

**DIMERCO EXPRESS CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the consolidated financial statements of Dimerco Express Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Dimerco Express Corporation and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Dimerco Express Corporation

Chairman: Chien Yao-Huai

Date: March 12, 2024



安侯建業聯合會計師事務所

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## Independent Auditor's Report

To the Board of Directors of Dimerco Express Corporation:

### Opinion

We have audited the consolidated financial statements of Dimerco Express Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Other Matter

Dimerco Express Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this auditor's report are as follows:

### 1. Revenue recognition

Please refer to note 4(n) "revenue and cost recognition" for accounting policy related to revenue and cost recognition, and note 6(p) for the disclosure related to revenue of the consolidated financial statements.

Description of key audit matter:

The Group mainly generates revenue from providing service of air freight and ocean freight forwarding. Revenue is recognized when the goods are consigned for transportation based on each shipping term and the transportation fee can be reasonably determined. Wherein the timing of delivery is different for each shipping term and thus the management of the Group needs to determine the accuracy of the timing for revenue recognition. Therefore, revenue recognition is considered as one of our key audit matters in our audit.

How the matter was addressed in our audit:

The key audit procedures performed by us and procedures noted in the audit instructions sent to the component audit teams for execution were as follows:

- Testing the effectiveness of the internal control over sales.
- Selecting a period of sales data from the system, and determining the completeness of the revenue recognition.
- Obtaining the list of top ten sales customers and sales data of the year, then performing test-of-detail by selecting samples from each month to evaluate the existence of the sales and the accuracy of the amount recognized, as well as the appropriateness of sales recognition.
- Obtaining the master bill of lading provided by the airline and the summarize documents prepared by the Group, as well as selecting samples from the summarized documents to determine whether the related house bill of lading have been recognized appropriately.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether the timing of revenue recognition is appropriate.

### 2. Cost accrual

Please refer to note 4(n) "revenue and cost recognition" for accounting policy related to cost accrual and note 6(q) for the disclosure related to cost of the consolidated financial statements.

Description of key audit matter:

The cost of the Group consists of local and international transportation cost. There is a risk in identifying the completeness of the accrual cost and the accuracy of the amount accrued. Therefore, the cost accrual is considered as one of our key audit matters in our audit.

How the matter was addressed in our audit:

The key audit procedures performed by us and procedures noted in the audit instructions sent to the component audit teams for execution were as follow:

- Testing the effectiveness of the internal control over cost.
- Performing test-of-detail by selecting the same samples in connection with the audit of top ten sales customers and the sales data of year from each month, and evaluate whether the related cost have been matched with the recognition of revenue and accrued appropriately.
- Sending confirmation letter for the ending balance of accounts payable. Selecting samples with significant amount from the reconciled documents between the Group and the vendors and vouching the subsequent payment to determine whether the costs accrued at the financial position date were reasonable.
- Performing purchase cut-off test of a period before and after the financial position date by vouching relevant documents of cost transactions to determine whether the timing of cost accrual is appropriate.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)  
March 13, 2024

#### **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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.



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

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(a))	\$ 4,780,626	54	5,809,475	55	2100	Short-term borrowings (notes 6(f), (i) and 8)	\$ 180,000	2	430,000	4
1137	Financial assets at amortised cost — current (note 6(b))	3,794	-	9,775	-	2150	Notes payable	50,380	1	26,780	-
1150	Notes receivable, net (notes 6(c) and (p))	8,307	-	16,726	-	2170	Accounts payable (note 7)	1,690,530	19	2,815,136	27
1170	Accounts receivable, net (notes 6(c), (p) and 7)	2,482,298	28	2,828,022	27	2216	Dividends payable (note 6(m))	12,953	-	20,665	-
1470	Other current assets (notes 8 and 9)	189,349	2	382,633	4	2219	Other payables (notes 6(r) and 9)	168,140	2	437,178	4
	<b>Total current assets</b>	<u>7,464,374</u>	<u>84</u>	<u>9,046,631</u>	<u>86</u>	2230	Income tax payable	124,767	1	135,612	2
<b>Non-current assets:</b>						2280	Current lease liabilities (note 6(j))	174,817	2	191,023	2
1517	Financial assets at fair value through other comprehensive income — non-current	449	-	449	-	2399	Other current liabilities	364,992	4	122,433	1
1551	Investments accounted for using the equity method (note 6(d))	246,955	3	269,209	3		<b>Total current liabilities</b>	<u>2,766,579</u>	<u>31</u>	<u>4,178,827</u>	<u>40</u>
1600	Property, plant and equipment (notes 6(e), (f), (i), 8 and 9)	544,726	6	560,326	5		<b>Non-Current liabilities:</b>				
1755	Right-of-use assets (notes 6(g) and (j))	331,165	4	390,270	4	2570	Deferred income tax liabilities (note 6(l))	10,640	-	6,646	-
1822	Intangible assets (notes 6(e) and (h))	69,817	1	73,740	1	2580	Non-current lease liabilities (note 6(j))	125,528	2	167,111	2
1840	Deferred income tax assets (note 6(l))	123,354	1	69,922	-	2640	Net defined benefit liabilities (note 6(k))	4,636	-	8,492	-
1920	Refundable deposits	89,445	1	104,581	1	2670	Other non-current liabilities	34,865	-	37,052	-
1990	Other non-current assets (notes 6(c), (k), (p), 8 and 9)	11,342	-	7,741	-		<b>Total non-current liabilities</b>	<u>175,669</u>	<u>2</u>	<u>219,301</u>	<u>2</u>
	<b>Total non-current assets</b>	<u>1,417,253</u>	<u>16</u>	<u>1,476,238</u>	<u>14</u>		<b>Total liabilities</b>	<u>2,942,248</u>	<u>33</u>	<u>4,398,128</u>	<u>42</u>
							<b>Equity attributable to owners of the Company (notes 6(d), (k), (m) and (n)):</b>				
						3110	Common stock	1,428,840	16	1,360,800	13
						3200	Capital surplus	62,234	1	19,362	-
						33xx	Retained earnings:				
						3310	Legal reserve	987,965	11	733,290	7
						3320	Special reserve	-	-	557,281	5
						3350	Unappropriated retained earnings	3,156,471	36	3,353,782	32
								<u>4,144,436</u>	<u>47</u>	<u>4,644,353</u>	<u>44</u>
						34xx	Other equity:				
						3410	Foreign currency translation differences for foreign operations	209,907	2	177,589	2
						3500	Treasury shares	(9,380)	-	(201,000)	(2)
							<b>Total equity attributable to owners of the Company</b>	<u>5,836,037</u>	<u>66</u>	<u>6,001,104</u>	<u>57</u>
						36xx	<b>Non-controlling interests (note 6(e))</b>	103,342	1	123,637	1
							<b>Total equity</b>	<u>5,939,379</u>	<u>67</u>	<u>6,124,741</u>	<u>58</u>
						2-3xxx	<b>Total liabilities and equity</b>	<u>\$ 8,881,627</u>	<u>100</u>	<u>10,522,869</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 8,881,627</u>	<u>100</u>	<u>10,522,869</u>	<u>100</u>						

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 years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	2023		2022	
	Amount	%	Amount	%
4000 <b>Operating revenue (notes 6(g), (p) and 7)</b>	\$ 22,042,684	100	41,174,810	100
5000 <b>Operating costs (notes 6(f), (g), (k) and (q))</b>	18,245,653	83	35,233,829	86
5900 <b>Gross profit from operations</b>	<u>3,797,031</u>	<u>17</u>	<u>5,940,981</u>	<u>14</u>
6000 <b>Operating expenses (notes 6(c), (f), (g), (h), (j), (k), (n), (r), 7 and 9):</b>				
6100 Selling expenses	949,434	4	1,094,758	3
6200 Administrative expenses	1,816,246	8	2,257,884	5
6450 Expected credit loss (gain on reversal) for bad debt provision	(49,985)	-	13,582	-
<b>Total operating expenses</b>	<u>2,715,695</u>	<u>12</u>	<u>3,366,224</u>	<u>8</u>
6900 <b>Net operating income</b>	<u>1,081,336</u>	<u>5</u>	<u>2,574,757</u>	<u>6</u>
7000 <b>Non-operating income and expenses (notes 6(d), (f), (j) and (s)):</b>				
7100 Interest income	91,104	-	23,084	-
7010 Other income	44,539	-	25,727	-
7020 Other gains and losses	24,755	-	173,102	1
7050 Finance costs	(17,688)	-	(16,969)	-
7060 Share of profit of associates accounted for using the equity method	33,684	-	56,478	-
<b>Total non-operating income and expenses</b>	<u>176,394</u>	<u>-</u>	<u>261,422</u>	<u>1</u>
7900 <b>Profit from continuing operations before tax</b>	1,257,730	5	2,836,179	7
7950 <b>Less: Income tax expenses (note 6(l))</b>	241,162	1	295,984	1
<b>Net income</b>	<u>1,016,568</u>	<u>4</u>	<u>2,540,195</u>	<u>6</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans (note 6(k))	549	-	8,121	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>549</u>	<u>-</u>	<u>8,121</u>	<u>-</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss (notes 6(d) and (m))</b>				
8361 Exchange differences on translation of foreign financial statements	31,972	-	738,048	2
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Other comprehensive income</b>	<u>32,521</u>	<u>-</u>	<u>746,169</u>	<u>2</u>
8500 <b>Total comprehensive income</b>	<u>\$ 1,049,089</u>	<u>4</u>	<u>3,286,364</u>	<u>8</u>
<b>Profit attributable to:</b>				
8610 Owners of the Company	\$ 1,023,630	4	2,538,625	6
8620 Non-controlling interests	(7,062)	-	1,570	-
	<u>\$ 1,016,568</u>	<u>4</u>	<u>2,540,195</u>	<u>6</u>
<b>Total comprehensive income attributable to:</b>				
8710 Owners of the Company	\$ 1,056,497	4	3,281,616	8
8720 Non-controlling interests	(7,408)	-	4,748	-
	<u>\$ 1,049,089</u>	<u>4</u>	<u>3,286,364</u>	<u>8</u>
<b>Earnings per share (NT dollars) (note 6(o))</b>				
9750 Basic earnings per share		<u>7.24</u>		<u>17.82</u>
9850 Diluted earnings per share		<u>7.18</u>		<u>17.53</u>

