</u>	<u>768</u>	<u>2,219</u>	<u>2,252</u>

(ii) Defined contribution plans

For the three months and nine months ended September 30, 2023 and 2022, the pension costs under the defined contribution method were \$10,904 thousand, \$10,834 thousand, \$31,431 thousand and \$29,361 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.

The components of income tax expense were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current income tax expense				
Current period	\$ 59,445	67,002	127,841	295,870
Additional tax on undistributed earnings	<u>-</u>	<u>-</u>	<u>67,701</u>	<u>28,611</u>
Income tax expense from continuing operations	<u>\$ 59,445</u>	<u>67,002</u>	<u>195,542</u>	<u>324,481</u>

The tax returns of DIMTW have been examined by the tax authorities through 2021.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in capital and other equity during the nine months ended September 30, 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) Common stock

The resolution was passed during the general meeting of shareholders held on June 6, 2023 to issue stock dividends for 50.05 shares per thousand shares, with the record date of capital increase on July 9, 2023. The relevant statutory registration procedures have been completed.

(ii) Capital surplus

The balances of capital surplus as of September 30, 2023, December 31 and September 30, 2022, were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Share capital	\$ 15,000	15,000	15,000
Changes in ownership interests in subsidiaries	984	4,334	4,334
Treasury share transactions	46,046	-	-
Gain on disposal of assets	28	28	28
Others	176	-	-
	<u>\$ 62,234</u>	<u>19,362</u>	<u>19,362</u>

(iii) Retained earnings

The amount of cash dividends of appropriations of earnings for 2022 had been approved in the meeting of the board of directors on March 15, 2023, and the amount of share dividends and other items of appropriations of earnings for 2022 had been approved in the shareholders' meeting on June 6, 2023. 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:

	2022		2021	
	Amount per share (NTD)	Total Amount	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:				
Cash	\$ 10.71	1,456,056	10.20	1,388,016
Stock	0.50	68,040	-	-
Total		<u>\$ 1,524,096</u>		<u>1,388,016</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(iv) 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 had purchased 3,000,000 shares from October 17, 2022 to December 8, 2022, and total cost amounted to \$201,000 thousand.

The movement in treasury stocks is as follows:

	Unit: thousand shares	
	2023	2022
Balance at January 1	3,000	-
Purchase of stock	-	-
Transferred to employees	(2,860)	-
Balance at September 30	140	-

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 September 30, 2023 has complied with the foregoing regulations. Furthermore, treasury shares cannot be pledged for debts, and treasury shares dose not carry any shareholder rights until it is transferred.

(v) Other equities (net of income tax)

	Foreign exchange differences arising from foreign operations	
	2023	2022
Balance at January 1	\$ 177,589	(557,281)
Foreign exchange differences arising from foreign operations	405,189	963,555
Balance at September 30	\$ 582,778	406,274

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Share-based payment

The Company transferred 2,860 thousand treasury shares that it acquired in 2022 to employees base on the resolution approved during the board meeting held on May 10, 2023. The treasury shares were granted to the full-time employees of the Company and certain subsidiaries, who meet the specific requirements and vested immediately. The Company adopted the Black-Sholes model to calculate the fair value of the share-based payment at the grant date. The assumptions adopted in this valuation model were as follows:

	Transfer of treasury shares to employees
Fair value at grant date (in dollars)	\$ 15.1
Stock price at grant date (in dollars)	84.5
Exercise price (in dollars)	68.0
Expected duration of the option	0.09 years
Expected volatility (%)	1.36 %
Risk-free interest rate (%)	0.58 %

The Company recognized the salary costs of \$43,186 thousand for the share-based payment for the nine months ended September 30, 2023.