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 years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of the Company										
	Share capital		Retained earnings				Other equity	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	Foreign currency translation differences for foreign operations				
<b>Balance at January 1, 2022</b>	\$ 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	-	-	-	-	2,538,625	2,538,625	-	-	2,538,625	1,570	2,540,195
Other comprehensive income	-	-	-	-	8,121	8,121	734,870	-	742,991	3,178	746,169
Total comprehensive income	-	-	-	-	2,546,746	2,546,746	734,870	-	3,281,616	4,748	3,286,364
Purchase of treasury share	-	-	-	-	-	-	-	(201,000)	(201,000)	-	(201,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	2,835	2,835
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(10,416)	(10,416)
<b>Balance at December 31, 2022</b>	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 (reversed)	-	-	-	(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	-	-	-	-	1,023,630	1,023,630	-	-	1,023,630	(7,062)	1,016,568
Other comprehensive income	-	-	-	-	549	549	32,318	-	32,867	(346)	32,521
Total comprehensive income	-	-	-	-	1,024,179	1,024,179	32,318	-	1,056,497	(7,408)	1,049,089
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
<b>Balance at December 31, 2023</b>	\$ 1,428,840	62,234	987,965	-	3,156,471	4,144,436	209,907	(9,380)	5,836,037	103,342	5,939,379

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 years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
Net income before tax	\$ 1,257,730	2,836,179
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss:</b>		
Depreciation expense	277,226	249,709
Amortization expense	3,892	3,447
Expected credit losses (gain on reversal) for bad debt provision	(49,985)	13,582
Interest expense	17,688	16,969
Interest income	(91,104)	(23,084)
Dividend income	(206)	(148)
Share of profit of associates accounted for using the equity method	(33,684)	(56,478)
Loss (gain) on disposal of property, plant and equipment	367	(1,004)
Compensation cost arising from treasury shares transferred to employees	43,186	-
Gain on lease modification	-	(12)
Total adjustments to reconcile profit and loss	<u>167,380</u>	<u>202,981</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	8,419	9,193
Accounts receivable (including overdue receivables)	395,709	1,756,599
Other current assets	193,284	66,088
Total changes in operating assets, net	<u>597,412</u>	<u>1,831,880</u>
Net changes in operating liabilities:		
Notes payable	23,600	(15,530)
Accounts payable	(1,124,606)	(692,465)
Other payables	(269,038)	138,823
Other current liabilities	242,559	(15,803)
Net defined benefit liabilities	(3,454)	(2,291)
Total changes in operating liabilities, net	<u>(1,130,939)</u>	<u>(587,266)</u>
Total changes in operating assets and liabilities, net	<u>(533,527)</u>	<u>1,244,614</u>
Total adjustments	<u>(366,147)</u>	<u>1,447,595</u>
Cash inflow generated from operations	891,583	4,283,774
Interest received	91,104	23,084
Interest paid	(17,688)	(16,969)
Income taxes paid	(304,278)	(504,092)
<b>Net cash flows from operating activities</b>	<u>660,721</u>	<u>3,785,797</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition (disposal) of financial assets at amortised cost	5,981	(9,775)
Net cash flow from acquisition of subsidiaries (net of cash obtained)	-	(22,807)
Acquisition of property, plant and equipment	(25,106)	(21,774)
Proceeds from disposal of property, plant and equipment	246	1,380
Decrease (increase) in refundable deposits	15,136	(28,144)
Acquisition of intangible assets	(181)	(303)
Decrease (increase) in other non-current assets	(3,601)	3,099
Dividends received	56,825	30,938
<b>Net cash from (used in) investing activities</b>	<u>49,300</u>	<u>(47,386)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	1,407,218	1,579,025
Decrease in short-term borrowings	(1,657,218)	(1,825,617)
Payment of lease liabilities	(227,775)	(204,985)
Decrease in other non-current liabilities	(2,187)	(14,339)
Cash dividends paid	(1,463,768)	(1,373,046)
Payments to acquire treasury shares	-	(201,000)
Transferred treasury shares to employees	194,480	-
Changes in non-controlling interests	(12,887)	(10,416)
Other financing activities	176	-
<b>Net cash flows used in financing activities</b>	<u>(1,761,961)</u>	<u>(2,050,378)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>23,091</u>	<u>682,464</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,028,849)</u>	<u>2,370,497</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>5,809,475</u>	<u>3,438,978</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 4,780,626</u>	<u>5,809,475</u>

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**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

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

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

The consolidated financial statements were approved by the Board of Directors and issued on March 12, 2024.

**(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"

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**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**

The material accounting policies presented in the consolidated financial statements are summarized as follows. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

- (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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated (refer to the summary of the material accounting policies).

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity and attributed to the shareholders of the parent.

(ii) List of subsidiaries included in the consolidated financial statements

Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2023	December 31, 2022	
The Company	Dimerco International Logistic Corp. (DIL)	Holding company	100.00 %	100.00 %	
The Company	Dimerco Express Holding Co., Ltd. (Holding)	Holding company	100.00 %	100.00 %	
The Company	Dimerco Freight System Corporation (DFSTW)	Global logistics service	99.99 %	99.99 %	
The Company	Dimerco Express (Singapore) Pte Ltd. (DIMSG)	Global logistics service	100.00 %	100.00 %	Note 6
The Company	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	
The Company	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	
The Company	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	80.00 %	80.00 %	
The Company	Diversified Transportation (HK & China) Co., Ltd. (DTLHK)	Global Logistics service	100.00 %	100.00 %	Note 4
The Company	Dimerco International Logistics Company (DILHK)	Global Logistics service	100.00 %	100.00 %	Note 5
The Company	Diversified Freight System (Singapore) Pte. Ltd. (DFSSG)	Global Logistics service	100.00 %	100.00 %	Note 7
The Company	Diversified International Logistics Pte. Ltd. (DILSG)	Global Logistics service	100.00 %	100.00 %	Note 8
The Company	Dimerco Express (Malaysia) Sdn. Bhd. (DIMMY)	Global Logistics service	100.00 %	100.00 %	Note 9
DMCHK	Dimerco Air Forwarders (HK) Ltd. (DIMHK)	Global Logistics service	99.99 %	99.99 %	Note 10

(Continued)

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

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2023	December 31, 2022	
DMCHK	Diversified Freight System Ltd. (DFSHK)	Global Logistics service	99.99 %	99.99 %	Note 11
DIMPH	Diversified Merchandise Company Limited (DMCHK)	Global Logistics service	100.00 %	100.00 %	Note 12
DMHK	Global SCM Company Limited (GSCHK)	Global Logistics service	100.00 %	100.00 %	Note 13
DIMHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	
DIMHK	Foreign Settlement Co., Ltd. (FSC)	Settlement center	60.00 %	60.00 %	
DIMHK	Dimerco International Logistics (Shanghai) Co., Ltd. (DILSHA)	Global logistics service	99.99 %	99.99 %	
DIMHK	Dimerco International Transportation (Shanghai) Co., Ltd. (DIMCN)	Global logistics service	100.00 %	100.00 %	
DIMHK	Dimerco International Logistics (Shenzhen) Co., Ltd. (DILSZX)	Global logistics service	100.00 %	100.00 %	
DIMHK	Dimerco Zhongjing Int'l Express Co., Ltd. (ZJDCN)	Global logistics service	75.00 %	75.00 %	
DIMHK	Dimerco Vietfracht (JV) Co., Ltd. (DIMVN)	Global logistics service	75.00 %	75.00 %	
DFSHK	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	35.00 %	35.00 %	
DFSHK	Diversified International Transportation (Shanghai) Co., Ltd. (DFSCN)	Global logistics service	100.00 %	100.00 %	
DFSTW	Foreign Settlement Co., Ltd. (FSC HK)	Settlement center	15.00 %	15.00 %	
DFSTW	Diversified International Logistics Co., Ltd (DILTW)	Global Logistics service	20.00 %	20.00 %	
DIMSG	Dimerco Express (India) Pte Ltd. (DIMIN)	Global logistics service	100.00 %	60.00 %	Note 14
DIMSG	Foreign Settlement Co., Ltd. (FSC)	Settlement center	20.00 %	20.00 %	
DIL	Dimerco Express (UK) Ltd. (DIMGB)	Global logistics service	37.50 %	37.50 %	
DIL	Dimerco Express (U.S.A.) Corp. (DIMUS)	Global logistics service	100.00 %	100.00 %	
DIL	Global Marketing System Co., Ltd. (GMS)	Global logistics service	100.00 %	100.00 %	
FSCHK	Dimerco Express (UK) Ltd (DIMGB)	Global logistics services	62.50 %	62.50 %	
FSCHK	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	
GMS	Dimerco Express Phil. Inc (DIMPH)	Global logistics services	60.01 %	60.01 %	
GMS	Diversified International Logistics Service Company Ltd.	Global logistics services	100.00 %	100.00 %	
GMS	Diversified (Shenzhen) International Logistics Service Co., Ltd. (DILYTN)	Global logistics services	50.00 %	50.00 %	
Holding	Dimerco Express (Thailand) Corp. Ltd. (DIMTH)	Global logistics service	48.99 %	48.99 %	Notes 1
Holding	Dimerco Express Phils. Inc. (DIMPH)	Global logistics service	39.99 %	39.99 %	

(Continued)



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

Name of investor	Name of subsidiary	Primary business	Shareholding		Remarks
			December 31, 2023	December 31, 2022	
Holding	Dimerco Express (Australia) Pty Ltd. (DIMAU)	Global logistics service	100.00 %	100.00 %	
Holding	Dimerco Express (Korea) Corp. (DIMKR)	Global logistics service	100.00 %	100.00 %	
Holding	Dimerco Express (Canada) Corp. (DIMCA)	Global logistics service	100.00 %	100.00 %	
Holding	Diversified International Service Logistics System Corporation (DSLUS)	Global logistics service	100.00 %	100.00 %	
Holding	Dimerco Express Netherlands B.V. (DIMNL)	Global logistics service	100.00 %	100.00 %	
DTLHK	Diversified Transportation (China) Co., Ltd. (DTLCN)	Global logistics service	100.00 %	100.00 %	
DIMUS	Dimerco Customs Brokerage Co. Ltd. (DCBUS)	Brokerage service	100.00 %	100.00 %	
DIMUS	B.C. Logistics, LLC	Global logistics service	85.00 %	85.00 %	Notes 2
DIMPH	Peerless Express Forwarders Corp.	Global logistics service	39.99 %	39.99 %	Note 1
DIMPH	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	90.63 %	90.63 %	Note 3
DFSSG	Diversified Freight System Philippines Corporation (DFSPH)	Global logistics service	9.37 %	9.37 %	Note 3

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: 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%.

(Continued)

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

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

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

Time deposits with maturity of three months or less from the acquisition date are listed in cash and cash equivalents because they are held for the purpose of meeting short-term cash commitments instead of investment or other purposes. They are also readily convertible to fixed amount of cash, and are subject to an insignificant risk of changes in value.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost and fair value through other comprehensive income (FVOCI) equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

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

2) Fair value through other comprehensive income (FVOCI )

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date on which the Group's right to receive payment is established, which in the case in profit or loss of quoted securities is normally the ex-dividend date.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivable, other receivable and guarantee deposit).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

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

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(Continued)

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

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	4~56 years
Transportation equipment	3~5 years
Office equipment	1~16 years
Lease improvement	2~6 years
Other equipment	2~6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase, extension or the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

(k) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Trademarks	10 years
2) Customer relationships	5 years
3) Software	2~3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

(m) Impairment— non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Non-financial assets an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Revenue and cost recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The Group provides air freight forwarding, ocean freight forwarding and custom brokerage services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

(ii) Contract cost

Transportation cost which consists of air and ocean cost is accrued based on the invoice or quote price provided by the vendor, upon the time of income recognition.

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

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) 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.

(q) Government grants and government assistance

The Group recognizes an unconditional government grant on profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(r) Income tax

Income taxes comprise current taxes and deferred income taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred income taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred income tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Treasury stock should be deducted from outstanding shares. Stock dividends from retained earnings and capital surplus are adjusted retroactively as outstanding shares.

Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements. Neither are the information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

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

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	\$ 3,500	4,232
Checking accounts and savings deposits	3,092,757	4,283,103
Time deposits	<u>1,684,369</u>	<u>1,522,140</u>
Cash and cash equivalents per consolidated statements of cash flows	<u><u>\$ 4,780,626</u></u>	<u><u>5,809,475</u></u>

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

(b) Financial assets at amortized cost — current

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Bank's time deposits	<u>\$ 3,794</u>	<u>9,775</u>
Interest rate	<u>0.2%</u>	<u>0.2~1.35%</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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable	\$ 8,307	16,726
Accounts receivable	2,550,200	2,945,645
Overdue receivable	5,221	5,485
Less: Loss allowance — accounts receivable	67,902	117,623
Loss allowance — overdue receivable	<u>5,221</u>	<u>5,485</u>
	<u><u>\$ 2,490,605</u></u>	<u><u>2,844,748</u></u>

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

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

	<b>December 31, 2023</b>		
	<b>Gross carrying amount (Including related parties)</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,305,572	-	-
1 to 30 days past due	207,977	13%	27,340
31 to 60 days past due	23,139	81%	18,743
61 to 90 days past due	9,104	100%	9,104
91 to 365 days past due	7,582	100%	7,582
More than 365 days	10,354	100%	10,354
	<b>\$ 2,563,728</b>		<b>73,123</b>
	<b>December 31, 2022</b>		
	<b>Gross carrying amount (Including related parties)</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 2,570,609	-	-
1 to 30 days past due	323,664	18%	57,858
31 to 60 days past due	43,860	81%	35,527
61 to 90 days past due	8,535	100%	8,535
91 to 365 days past due	6,359	100%	6,359
More than 365 days	14,829	100%	14,829
	<b>\$ 2,967,856</b>		<b>123,108</b>

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

	<b>2023</b>	<b>2022</b>
Balance at beginning of the period	\$ 123,108	109,526
Impairment losses recognized (reversed)	(49,985)	13,582
Balance at end of the period	<b>\$ 73,123</b>	<b>123,108</b>

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

(d) Investments accounted for using the equity method

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Associates	<u>\$ 246,955</u>	<u>269,209</u>

(i) Associates

1) The details of significant associate were as follows:

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 933,267	1,299,254
Non-current assets	134,928	83,643
Current liabilities	(631,105)	(905,396)
Non-current liabilities	(79,818)	(29,582)
Net assets	<u>\$ 357,272</u>	<u>447,919</u>
The Group's share of net assets	<u>\$ 89,342</u>	<u>111,979</u>
	<b>2023</b>	<b>2022</b>
Revenue	<u>\$ 2,558,012</u>	<u>4,657,240</u>
Profit from continuing operations	\$ 106,620	199,467
Other comprehensive income	-	-
Profit and total comprehensive income	<u>\$ 106,620</u>	<u>199,467</u>
The Group's share of profit and total comprehensive income	<u>\$ 26,655</u>	<u>49,866</u>

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

	<b>2023</b>	<b>2022</b>
Beginning balance of the equity of the associate attributable to the Group	\$ 111,979	84,149
Total comprehensive income (loss) of the associate attributable to the Group	26,655	49,866
Dividends received from associates	(53,622)	(28,180)
Exchange difference	4,330	6,144
Share of net assets of associates as of December 31	89,342	111,979
Add : Goodwill	129,692	129,692
Ending balance of the equity of the associate attributable to the Group	<b>\$ 219,034</b>	<b>241,671</b>
2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:		
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 27,921</b>	<b>27,538</b>
	<b>2023</b>	<b>2022</b>
Attributable to the Group:		
Profit from continuing operations	\$ 7,029	6,612
Other comprehensive income	-	-
Total comprehensive income	<b>\$ 7,029</b>	<b>6,612</b>

(ii) Collateral

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

(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	<b>\$ 54,103</b>
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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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		(420)
Total identifiable net assets acquired	<b>\$</b>	<b><u>35,507</u></b>

- (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	<b>\$</b>	<b><u>21,431</u></b>

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.