(o) Earnings per share

The calculation of DIMTW's basic earnings per share and diluted earnings per share for the nine months ended September 30, 2023 and 2022, was as follows:

(i) Basic earnings per share

	For the three months ended September 30		Share unit: thousand shares For the nine months ended September 30	
	2023	2022	2023	2022
Net income attributable to ordinary shareholders of the Company	<u>\$ 261,466</u>	<u>558,496</u>	<u>825,990</u>	<u>2,181,973</u>
Weighted-average number of ordinary shares	<u>142,744</u>	<u>142,884</u>	<u>141,047</u>	<u>142,884</u>
Basic earnings per share (in NT dollars)	<u>\$ 1.83</u>	<u>3.91</u>	<u>5.86</u>	<u>15.27</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Net income attributable to ordinary shareholders of the Company	<u>\$ 261,466</u>	<u>558,496</u>	<u>825,990</u>	<u>2,181,973</u>
Weighted-average number of ordinary shares (basic)	142,744	142,884	141,047	142,884
Impact of dilutive potential common shares				
Effect of employee stock bonus	<u>650</u>	<u>2,232</u>	<u>1,149</u>	<u>2,628</u>
Weighted-average number of ordinary shares (diluted)	<u>143,394</u>	<u>145,116</u>	<u>142,196</u>	<u>145,512</u>
Diluted earnings per share (in NT dollars)	<u>\$ 1.82</u>	<u>3.85</u>	<u>5.81</u>	<u>15.00</u>

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2023			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 2,566,733	520,943	36,274	3,123,950
Ocean freight forwarding	1,131,060	439,484	53,702	1,624,246
Others	<u>395,882</u>	<u>81,071</u>	<u>557</u>	<u>477,510</u>
	<u>\$ 4,093,675</u>	<u>1,041,498</u>	<u>90,533</u>	<u>5,225,706</u>
	For the three months ended September 30, 2022			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 4,217,739	1,359,663	56,079	5,633,481
Ocean freight forwarding	2,617,164	1,283,455	173,843	4,074,462
Others	<u>580,643</u>	<u>80,488</u>	<u>(98)</u>	<u>661,033</u>
	<u>\$ 7,415,546</u>	<u>2,723,606</u>	<u>229,824</u>	<u>10,368,976</u>
	For the nine months ended September 30, 2023			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 7,374,125	1,749,172	107,986	9,231,283
Ocean freight forwarding	3,653,153	1,411,647	125,072	5,189,872
Others	<u>1,182,006</u>	<u>235,721</u>	<u>37,628</u>	<u>1,455,355</u>
	<u>\$ 12,209,284</u>	<u>3,396,540</u>	<u>270,686</u>	<u>15,876,510</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2022			
	Asia	Americas	Europe	Total
Major products/services lines:				
Air freight forwarding	\$ 13,668,468	3,857,062	155,721	17,681,251
Ocean freight forwarding	8,817,231	3,936,036	764,064	13,517,331
Others	1,842,018	229,389	35,855	2,107,262
	\$ 24,327,717	8,022,487	955,640	33,305,844

(ii) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 5,992	16,726	17,673
Accounts receivable	2,440,979	2,945,645	3,726,161
Overdue receivable	5,487	5,485	7,532
Less: Loss allowance — accounts receivable	(85,890)	(117,623)	(128,465)
Loss allowance — overdue receivable	(5,487)	(5,485)	(7,532)
Total	\$ 2,361,081	2,844,748	3,615,369

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

(q) 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 higher 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and nine months ended September 30, 2023 and 2022, the Company recognized its employees' compensation of \$16,472 thousand, \$35,185 thousand, \$52,037 thousand and \$137,464 thousand, respectively, and directors' and supervisors' remuneration of \$4,707 thousand, \$10,053 thousand, \$14,868 thousand and \$39,276 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.

(r) Non-operating income and expenses

(i) Interest income

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest income from bank deposits	<u>\$ 18,849</u>	<u>5,552</u>	<u>59,314</u>	<u>11,615</u>

(ii) Other income

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Dividend income	\$ 102	70	206	148
Government grants	2,183	6,735	5,547	19,000
Other	<u>6,504</u>	<u>6,788</u>	<u>24,974</u>	<u>6,839</u>
Total other income	<u>\$ 8,789</u>	<u>13,593</u>	<u>30,727</u>	<u>25,987</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ 236	(37)	273	(53)
Gains on foreign exchange	24,718	131,781	55,180	267,462
Others losses	(323)	94	(767)	(3,046)
Other gains and losses, net	<u>\$ 24,631</u>	<u>131,838</u>	<u>54,686</u>	<u>264,363</u>

(iv) Finance costs

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense				
Bank loan	\$ 1,170	1,109	4,544	3,977
Lease liabilities	3,552	3,581	9,452	9,033
Net finance cost	<u>\$ 4,722</u>	<u>4,690</u>	<u>13,996</u>	<u>13,010</u>