- (f) Property, plant and equipment

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

Cost:	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Balance as of January 1, 2023	\$ 185,280	555,067	36,315	152,830	64,622	57,002	1,051,116
Additions	-	-	4,534	13,597	2,459	4,516	25,106
Disposals	-	-	(2,230)	(13,157)	(1,448)	(1,649)	(18,484)
Effect of changes in exchange rates	(144)	(4,525)	(827)	11,469	2,621	(17,260)	(8,666)
Balance as of December 31, 2023	<b><u>\$ 185,136</u></b>	<b><u>550,542</u></b>	<b><u>37,792</u></b>	<b><u>164,739</u></b>	<b><u>68,254</u></b>	<b><u>42,609</u></b>	<b><u>1,049,072</u></b>
Balance as of 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	-	-	3,226	14,296	2,623	1,629	21,774
Disposals	-	-	(6,973)	(7,517)	(267)	(14,291)	(29,048)
Effect of changes in exchange rates	2,903	42,557	2,850	4,683	4,143	5,256	62,392
Balance as of December 31, 2022	<b><u>\$ 185,280</u></b>	<b><u>555,067</u></b>	<b><u>36,315</u></b>	<b><u>152,830</u></b>	<b><u>64,622</u></b>	<b><u>57,002</u></b>	<b><u>1,051,116</u></b>

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
Depreciation:							
Balance as of January 1, 2023	\$ -	231,006	26,472	130,599	52,308	50,405	490,790
Depreciation	-	15,748	4,309	12,573	5,073	2,134	39,837
Disposals	-	-	(2,122)	(12,861)	(1,330)	(1,558)	(17,871)
Effect of changes in exchange rates	-	(3,696)	(561)	11,008	2,807	(17,968)	(8,410)
Balance as of December 31, 2023	<u>\$ -</u>	<u>243,058</u>	<u>28,098</u>	<u>141,319</u>	<u>58,858</u>	<u>33,013</u>	<u>504,346</u>
Balance as of 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	-	14,951	4,225	15,339	3,299	2,341	40,155
Disposals	-	-	(6,896)	(7,225)	(267)	(14,284)	(28,672)
Reclassification	-	-	-	401	266	(667)	-
Effect of changes in exchange rates	-	15,419	2,054	4,074	3,017	4,164	28,728
Balance as of December 31, 2022	<u>\$ -</u>	<u>231,006</u>	<u>26,472</u>	<u>130,599</u>	<u>52,308</u>	<u>50,405</u>	<u>490,790</u>
Carrying amounts:							
December 31, 2023	<u>\$ 185,136</u>	<u>307,484</u>	<u>9,694</u>	<u>23,420</u>	<u>9,396</u>	<u>9,596</u>	<u>544,726</u>
December 31, 2022	<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>
January 1, 2022	<u>\$ 182,377</u>	<u>311,874</u>	<u>9,578</u>	<u>23,112</u>	<u>12,130</u>	<u>5,385</u>	<u>544,456</u>

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

(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:

	<u>Land</u>	<u>Building</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2023	\$ 48,048	650,186	51,786	143,048	893,068
Additions	-	66,062	15,986	103,057	185,105
Decreases (early termination)	-	(70,507)	(4,399)	(39,929)	(114,835)
Effect of changes in exchange rates	(236)	(6,729)	(1,952)	530	(8,387)
Balance at December 31, 2023	<u>\$ 47,812</u>	<u>639,012</u>	<u>61,421</u>	<u>206,706</u>	<u>954,951</u>
Balance at January 1, 2022	\$ 43,270	487,307	40,860	103,782	675,219
Additions	-	232,410	13,091	32,701	278,202
Decreases (early termination)	-	(107,737)	(4,656)	(5,267)	(117,660)
Effect of changes in exchange rates	4,778	38,206	2,491	11,832	57,307
Balance at December 31, 2022	<u>\$ 48,048</u>	<u>650,186</u>	<u>51,786</u>	<u>143,048</u>	<u>893,068</u>
Depreciation:					
Balance at January 1, 2023	\$ 5,346	371,919	32,799	92,734	502,798
Depreciation	1,218	184,647	14,689	36,835	237,389
Decreases (early termination)	-	(73,540)	(3,755)	(30,359)	(107,654)
Effect of changes in exchange rates	(2,441)	(5,016)	(1,301)	11	(8,747)
Balance at December 31, 2023	<u>\$ 4,123</u>	<u>478,010</u>	<u>42,432</u>	<u>99,221</u>	<u>623,786</u>
Balance at January 1, 2022	\$ 7,222	289,674	21,582	58,186	376,664
Depreciation	(3,121)	166,381	14,044	32,250	209,554
Decreases (early termination)	-	(107,507)	(4,409)	(5,110)	(117,026)
Effect of changes in exchange rates	1,245	23,371	1,582	7,408	33,606
Balance at December 31, 2022	<u>\$ 5,346</u>	<u>371,919</u>	<u>32,799</u>	<u>92,734</u>	<u>502,798</u>
Carrying value:					
December 31, 2023	<u>\$ 43,689</u>	<u>161,002</u>	<u>18,989</u>	<u>107,485</u>	<u>331,165</u>
December 31, 2022	<u>\$ 42,702</u>	<u>278,267</u>	<u>18,987</u>	<u>50,314</u>	<u>390,270</u>
January 1, 2022	<u>\$ 36,048</u>	<u>197,633</u>	<u>19,278</u>	<u>45,596</u>	<u>298,555</u>

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

## (h) Intangible assets

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Customer relationships</u>	<u>Software</u>	<u>Total</u>
Cost:					
Balance at January 1, 2023	\$ 58,253	3,073	15,365	3,064	79,755
Additions	-	-	-	181	181
Effect of changes in exchange rates	(200)	(16)	(76)	-	(292)
Balance at December 31, 2023	<u>\$ 58,053</u>	<u>3,057</u>	<u>15,289</u>	<u>3,245</u>	<u>79,644</u>
Balance at January 1, 2022	\$ 32,780	-	-	2,742	35,522
Acquisition of subsidiary	21,431	2,767	13,837	-	38,035
Additions	-	-	-	303	303
Effect of changes in exchange rates	4,042	306	1,528	19	5,895
Balance at December 31, 2022	<u>\$ 58,253</u>	<u>3,073</u>	<u>15,365</u>	<u>3,064</u>	<u>79,755</u>
Accumulated amortization and impairment losses:					
Balance at January 1, 2023	\$ -	307	3,073	2,635	6,015
Amortization	-	312	3,116	464	3,892
Effect of changes in exchange rates	-	(7)	(73)	-	(80)
Balance at December 31, 2023	<u>\$ -</u>	<u>612</u>	<u>6,116</u>	<u>3,099</u>	<u>9,827</u>
Balance at January 1, 2022	\$ -	-	-	2,454	2,454
Amortization	-	298	2,979	170	3,447
Effect of changes in exchange rates	-	9	94	11	114
Balance at December 31, 2022	<u>\$ -</u>	<u>307</u>	<u>3,073</u>	<u>2,635</u>	<u>6,015</u>
Carrying amount:					
December 31, 2023	<u>\$ 58,053</u>	<u>2,445</u>	<u>9,173</u>	<u>146</u>	<u>69,817</u>
December 31, 2022	<u>\$ 58,253</u>	<u>2,766</u>	<u>12,292</u>	<u>429</u>	<u>73,740</u>
January 1, 2022	<u>\$ 32,780</u>	<u>-</u>	<u>-</u>	<u>288</u>	<u>33,068</u>

The amortization recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Operating expenses	<u>\$ 3,892</u>	<u>3,447</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

	<u>December 31, 2023</u>		
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity year</u>
Unsecured loans	NTD	1.4	2024
			<u>\$ 180,000</u>
	<u>December 31, 2022</u>		
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity year</u>
Unsecured loans	NTD	1.15~1.5	2023
			<u>\$ 430,000</u>

As of December 31, 2023 and 2022, the unused credit facilities of the Group's short-term borrowings amounted to \$1,573,277 thousand and \$1,195,025 thousand, respectively.

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

(ii) Long-term borrowings

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

Please refer to note 6(t) for the information on the interest rate, foreign currency, and liquidity risk.

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

(j) Lease liabilities

The Group's lease liabilities were as follow:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	\$ 174,817	191,023
Non-current	125,528	167,111
	<b><u>\$ 300,345</u></b>	<b><u>358,134</u></b>

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

The amounts recognized in profit or loss were as follows:

	<b>2023</b>	<b>2022</b>
Interests on lease liabilities	<b><u>\$ 12,319</u></b>	<b><u>12,071</u></b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b><u>\$ 42,007</u></b>	<b><u>42,588</u></b>

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

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b><u>\$ 282,101</u></b>	<b><u>259,644</u></b>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(k) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of defined benefit obligation	\$ 57,729	61,344
Fair value of plan assets	<u>(54,616)</u>	<u>(54,026)</u>
Net accrued pension liabilities	<b><u>\$ 3,113</u></b>	<b><u>7,318</u></b>
Recorded under:		
Accrued pension liabilities	<b><u>\$ 4,636</u></b>	<b><u>8,492</u></b>
Net defined benefit assets (recorded under other non-current assets)	<b><u>\$ 1,523</u></b>	<b><u>7,318</u></b>

Domestic entities of the Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. Foreign entities of the Group's defined benefit plan are conducted according to local regulations.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. Foreign subsidiary allocates pension funds in accordance with the local regulations.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$54,144 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligations for the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ 61,344	66,653
Current service costs and interest	2,296	1,604
Remeasurements of net defined benefit liability (asset)		
– Actuarial gains and losses arising from changes in financial assumptions	(396)	(5,346)
Benefits paid by the plan	(5,017)	(1,778)
Effect of movements in exchange rates	(498)	211
Defined benefit obligation at December 31	<u>\$ 57,729</u>	<u>61,344</u>

3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group of years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 54,026	48,671
Interest income	1,335	240
Remeasurements of net defined benefit liability		
– Return on plan assets (excluding amounts included in net interest expense)	6	326
– Actuarial gains and losses arising from changes in financial assumptions	147	2,449
Contributions paid by the employer	2,970	3,001
Benefits paid by the plan	(5,017)	(1,778)
Effect of movements in exchange rates	1,149	1,117
Fair value of plan assets, December 31	<u>\$ 54,616</u>	<u>54,026</u>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the Group for years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Net interest on defined benefit liability (asset) (recorded under operating expenses)	<u>\$ 961</u>	<u>1,364</u>

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

5) Actuarial assumptions

The principal actuarial assumptions used to determine the present value of the defined benefit obligation were as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.625~1.857%	1.750~2.000%
Future salary increase rate	3.000%	3.000~4.000%

The Group expects to make contributions of \$2,970 thousand to the defined benefit plans in the year following the reporting date of 2023.

The weighted average duration of the defined benefit obligation is 11.15 to 18.20 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact on defined benefit obligation</b>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount rate	\$ (764)	789
Future salary increase rate	759	(739)
December 31, 2022		
Discount rate	(859)	888
Future salary increase rate	855	(832)

The above sensitivity analysis is analyzed based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for sensitivity analysis and calculation of net pension liability is the same.

The methods of measurement and the assumptions used for the sensitivity analysis are the same as for the previous year.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(ii) Defined contribution plans

Domestic entities of the Group contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

Foreign subsidiaries of the Group adopted defined contribution pension plans and made contributions based on the regulations set by the local authority and recognized the contributed amount as current year's expenses.

The Group's pension costs under the defined contribution method were \$42,437 thousand and \$39,797 thousand for 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries.

(l) Income tax

(i) Income tax expenses

The components of income tax expense (benefit) in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense (benefit)		
Current period	\$ 285,986	386,327
Adjustment for prior periods	<u>7,445</u>	<u>(56,045)</u>
	293,431	330,282
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>(52,269)</u>	<u>(34,298)</u>
Income tax expenses from continuing operations	<u><u>\$ 241,162</u></u>	<u><u>295,984</u></u>

Reconciliation of income tax expense (benefit) and profit before tax for 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Profit excluding income tax	<u>\$ 1,257,730</u>	<u>2,836,179</u>
Income tax using the Company's domestic tax rate	\$ 251,546	567,236
Effect of tax rates in foreign jurisdiction	(114,841)	(264,983)
Dividend income	10,683	5,607
Non-deductible expenses	2,070	4,261
Undistributed earnings additional tax	75,045	38,185
Tax-exempt income	(3,124)	(1,867)
Underestimate (overestimate) of prior year's income	7,445	(56,045)
Others	<u>12,338</u>	<u>3,590</u>
Total	<u><u>\$ 241,162</u></u>	<u><u>295,984</u></u>

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

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>\$</b>	<b>2,138,454</b>	<b>2,073,592</b>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2023 and 2022 were as follows:

Deferred income tax assets:

	<b>Defined benefit plans</b>	<b>Tax losses</b>	<b>Unrealized foreign exchange</b>	<b>Allowance for doubtful accounts</b>	<b>Others</b>	<b>Total</b>
<b>Balance at January 1, 2023</b>	\$ 3,635	40,593	192	24,132	1,370	69,922
Recognized in profit or loss	(747)	26,857	65	(7,593)	37,694	56,276
Foreign currency translation differences for foreign operations	(21)	(1,763)	(12)	(385)	(663)	(2,844)
<b>Balance at December 31, 2023</b>	<b>\$ 2,867</b>	<b>65,687</b>	<b>245</b>	<b>16,154</b>	<b>38,401</b>	<b>123,354</b>
<b>Balance at January 1, 2022</b>	\$ 5,423	1,639	(1,163)	21,027	894	27,820
Recognized in profit or loss	(1,842)	38,678	1,334	2,080	475	40,725
Foreign currency translation differences for foreign operations	54	276	21	1,025	1	1,377
<b>Balance at December 31, 2022</b>	<b>\$ 3,635</b>	<b>40,593</b>	<b>192</b>	<b>24,132</b>	<b>1,370</b>	<b>69,922</b>

Deferred income tax liabilities:

	<b>Defined benefit plans</b>	<b>Unrealized foreign exchange</b>	<b>Allowance for doubtful accounts</b>	<b>Others</b>	<b>Total</b>
<b>Balance at January 1, 2023</b>	\$ (235)	(5,329)	(95)	(987)	(6,646)
Recognized in profit or loss	(70)	292	97	(4,326)	(4,007)
Foreign currency translation differences for foreign operations	-	-	(2)	15	13
<b>Balance at December 31, 2023</b>	<b>\$ (305)</b>	<b>(5,037)</b>	<b></b>	<b>(5,298)</b>	<b>(10,640)</b>

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

	<u>Defined benefit plans</u>	<u>Unrealized foreign exchange</u>	<u>Allowance for doubtful accounts</u>	<u>Others</u>	<u>Total</u>
<b>Balance at January 1, 2022</b>	\$ (184)	-	-	-	(184)
Recognized in profit or loss	(51)	(5,329)	(94)	(953)	(6,427)
Foreign currency translation differences for foreign operations	-	-	(1)	(34)	(35)
<b>Balance at December 31, 2022</b>	<u>\$ (235)</u>	<u>(5,329)</u>	<u>(95)</u>	<u>(987)</u>	<u>(6,646)</u>

(iii) Examination and approval

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

(m) Capital and other equity

(i) Common stock

As of December 31, 2023 and 2022, the total value of the authorized ordinary shares both amounted to \$1,680,000, with a par value of \$10 per share, totaling 168,000 thousand shares. As of December 31, 2023 and 2022, the issued ordinary shares were 142,884 thousand shares and 136,080 thousand shares. All issued shares were paid up upon issuance.

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.

The issued common stock of the Group was as follows:

	Unit: thousand shares	
	<u>2023</u>	<u>2022</u>
Balance at January 1 (at NTD10 per share)	136,080	136,080
	6,804	-
Balance at December 31	<u>142,884</u>	<u>136,080</u>

(ii) Capital surplus

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

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

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

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

DIMTW's articles of incorporation stipulate that its net earnings from the current year shall first be used to pay income tax, offset prior years' deficits (including adjustments to unappropriated earnings) and provide 10% as legal reserve, unless the accumulated amount of legal reserve is equal to or over the amount of common stock; then, accrue or reverse the special reserve in accordance with the regulations or rules of authority. The remainder, along with the beginning balance of unappropriated earnings (including the adjustments to unappropriated earnings) is subject to the stockholders' approval for the distribution.

In addition, to maintain the stockholders' return on investment, to accommodate the operating cycles, and to strengthen the financial structure of the Company, the following factors were taken into consideration for dividend distribution:

- 1) the future expansion needs of the Company;
- 2) maintaining a stable earnings per share level of the Company;
- 3) the cash flows and operating results.

Furthermore, considering that the Company is in a constant growth stage in its business cycle, there will be needs for expansion and working capital in the next few years. However, cash dividends may not be less than 10%.

1) Legal reserve

The ROC Company Act stipulates that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company has not incurred any loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed.

**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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2) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

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 shares dividends and other items of appropriations of earnings for 2022 had been proposed in the shareholders' meeting on June 6, 2023. The appropriations of earnings for 2021 had been approved in the shareholders' meeting 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	\$ 10.70	1,456,056	10.20	1,388,016
Stock	0.50	<u>68,040</u>	-	<u>-</u>
Total		<u>\$ 1,524,096</u>		<u>1,388,016</u>

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

On March 13, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:		
Cash	\$ 6.00	<u>844,464</u>
Total		<u>\$ 844,464</u>

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

(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	
	<b>2023</b>	<b>2022</b>
Balance at January 1	3,000	-
Purchase of stock	-	3,000
Transferred to employees	(2,860)	-
Balance at December 31	<b>140</b>	<b>3,000</b>

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 December 31, 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)

	<b>Foreign exchange differences arising from foreign operations</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 177,589	(557,281)
Foreign exchange differences arising from foreign operations	32,318	734,870
Balance at December 31	<b>\$ 209,907</b>	<b>177,589</b>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(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:

	<b>Transfer of treasury shares to employees</b>
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 year ended December 31, 2023.