(s) Financial instruments

(i) Credit risk

As of September 30, 2023, December 31 and September 30, 2022, there was no concentration of credit risk in accounts receivable.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
September 30, 2023							
Non-derivative financial liabilities							
Short-term borrowings	\$ 200,000	200,422	200,422	-	-	-	-
Notes payable	25,170	25,170	25,170	-	-	-	-
Accounts payable	1,623,880	1,623,880	1,623,880	-	-	-	-
Lease liabilities	335,943	345,350	93,273	93,273	111,234	46,113	1,457
Dividends payable	42,059	42,059	42,059	-	-	-	-
Other payables	174,623	174,623	174,623	-	-	-	-
	<u>\$ 2,401,675</u>	<u>2,411,504</u>	<u>2,159,427</u>	<u>93,273</u>	<u>111,234</u>	<u>46,113</u>	<u>1,457</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<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>
December 31, 2022							
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	-
Dividends payable	20,665	20,665	20,665	-	-	-	-
Other payables	437,178	437,178	437,178	-	-	-	-
	<u>\$ 4,087,893</u>	<u>4,103,897</u>	<u>3,833,922</u>	<u>98,186</u>	<u>114,357</u>	<u>57,432</u>	<u>-</u>
September 30, 2022							
Non-derivative financial liabilities							
Short-term borrowings	\$ 480,000	482,885	482,885	-	-	-	-
Notes payable	28,357	28,357	28,357	-	-	-	-
Accounts payable	2,925,796	2,925,796	2,925,796	-	-	-	-
Lease liabilities	434,760	446,933	106,564	106,564	147,259	86,546	-
Dividends payable	26,623	26,623	26,623	-	-	-	-
Other payables	365,975	365,975	365,975	-	-	-	-
	<u>\$ 4,261,511</u>	<u>4,276,569</u>	<u>3,936,200</u>	<u>106,564</u>	<u>147,259</u>	<u>86,546</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.

(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>
September 30, 2023			
Financial assets:			
USD	\$	20,811	32.240
HKD		12,446	4.120
EUR		1,354	34.100
CNY		20,780	4.289
Financial liabilities:			
Monetary items:			
USD	\$	8,076	32.243
EUR		30	34.103

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
December 31, 2022			
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
September 30, 2022			
Financial assets:			
Monetary items:			
USD	\$ 38,258	31.816	1,217,213
HKD	11,520	4.053	46,691
GBP	362	35.154	12,741
Financial liabilities:			
Monetary items:			
USD	\$ 8,652	31.816	275,283
EUR	1,439	31.087	44,745

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 September 30, 2023 and 2022, would have increased or decreased the net income before tax by \$17,883 thousand and \$28,699 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 and nine months ended September 30, 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$24,718 thousand, \$131,781 thousand, \$55,180 thousand and \$267,462 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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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 \$1,500 thousand and \$3,600 thousand for the nine months ended September 30, 2023 and 2022, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(iv) Fair value

The management of the Group believes that the carrying amount of the financial assets and financial liabilities of the Group measured at amortized cost in the consolidated financial statements is close to its 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:

	September 30, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 451	-	-	451	451
Financial assets measured at amortized cost					
Cash and cash equivalents	4,768,989	-	-	-	-
Notes and accounts receivables	2,361,081	-	-	-	-
Financial assets at amortised cost — current	25,922	-	-	-	-
Refundable deposits	97,985	-	-	-	-
Restricted certificate of deposit	4,788	-	-	-	-
Subtotal	7,258,765	-	-	-	-
Total	\$ 7,259,216	-	-	451	451

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2023					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 200,000	-	-	-	-
Notes and accounts payable	1,649,050	-	-	-	-
Other payables	174,623	-	-	-	-
Lease liabilities	335,943	-	-	-	-
Dividends payable	42,059	-	-	-	-
Total	<u><u>\$ 2,401,675</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
December 31, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 449	-	-	449	449
Financial assets at amortized cost					
Cash and cash equivalents	5,809,475	-	-	-	-
Notes and accounts receivables	2,844,748	-	-	-	-
Financial assets at amortised cost — current	9,775	-	-	-	-
Refundable deposits	104,581	-	-	-	-
Restricted certificate of deposit	4,723	-	-	-	-
Subtotal	<u>8,773,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 8,773,751</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>449</u></u>	<u><u>449</u></u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 430,000	-	-	-	-
Notes and accounts payable	2,841,916	-	-	-	-
Other payables	437,178	-	-	-	-
Lease liabilities	358,134	-	-	-	-
Dividends payable	20,665	-	-	-	-
Total	<u><u>\$ 4,087,893</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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	September 30, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	\$ 447	-	-	447	447
Financial assets at amortized cost					
Cash and cash equivalents	5,057,665	-	-	-	-
Notes and accounts receivables	3,615,369	-	-	-	-
Financial assets at amortised cost – current	237,584	-	-	-	-
Refundable deposits	101,225	-	-	-	-
Subtotal	9,011,843	-	-	-	-
Total	<u>\$ 9,012,290</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>447</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 480,000	-	-	-	-
Notes and accounts payable	2,954,153	-	-	-	-
Other payables	365,975	-	-	-	-
Lease liabilities	434,760	-	-	-	-
Dividends payable	26,623	-	-	-	-
Total	<u>\$ 4,261,511</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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2023	\$ 449
Effect of changes in exchange rates	<u>2</u>
Balance at September 30, 2023	<u>\$ 451</u>
Balance at January 1, 2022	\$ 442
Effect of changes in exchange rates	<u>5</u>
Balance at September 30, 2022	<u>\$ 447</u>

(t) 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.

(u) 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.

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Financing activities not affecting current cash flow

The Group's reconciliation of liabilities arising from financing activities for the nine months ended September 30, 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:

	January 1, 2023	Cash flows	Non-cash changes				September 30, 2023
			Foreign exchange movement	Additions	Decreases	Lease modification	
Short term borrowings	\$ 430,000	(230,000)	-	-	-	-	200,000
Lease liabilities	358,134	(178,305)	7,788	154,284	(5,958)	-	335,943
Total liabilities from financing activities	<u>\$ 788,134</u>	<u>(408,305)</u>	<u>7,788</u>	<u>154,284</u>	<u>(5,958)</u>	<u>-</u>	<u>535,943</u>

	January 1, 2022	Cash flows	Non-cash changes				September 30, 2022
			Foreign exchange movement	Additions	Decreases	Lease modification	
Short term borrowings	\$ 676,592	(196,592)	-	-	-	-	480,000
Lease liabilities	270,020	(140,882)	20,778	285,354	(481)	(29)	434,760
Total liabilities from financing activities	<u>\$ 946,612</u>	<u>(337,474)</u>	<u>20,778</u>	<u>285,354</u>	<u>(481)</u>	<u>(29)</u>	<u>914,760</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(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:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	<u>\$ 69,574</u>	<u>100,804</u>	<u>207,672</u>	<u>280,672</u>

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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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)

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates	\$ <u>12,038</u>	<u>31,418</u>	<u>36,991</u>	<u>102,345</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable	Associates	\$ <u>6,907</u>	<u>9,099</u>	<u>18,322</u>

As of September 30, 2023, December 31, 2022 and September 30, 2022, no allowance for loss is required for the above-mentioned related parties.

- (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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts payable	Associates	\$ <u>1,370</u>	<u>4,265</u>	<u>15,102</u>

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 15,057	15,572	65,259	51,158
Post-employment benefits	189	194	576	593
Share-based payment	-	-	25,142	-
	<u>\$ 15,246</u>	<u>15,766</u>	<u>90,977</u>	<u>51,751</u>

(8) Assets pledged as security

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

Assets pledged as security	Liabilities secured by pledged	September 30, 2023	December 31, 2022	September 30, 2022
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 1,128	1,063	1,029
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	41,792
Buildings	"	15,008	15,416	15,553
		<u>\$ 61,588</u>	<u>61,931</u>	<u>62,034</u>

(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 September 30, 2023, December 31 and September 30, 2022, the guarantees from the banks were \$286,932 thousand, \$349,527 thousand and \$318,411 thousand, respectively, and the used amounts were \$199,422 thousand, \$226,246 thousand and \$195,751 thousand, respectively.