(o) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for the years 2023 and 2022, was as follows:

(i) Basic earnings per share

	Share unit: thousand shares	
	<u>2023</u>	<u>2022</u>
Net income attributable to ordinary shareholders of the Company	<u>\$ 1,023,630</u>	<u>2,538,625</u>
Ordinary shares outstanding	142,884	142,884
Effect of treasury stock	(1,410)	(450)
Weighted-average number of ordinary shares	<u>141,474</u>	<u>142,434</u>
Basic earnings per share (in NT dollars)	<u>\$ 7.24</u>	<u>17.82</u>

(ii) Diluted earnings per share

	<u>2023</u>	<u>2022</u>
Net income attributable to ordinary shareholders of the Company	<u>\$ 1,023,630</u>	<u>2,538,625</u>
Weighted-average number of ordinary shares (basic)	141,474	142,434
Impact of dilutive potential common shares		
Effect of employee stock bonus	1,120	2,410
Weighted-average number of ordinary shares (diluted)	<u>142,594</u>	<u>144,844</u>
Diluted earnings per share (in NT dollars)	<u>\$ 7.18</u>	<u>17.53</u>

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2023</b>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products / services lines:				
Air freight forwarding	\$ 10,765,826	2,259,455	162,086	13,187,367
Ocean freight forwarding	4,991,611	1,707,780	180,494	6,879,885
Others	<u>1,608,985</u>	<u>328,499</u>	<u>37,948</u>	<u>1,975,432</u>
	<u><b>\$ 17,366,422</b></u>	<u><b>4,295,734</b></u>	<u><b>380,528</b></u>	<u><b>22,042,684</b></u>
	<b>2022</b>			
	<u>Asia</u>	<u>Americas</u>	<u>Europe</u>	<u>Total</u>
Major products / services lines:				
Air freight forwarding	\$ 17,136,908	5,063,077	221,843	22,421,828
Ocean freight forwarding	10,355,896	4,711,845	874,827	15,942,568
Others	<u>2,373,449</u>	<u>400,477</u>	<u>36,488</u>	<u>2,810,414</u>
	<u><b>\$ 29,866,253</b></u>	<u><b>10,175,399</b></u>	<u><b>1,133,158</b></u>	<u><b>41,174,810</b></u>

(ii) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Notes receivable	\$ 8,307	16,726	25,919
Accounts receivable	2,550,200	2,945,645	4,692,243
Overdue receivable	5,221	5,485	4,678
Less: Loss allowance—accounts receivable	67,902	117,623	104,848
Loss allowance—overdue receivable	<u>5,221</u>	<u>5,485</u>	<u>4,678</u>
Total	<u><b>\$ 2,490,605</b></u>	<u><b>2,844,748</b></u>	<u><b>4,613,314</b></u>

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

(q) Cost

The details of the Group's cost were as follows:

	<u>2023</u>	<u>2022</u>
Air freight forwarding	\$ 11,187,523	19,596,111
Ocean freight forwarding	5,500,605	13,556,488
Other cost	<u>1,557,525</u>	<u>2,081,230</u>
	<u><b>\$ 18,245,653</b></u>	<u><b>35,233,829</b></u>

(Continued)



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

(r) 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.

For the years ended December 31, 2023 and 2022, the Company estimated its employees' compensation were \$60,984 thousand and \$147,501 thousand, respectively, and the estimated amounts of directors' and supervisors' remuneration were \$15,942 thousand and \$42,071 thousand, respectively. The estimated amounts mentioned above are calculated as the net profit before tax, excluding employee compensation and directors' and supervisors' remuneration, of each period multiplied by the percentage of employee compensation and directors' and supervisors' remuneration as specified in the Company's articles. The estimations are recorded under operating expenses in 2023 and 2022. The information mentioned above can be accessed on the Market Observation Post System. There were no differences between the actual amounts of remuneration to employees, directors and supervisors distributed for the years 2023 and 2022, and the estimated amounts in the financial statements.

(s) Non-operating income and expenses

(i) Interest income

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

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>91,104</u>	<u>23,084</u>

(ii) Other income

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

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 206	148
Government grants	9,343	21,460
Other	<u>34,990</u>	<u>4,119</u>
	\$ <u>44,539</u>	<u>25,727</u>

(Continued)

**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:

	<u>2023</u>	<u>2022</u>
Gains (losses) on disposal of property, plant and equipment	\$ (367)	1,004
Gains on foreign exchange	27,269	177,178
Others losses	<u>(2,147)</u>	<u>(5,080)</u>
Other gains and losses, net	<u>\$ 24,755</u>	<u>173,102</u>

(iv) Finance costs

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

	<u>2023</u>	<u>2022</u>
Interest expense		
Bank loan	\$ 5,369	4,898
Lease liabilities	<u>12,319</u>	<u>12,071</u>
Net finance cost	<u>\$ 17,688</u>	<u>16,969</u>

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2023 and 2022, the maximum amount exposed to credit risk amounted to \$7,368,579 thousand and \$8,772,688 thousand, respectively.

2) Concentration of credit risk

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

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2023</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 180,000	182,250	182,250	-	-	-	-
Notes payable	50,380	50,380	50,380	-	-	-	-
Accounts payable	1,694,405	1,694,405	1,694,405	-	-	-	-
Lease liabilities	300,345	307,881	89,856	89,856	102,294	25,875	-
Dividends payable	12,963	12,963	12,963	-	-	-	-
Other payables	168,140	168,140	168,140	-	-	-	-
	<u>\$ 2,406,233</u>	<u>2,416,019</u>	<u>2,197,994</u>	<u>89,856</u>	<u>102,294</u>	<u>25,875</u>	<u>-</u>
<b>December 31, 2022</b>							
Non-derivative financial liabilities							
Short-term borrowings	\$ 430,000	435,977	435,977	-	-	-	-
Notes payable	26,780	26,780	26,780	-	-	-	-
Accounts payable	2,815,136	2,815,136	2,815,136	-	-	-	-
Lease liabilities	358,134	368,161	98,186	98,186	114,357	57,432	-
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>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<b>December 31, 2023</b>			
Financial assets:			
Monetary items:			
USD	\$	19,138	30.579
HKD	\$	5,153	3.915
EUR	\$	1,827	33.756
CNY	\$	1,365	38.930
Financial liabilities:			
Monetary items:			
USD	\$	6,624	30.579
EUR	\$	83	33.756

(Continued)

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

	Foreign currency	Exchange rate	NTD
<b>December 31, 2022</b>			
Financial assets:			
Monetary items:			
USD	\$ 34,647	30.730	1,064,707
HKD	\$ 6,196	4.053	24,407
EUR	\$ 835	32.814	27,409
CNY	\$ 323	37.005	11,951
Financial liabilities:			
Monetary items:			
USD	\$ 9,529	30.730	292,827
EUR	\$ 29	32.814	951

2) Sensitivity analysis

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 December 31, 2023 and 2022, would have increased or decreased the net income before tax by \$15,445 thousand and \$25,041 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. In 2023 and 2022, foreign exchange gain (including realized and unrealized portions) amounted to \$27,269 thousand and \$177,178 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have decreased or increased by \$1,800 thousand and \$4,300 thousand for the years 2023 and 2022, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

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

(v) 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:

	December 31, 2023				
	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
Subtotal	449	-	-	449	449
Financial assets measured at amortized cost					
Cash and cash equivalents	4,780,626	-	-	-	-
Notes and accounts receivables	2,490,605	-	-	-	-
Financial assets at amortised cost – current	3,794	-	-	-	-
Refundable deposits	89,445	-	-	-	-
Restricted certificate of deposit	3,660	-	-	-	-
Subtotal	7,368,130	-	-	-	-
Total	<u>\$ 7,368,579</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 180,000	-	-	-	-
Notes and accounts payable	1,744,785	-	-	-	-
Other payables	168,140	-	-	-	-
Lease liabilities	300,345	-	-	-	-
Dividends payable	12,963	-	-	-	-
Total	<u>\$ 2,406,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	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
Subtotal	<u>449</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
Financial assets measured 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	3,660	-	-	-	-
Subtotal	<u>8,772,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,772,688</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>449</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 430,000	-	-	-	-
Notes and accounts payable	2,841,916	-	-	-	-
Other payables	437,178	-	-	-	-
Lease liabilities	358,134	-	-	-	-
Dividends payable	20,665	-	-	-	-
Total	<u>\$ 4,087,893</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

	<b>Fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
Balance at December 31, 2023 (Balance at January 1, 2023)	<b>\$ 449</b>
Balance at January 1, 2022	\$ 442
Effect of changes in exchange rates	7
Balance at December 31, 2022	<b>\$ 449</b>

(u) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note has information on risk exposure and the objectives, policies, and process of risk measurement and management. For detailed information, please refer to the related note on each risk.

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

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The management is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how the management monitors whether risk is in compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. The Group's receivables in 2023 and 2022 are not concentrated on any group of customers.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed regularly. For those customers who fail to meet the Group's benchmark creditworthiness, transactions can only be done on a prepayment basis.

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

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's contractually obligated counterparties are banks and financial institutions with good credit, there are no compliance issues, and therefore, there is no significant credit risk.

3) Guarantees and endorsements

The policy allows the Group to provide a financial guarantee to its subsidiaries which DIMITW holds over 50% of equity interest. Please refer to note 13 for detailed information on the Group as of December 31, 2023.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), US Dollar (USD), Hong Kong Dollar (HKD), Euro (EUR) and China Yuan (CNY). The currencies used in these transactions are the NTD, USD, HKD, EUR and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group adopts a policy of ensuring borrowing interest rate is close to market interest rate and reviewing interest rate interval with banks periodically.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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Due to the fluctuation in market interest rate is little, the radiance of interest rate will not cause material cash flow risk.