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) As of September 30, 2023, December 31 and September 30, 2022, the Group had outstanding guaranteed notes deposited totaling \$123,932 thousand, \$142,127 thousand and \$111,011 thousand, respectively. As of September 30, 2023, December 31 and September 30, 2022, the guarantees recorded for customs duty were \$5,761 thousand, \$5,739 thousand and \$5,786 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) In 2021, the Group was 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 in 2021.
- (e) The Group was defending a lawsuit filed by an job applicant due to disagreement in hiring process. The local court ruled in the first instance in October 2023 that the Group should pay USD3,390 thousand. The Group recognized the expense and planned to appoint a lawyer for appeal.

(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 function	Three months ended September 30, 2023			Three months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salary	9,017	572,239	581,256	11,407	882,069	893,476
Labor and health insurance	169	64,257	64,426	628	55,354	55,982
Pension	273	11,413	11,686	288	11,314	11,602
Others	122	32,741	32,863	433	46,235	46,668
Depreciation	579	66,278	66,857	126	69,059	69,185
Amortization	-	910	910	-	882	882

By function	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salary	27,921	1,469,980	1,497,901	31,728	1,898,525	1,930,253
Labor and health insurance	677	184,332	185,009	1,218	155,597	156,815
Pension	768	32,882	33,650	874	30,739	31,613
Others	426	96,212	96,638	1,082	112,939	114,021
Depreciation	2,404	202,110	204,514	3,114	179,813	182,927
Amortization	-	2,813	2,813	-	2,561	2,561

- (b) Seasonality or cyclically of interim operations

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

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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)
													Name	Value		
1	HOLDING	The Company	Accounts receivable from related parties	Yes	26,067	26,067	26,067	-	(2)	-	Operating capital	-		-	290,355	1,161,420
2	FSC	The Company	Accounts receivable from related parties	Yes	119,550	119,550	119,550	-	(2)	-	Operating capital	-		-	143,581	574,322

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
		Name											
0	The Company	DIMVN	2	285,768	5,972	4,675	4,675	-	0.08 %	571,536	Y	N	N
0	The Company	DIMIN & DIMTH	2	285,768	323	327	327	-	0.01 %	571,536	Y	N	N
0	The Company	DILTW	2	285,768	250	250	250	-	- %	571,536	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 September 30, 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	20	-	20	
DIMSG	Stamford Land	—	Financial assets at fair value through other comprehensive income — non-current	5,000	41	-	41	

(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.

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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 DIMTW's issued share capital:

Name of company	Counter-party	Relationship	Transaction details				Arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase (Sale)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
DIMTW	DIMUS	Sub-Subsidiary	Freight revenue	106,440	10.97 %	Note 1	-		23,606	9 %	
DIMUS	DIMTW	Sub-Subsidiary	Freight expense	(106,440)	4.39 %	Note 1	-		(23,606)	5 %	
ZJDCN	DIMCN	Subsidiary and Sub-Subsidiary	Freight revenue	480,134	14.77 %	Note 1	-		34,016	5 %	
DIMCN	ZJDCN	Subsidiary and Sub-Subsidiary	Freight expense	(480,134)	28.13 %	Note 1	-		(34,016)	2 %	
DIMCN	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	302,437	14.99 %	Note 1	-		23,939	7 %	
DIMUS	DIMCN	Subsidiary and Sub-Subsidiary	Freight expense	(302,437)	12.46 %	Note 1	-		(23,939)	5 %	
DIMKR	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	190,402	36.84 %	Note 1	-		43,257	49 %	
DIMUS	DIMKR	Subsidiary and Sub-Subsidiary	Freight expense	(190,402)	7.84 %	Note 1	-		(43,257)	8 %	

Note 1: The freight was charged according to market price. No significant difference in terms and conditions from third-party vendors.

Note 2: The freight expenses were paid on behalf of other affiliates. Because the freight expenses were not recognized as revenue nor cost, there was no calculation of the percentage of the total purchases (sales).

(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	103,947 (Note 1)	- %	-		-	-
FSC	The Company	Subsidiary	171,440 (Note 2)	- %	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 3)	- %	-		-	-
GSCHK	DIMCN	Subsidiary	130,919	- %	-		-	-
GSCHK	FSCHK	Subsidiary	121,067 (Note 3)	- %	-		-	-

Note 1: Accounts receivable of \$11,251 thousand and other receivables of \$92,696 thousand.

Note 2: Loan from the subsidiary of \$119,550 thousand and other receivables of \$51,890 thousand.