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

As of December 31, 2023, there were no changes in the Group's capital management approach.

(w) Financing activities not affecting current cash flow

The Group's reconciliation of liabilities arising from financing activities for the years 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		Non-cash changes				December 31, 2023
	Cash flows	Foreign exchange movement	Additions	Decreases	Lease modification		
Short term borrowings	\$ 430,000	(250,000)	-	-	-	-	180,000
Lease liabilities	358,134	(227,775)	(7,938)	185,105	(7,181)	-	300,345
Total liabilities from financing activities	<u>\$ 788,134</u>	<u>(477,775)</u>	<u>(7,938)</u>	<u>185,105</u>	<u>(7,181)</u>	<u>-</u>	<u>480,345</u>

  

	January 1, 2022		Non-cash changes				December 31, 2022
	Cash flows	Foreign exchange movement	Additions	Decreases	Lease modification		
Short term borrowings	\$ 676,592	(246,592)	-	-	-	-	430,000
Lease liabilities	270,020	(204,985)	15,543	278,202	(634)	(12)	358,134
Total liabilities from financing activities	<u>\$ 946,612</u>	<u>(451,577)</u>	<u>15,543</u>	<u>278,202</u>	<u>(634)</u>	<u>(12)</u>	<u>788,134</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:

Name of related party	Relationship with the Group
ITG Air & Sea GmbH	An associate

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(c) Significant transactions with related parties

(i) Operating revenue

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

	<u>2023</u>	<u>2022</u>
Associates	<u>\$ 284,413</u>	<u>360,715</u>

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

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

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

	<u>2023</u>	<u>2022</u>
Associates	<u>\$ 63,448</u>	<u>142,560</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>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Associates	<u>\$ 9,218</u>	<u>9,099</u>

As of December 31, 2023 and 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>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Associates	<u>\$ 2,304</u>	<u>4,265</u>

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 86,261	68,673
Post-employment benefits	883	787
Share-based payment	<u>25,142</u>	<u>-</u>
	<u>\$ 112,286</u>	<u>69,460</u>

**(8) Assets pledged as security**

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

<u>Assets pledged as security</u>	<u>Liabilities secured by pledged</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted certificates of deposit (recorded under other current assets)	Guarantee for the Group's logistics operations	\$ 7,239	1,063
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for customs	3,000	3,000
Restricted certificates of deposit (recorded under other non-current assets)	Guarantee for the Group's logistics operations	660	660
Property, plant and equipment:			
Land	Guarantee for long-term and short-term borrowings and the Group's logistics operations	-	41,792
Buildings	"	-	15,416
		<u>\$ 10,899</u>	<u>61,931</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 December 31, 2023 and 2022, the guarantees from the banks were \$0 thousand and \$349,527 thousand, respectively, and the used amounts were \$0 thousand and \$226,246 thousand, respectively.
- (b) As of December 31, 2023 and 2022, the Group had outstanding guaranteed notes deposited totaling \$128,758 thousand and \$142,127 thousand, respectively. As of December 31, 2023 and 2022, the guarantees recorded for customs duty were \$9,280 thousand and \$5,739 thousand, respectively.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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- (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 has appointed a lawyer for appeal.

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

**(11) Subsequent Events: None**

**(12) Other**

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

By function	Year ended December 31 2023			Year ended December 31 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	38,287	1,877,119	1,915,406	42,067	2,646,440	2,688,507
Labor and health insurance	1,061	250,049	251,110	1,446	217,879	219,325
Pension	1,129	42,269	43,398	1,104	40,057	41,161
Others	426	130,300	130,726	1,278	154,255	155,533
Depreciation	2,984	274,242	277,226	18,018	231,691	249,709
Amortization	-	3,892	3,892	-	3,447	3,447

(Continued)

## DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures

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

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

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

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 3)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 2)
													Name	Value		
1	HOLDING	The Company	Accounts receivable from related parties	Yes	26,067	26,067	26,067	-	(2)	-	Operating capital	-	-	-	296,423	1,185,694
2	FSC	The Company	Accounts receivable from related parties	Yes	119,550	119,550	119,550	-	(2)	-	Operating capital	-	-	-	136,317	545,269

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 lender company's stockholders' equity, and the maximum financing provided to an individual counterparty cannot exceed 10% of the lender company's stockholders' equity.

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

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

No.	Name of Guarantees	Counter-party of guarantee or endorsement		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	Relationship with the Company (Note 1)										
0	The Company	DIMVN	2	285,768	5,972	4,434	4,434	4,434	0.08 %	571,536	Y	N	N
0	The Company	DIMIN & DIMTH	2	285,768	323	311	311	311	0.01 %	571,536	Y	N	N
0	The Company	DILTW	2	285,768	250	250	250	250	0.01 %	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 December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

Name of holder	Category and name of security	Relationship with the security issuer	Recorded account	Ending balance				Maximum investment in 2023	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	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	290	
DIMSG	Burwill Holdings Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	22,000	19	-	19	19	
DIMSG	Stamford Land	-	Financial assets at fair value through other comprehensive income – non-current	5,000	40	-	40	40	

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

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

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

(Continued)

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

(vii) Sales to or purchases from related parties in excess of NT\$100 million or 20% of DIMITW's issued share capital:

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)	
DIMITW	DIMUS	Sub-Subsidiary	Freight revenue	131,806	10.26 %	Note 1	-		11,555	3 %	
DIMUS	DIMITW	Sub-Subsidiary	Freight expense	(131,806)	4.15 %	Note 1	-		(11,555)	(3) %	
DIMCN	DIMITW	Sub-Subsidiary	Freight revenue	114,604	Note 2	Note 1	-		(8,300)	(2) %	
DIMITW	DIMCN	Sub-Subsidiary	Freight expense	(114,604)	Note 2	Note 1	-		8,300	- %	
DIMKR	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	255,212	36.21 %	Note 1	-		30,204	42 %	
DIMUS	DIMKR	Subsidiary and Sub-Subsidiary	Freight expense	(255,212)	8.03 %	Note 1	-		(30,204)	(9) %	
GSCHK	ZJDCN	Subsidiary and Sub-Subsidiary	Freight revenue	152,482	15.12 %	Note 1	-		74,072	19 %	
ZJDCN	GSCHK	Subsidiary and Sub-Subsidiary	Freight expense	(152,482)	3.30 %	Note 1	-		(74,072)	(12) %	
DIMCN	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	354,205	12.73 %	Note 1	-		25,601	6 %	
DIMUS	DIMCN	Subsidiary and Sub-Subsidiary	Freight expense	(354,205)	11.14 %	Note 1	-		(25,601)	(8) %	
GSCHK	DIMUS	Subsidiary and Sub-Subsidiary	Freight revenue	148,223	14.70 %	Note 1	-		3,580	1 %	
DIMUS	GSCHK	Subsidiary and Sub-Subsidiary	Freight expense	(148,223)	4.66 %	Note 1	-		(3,580)	(1) %	
GSCHK	DIMCN	Subsidiary and Sub-Subsidiary	Freight revenue	105,188	10.43 %	Note 1	-		122,331	31 %	
DIMCN	GSCHK	Subsidiary and Sub-Subsidiary	Freight expense	(105,188)	4.42 %	Note 1	-		(122,331)	(59) %	
ZJDCN	DIMCN	Subsidiary and Sub-Subsidiary	Freight revenue	691,718	13.72 %	Note 1	-		47,245	5 %	
DIMCN	ZJDCN	Subsidiary and Sub-Subsidiary	Freight expense	(691,718)	29.06 %	Note 1	-		(47,245)	(23) %	

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 5)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
FSC	The Company	Subsidiary	168,476 (Note 1)	-	-		-	-
FSC	DIL	Subsidiary	216,717 (Note 2)	-	-		-	-
GSCHK	DIMCN	Subsidiary	122,331 (Note 3)	9.02	-		16,809	-
GSCHK	FSCHK	Subsidiary	119,242 (Note 4)	-	-		-	-

Note 1: Loan from the subsidiary of \$119,550 thousand and other receivables of \$48,926 thousand.

Note 2: Receivables from paid on behalf of other offiliates.

Note 3: Accounts receivable of \$23,302 thousand and other receivables of \$99,029 thousand.

Note 4: Receivables from receive on behalf of other offiliates.