Note 3: Receivables from paid on behalf of other offiliates.

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	FSCHK	1	Management revenue — deduction of management expense	126,124	Negotiated	0.79 %
0	The Company	ZJDCN	1	Accounts receivable — related parties	103,947	Negotiated	1.16 %
0	The Company	DIMUS	1	Sales revenue — collection and payment	106,440	Negotiated	0.67 %
1	FSC	The Company	2	Accounts receivable — related parties	171,440	Negotiated	1.91 %
1	FSC	The Company	2	Prepayments — related parties	715,784	Negotiated	7.96 %
1	FSC	DIL	3	Accounts receivable — related parties	216,717	Negotiated	2.41 %
2	FSCHK	The Company	2	Prepayments — related parties	4,201,795	Negotiated	46.73 %
3	GSCHK	DIMCN	3	Accounts receivable — related parties	130,919	Negotiated	1.46 %
3	GSCHK	FSCHK	3	Accounts receivable — related parties	121,067	Negotiated	1.35 %
4	ZJDCN	DIMCN	3	Sales revenue	480,134	Negotiated	3.02 %
5	DIMCN	DIMUS	3	Sales revenue	302,437	Negotiated	1.90 %
6	DIMKR	DIMUS	3	Sales revenue	190,402	Negotiated	1.20 %

Note 1: Company numbering is as follows:

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

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DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 an 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 nine months ended September 30, 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)
				September 30, 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 %	773,190	(14,128)	(14,128)	(2)
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	2,903,551	254,253	254,253	(1)
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	132,266	132,266	5,400,000	100 %	547,355	(70,088)	(70,088)	(2)
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	4,887,579	519,011	519,011	(1)
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	287,161	(1,121)	(224)	(1)
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	745,311	(197,980)	(29,697)	(1)
The Company	ITG Air & Sea GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	256,794	42,130	10,532	(2)
The Company	DILTW	Taiwan	Logistics & warehousing	8,000	8,000	800,000	80 %	14,811	8,307	6,646	(2)
The Company	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100 %	48,270	5,820	5,820	(2)
The Company	DILHK	Hong Kong	Logistics & warehousing	-	-	-	100 %	49,770	(3,700)	(3,700)	(2)
The Company	DILSG	Singapore	Logistics & warehousing	4,215	4,215	-	100 %	1,158	(963)	(963)	(2)
The Company	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	188,633	(8,683)	(8,683)	(2)
The Company	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	53,196	903	903	(2)
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	680,522	(197,980)	(29,697)	(1)
DFSTW	DILTW	Taiwan	Logistics & warehousing	2,000	2,000	200,000	20 %	3,703	8,307	1,661	(2)
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	1,184,925	153,021	153,021	(1)
DIL	DIMGB	U.K	Global air and ocean freight forwarder	(5,624)	(5,624)	300,000	37 %	(18,877)	(13,334)	(5,000)	(2)
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	-	100 %	3,721,530	370,990	370,990	(1)
DMCHK	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	300,000	99 %	3,454,377	(50,658)	(50,653)	(1)
DMCHK	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99 %	2,040,825	(24,520)	(24,518)	(2)
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60 %	3,827,150	607,011	364,207	(2)
DIMUS	DCBUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100 %	51,597	9,033	9,033	(2)
DIMUS	B.C. Logistic, LLC	U.S.A.	Trucking service	54,103	54,103	-	85 %	19,779	(1,711)	(1,454)	(2)
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60 %	861,483	(1,121)	(673)	(1)
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75 %	41,963	3,449	2,587	(2)
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	1,587,706	(197,980)	(69,293)	(1)
DIMPH	GSCHK	Hong Kong	Settlement center	-	-	-	100 %	720,047	690,701	-	(1)
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20 %	287,161	(1,121)	(224)	(1)
DIMSG	DIMIN	India	Trucking service	17,595	5,303	960,000	100 %	29,366	2,926	2,926	(2)
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	73,653	18,309	8,969	(2)
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	2,550,412	607,011	242,804	(2)
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(29,568)	429	429	(2)
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100 %	119,135	11,014	11,014	(2)
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100 %	212,338	1,221	1,221	(2)
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	36,078	1,478	1,478	(2)
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	23,585	(9,023)	(9,023)	(2)
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	1,043	417	(2)
DIMPH	DFSPH	Philippines	Trucking service	5,231	5,231	96,700	91 %	16,139	1,560	1,413	(2)
DIMPH	DMCHK	Hong Kong	Settlement center	5,382,655	5,382,655	-	100 %	6,215,249	615,522	615,522	(1)
DFSSG	DFSPH	Philippines	Trucking service	541	541	10,000	9 %	1,596	1,560	146	(2)
DFSHK	FSCHK	Hong Kong	Settlement center	566	566	17,500	35 %	1,587,706	(197,980)	(69,293)	(1)
FSCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63 %	(13,202)	(13,334)	(8,334)	(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 basic of financial statement of the investment column ws as follows:

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

(Continued)

DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES
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- (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)	29,083 (USD902)	-	-	29,083 (USD902)	(52,098)	75 %	(39,073) (1)	95,637 (1)	-
DILSHA	Logistics & warehousing	5,970	(2)	6,215 (USD200)	-	-	6,215 (USD200)	718	99 %	718 (2)	(57,329) (2)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	32,717	100 %	32,717 (1)	459,021 (1)	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(85)	100 %	(85) (2)	(19,369) (2)	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	42,153	100 %	42,153 (1)	377,920 (1)	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	(555)	100 %	(555) (2)	21,262 (2)	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	24,287	25 %	6,506 (2)	30,598 (2)	-
Diversified (Shanghai) International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	6,896	100 %	6,896 (2)	10,663 (2)	-
Diversified (Shenzhen) International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	(2,041)	100 %	(2,041) (2)	(579) (2)	-

- 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	35,532 (USD1,102)	77,383 (USD2,400)	3,606,431

- Note 1: It represents 60% of the Company's net equity.
- Note 2: USD:NT\$=1:32.243.

- (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 %

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(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>
Three months ended September 30, 2023					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 4,093,675	1,041,498	90,533	-	5,225,706
From the parent company and subsidiaries	<u>738,241</u>	<u>-</u>	<u>-</u>	<u>(738,241)</u>	<u>-</u>
Total revenue	<u>\$ 4,831,916</u>	<u>1,041,498</u>	<u>90,533</u>	<u>(738,241)</u>	<u>5,225,706</u>
Segment income	<u>\$ 276,957</u>	<u>53,596</u>	<u>(6,561)</u>	<u>-</u>	<u>323,992</u>
Three months ended September 30, 2022					
Revenue:					
From customers other than the parent company and subsidiaries	\$ 7,415,546	2,723,606	229,824	-	10,368,976
From the parent company and subsidiaries	<u>247,498</u>	<u>-</u>	<u>-</u>	<u>(247,498)</u>	<u>-</u>
Total revenue	<u>\$ 7,663,044</u>	<u>2,723,606</u>	<u>229,824</u>	<u>(247,498)</u>	<u>10,368,976</u>
Segment income	<u>\$ 488,010</u>	<u>120,363</u>	<u>1,881</u>	<u>-</u>	<u>610,254</u>
Nine months ended September 30, 2023					
Revenue:					
From external customers	\$ 12,209,284	3,396,540	270,686	-	15,876,510
From companies within the Group	<u>918,196</u>	<u>-</u>	<u>-</u>	<u>(918,196)</u>	<u>-</u>
Total revenue	<u>\$ 13,127,480</u>	<u>3,396,540</u>	<u>270,686</u>	<u>(918,196)</u>	<u>15,876,510</u>
Segment income	<u>\$ 761,635</u>	<u>268,632</u>	<u>(11,856)</u>	<u>-</u>	<u>1,018,411</u>
Nine months ended September 30, 2022					
Revenue:					
From external customers	\$ 24,327,717	8,022,487	955,640	-	33,305,844
From companies within the Group	<u>764,885</u>	<u>-</u>	<u>-</u>	<u>(764,885)</u>	<u>-</u>
Total revenue	<u>\$ 25,092,602</u>	<u>8,022,487</u>	<u>955,640</u>	<u>(764,885)</u>	<u>33,305,844</u>
Segment income	<u>\$ 1,994,228</u>	<u>524,583</u>	<u>6,899</u>	<u>-</u>	<u>2,525,710</u>

The inter-company revenue of \$298,536 thousand, \$247,498 thousand, \$478,491 thousand and \$764,885 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively, was eliminated.