Note 5: 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			Percentage of total consolidated revenue or total assets
				Account name	Amount (Notes 3 and 4)	Terms of trading	
0	The Company	FSCHK	1	Long-term advance receipts – related parties	4,125,192	Negotiated	46.45 %
0	The Company	FSCHK	1	Advance receipts – related parties	104,896	Negotiated	1.18 %
0	The Company	DIMUS	1	Sales revenue	131,806	Negotiated	0.60 %
1	FSC	The Company	2	Accounts receivable – related parties	168,476	Negotiated	1.90 %

(Continued)

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

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
1	FSC	The Company	2	Prepayments — related parties	718,191	Negotiated	8.08 %
1	FSC	DIL	3	Accounts receivable — related parties	216,717	Negotiated	2.44 %
4	GSCHK	DIMCN	3	Sales revenue	105,188	Negotiated	0.48 %
4	GSCHK	ZJDCN	3	Sales revenue	152,482	Negotiated	0.69 %
4	GSCHK	DIMUS	3	Sales revenue	148,223	Negotiated	0.67 %
4	GSCHK	DIMCN	3	Accounts receivable — related parties	122,331	Negotiated	1.38 %
4	GSCHK	FSCHK	3	Accounts receivable — related parties	119,242	Negotiated	1.34 %
5	ZJDCN	DIMCN	3	Sales revenue	691,718	Negotiated	3.14 %
6	DIMCN	DIMUS	3	Sales revenue	354,205	Negotiated	1.61 %
6	DIMCN	The Company	2	Sales revenue	114,604	Negotiated	0.52 %
7	DIMKR	DIMUS	3	Sales revenue	255,212	Negotiated	1.16 %

Note 1: Company numbering is as follows:

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

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

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

Note 3: Only 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 year 2023 (excluding information on investees in Mainland China):

Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Maximum investment in 2023	Net income (losses) of investee	Investment income (losses) (Note 2 and 3)	Notes (Note 3)
				December 31, 2023	December 31, 2022	Shares	Ratio of shares	Carrying amount (Note 2 and 3)				
The Company	DFSTW	Taiwan	Ocean freight forwarding	15,444	15,444	1,200,000	99 %	754,751	15,444	12,395	12,395	(2)
The Company	HOLDING	Bermuda	Holding company	164,845	164,845	3,089,000	100 %	2,964,234	164,845	332,840	332,840	(1)
The Company	DIMSG	Singapore	Global air and ocean freight forwarder and logistics & warehousing	132,266	132,266	5,400,000	100 %	549,026	132,266	(44,865)	(44,865)	(2)
The Company	DIL	British Virgin Is.	Holding company	472,313	472,313	(Note 1)	100 %	4,760,869	472,313	566,809	566,809	(1)
The Company	FSC	British Virgin Is.	Settlement center	315	315	10,000	20 %	272,635	315	365	73	(1)
The Company	FSCHK	Hong Kong	Settlement center	236	236	7,500	15 %	741,765	236	13,620	2,043	(1)
The Company	ITG GmbH	Germany	Global air and ocean freight forwarder	183,547	183,547	6,275	25 %	219,034	183,547	106,620	26,655	(2)
The Company	DILTW	Taiwan	Logistics & warehousing	8,000	8,000	800,000	80 %	11,548	8,000	4,229	3,383	(2)
The Company	DFSSG	Singapore	Logistics & warehousing	13,482	13,482	600,000	100 %	43,528	13,482	2,052	2,052	(2)
The Company	DILHK	Hong Kong	Logistics & warehousing	-	-	-	100 %	45,705	-	(5,256)	(5,256)	(2)
The Company	DILSG	Singapore	Logistics & warehousing	4,215	4,215	-	100 %	286	4,215	(1,820)	(1,820)	(2)
The Company	DIMMY	Malaysia	Global air and ocean freight forwarder	65,516	65,516	250,000	100 %	189,287	65,516	(2,212)	(2,212)	(2)
The Company	DTLHK	Hong Kong	Trucking service	41,076	41,076	89,000	100 %	52,067	41,076	1,759	1,759	(2)
DFSTW	FSCHK	Hong Kong	Settlement center	235	235	7,500	15 %	676,311	235	13,620	2,043	(1)
DFSTW	DILTW	Taiwan	Logistics & warehousing	2,000	2,000	200,000	20 %	2,887	2,000	4,229	846	(2)
DIL	DIMUS	U.S.A.	Global air and ocean freight forwarder	238,686	238,686	4,961,000	100 %	1,060,137	238,686	92,179	92,179	(1)
DIL	DIMGB	U.K	Global air and ocean freight forwarder	12,589	12,589	300,000	37 %	(17,256)	12,589	(9,379)	(3,517)	(2)
DIL	GMS	Hong Kong	Logistics & warehousing	-	-	-	100 %	3,717,988	-	478,146	478,146	(1)
DMCHK	DIMHK	Hong Kong	Global air and ocean freight forwarder and logistics & warehousing	427,348	427,348	300,000	99 %	3,495,406	427,348	43,946	43,942	(1)
DMCHK	DFSHK	Hong Kong	Ocean freight forwarding	25,393	25,393	71,000	99 %	2,007,167	25,393	37,650	37,646	(2)
GMS	DIMPH	Philippines	Global air and ocean freight forwarder	38,399	38,399	180,000	60 %	3,821,251	38,399	791,297	474,778	(2)
DIMUS	DIMUS	U.S.A.	Brokerage service	13,532	13,532	1,000	100 %	46,772	13,532	4,208	4,208	(2)
DIMUS	B.C. Logistic, LLC	U.S.A.	Trucking service	54,103	54,103	-	85 %	17,742	54,103	(2,759)	(2,345)	(2)
DIMHK	FSC	British Virgin Is.	Settlement center	954	954	30,000	60 %	817,905	954	365	219	(1)
DIMHK	DIMVN	Vietnam	Trucking service	2,090	2,090	-	75 %	34,380	2,090	(7,674)	(5,755)	(2)
DIMHK	FSCHK	Hong Kong	Settlement center	550	550	17,500	35 %	1,578,157	550	13,620	4,767	(1)
DIMPH	GSCHK	Hong Kong	Settlement center	-	-	-	100 %	736,846	-	750,754	750,754	(1)

(Continued)



**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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Name of the investor	Name of investee	Location	Main businesses	Initial investment (Amount)		Ending balance			Maximum investment in 2023	Net income (losses) of investee	Investment income (losses) (Note 2 and 3)	Notes (Note 3)
				December 31, 2023	December 31, 2022	Shares	Ratio of shares	Carrying amount (Note 2 and 3)				
DIMSG	FSC	British Virgin Is.	Settlement center	318	318	10,000	20 %	272,635	318	365	73	(1)
DIMSG	DIMIN	India	Trucking service	17,595	5,303	960,000	100 %	32,862	17,595	7,896	7,896	(2)
HOLDING	DIMTH	Thailand	Global air and ocean freight forwarder	7,642	7,642	735,000	49 %	63,310	7,642	(5,057)	(2,478)	(2)
HOLDING	DIMPH	Philippines	Global air and ocean freight forwarder	4,026	4,026	120,000	40 %	2,546,479	4,026	791,297	316,519	(2)
HOLDING	DIMAU	Australia	Global air and ocean freight forwarder	16,460	16,460	60,000	100 %	(28,378)	16,460	785	785	(2)
HOLDING	DIMKR	Korea	Global air and ocean freight forwarder	19,386	19,386	120,000	100 %	129,743	19,386	11,775	11,775	(2)
HOLDING	DIMCA	Canada	Air freight forwarder	15,646	15,646	-	100 %	214,586	15,646	9,831	9,831	(2)
HOLDING	DIMNL	Netherlands	Global air and ocean freight forwarder	11,644	11,644	1,000	100 %	40,273	11,644	5,950	5,950	(2)
HOLDING	DSLUS	U.S.A.	Logistics & warehousing	15,840	15,840	50,000	100 %	23,891	15,840	(7,538)	(7,538)	(2)
DIMPH	Peerless Express Forwarders Corp.	Philippines	Trucking service	954	954	1,600,000	40 %	-	954	1,693	677	(2)
DIMPH	DFSPH	Philippines	Trucking service	5,231	5,231	96,700	91 %	13,265	5,231	(886)	(803)	(2)
DIMPH	DMCHK	Hong Kong	Settlement center	5,382,655	5,382,655	-	100 %	6,239,419	5,382,655	832,351	832,351	(1)
DFSSG	DFSPH	Philippines	Trucking service	541	541	10,000	9 %	1,312	541	(886)	(83)	(2)
DFSHK	FCHK	Hong Kong	Settlement center	566	566	17,500	35 %	1,578,157	566	13,620	4,767	(1)
FCHK	DIMGB	U.K	Global air and ocean freight forwarder	20,126	20,126	500,000	63 %	(10,564)	20,126	(9,379)	(5,862)	(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.

(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	Maximum investment in 2023	Current investment income and losses (Notes 2 and 3)	Carrying amount (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Invested amount	Returned amount							
ZJDCN	Global air and ocean freight forwarder	54,928	(2)	27,582 (USD902)	-	-	27,582 (USD902)	(8,338)	75 %	41,196	(6,254)	123,913	-
DILSHA	Logistics & warehousing	5,970	(2)	6,116 (USD200)	-	-	6,116 (USD200)	636	99 %	5,970	636	(55,959)	-
DIMCN	Global air and ocean freight forwarder	163,377	(2)	-	-	-	-	29,819	100 %	163,377	29,819	444,564	-
DILSZX	Logistics & warehousing	10,958	(2)	-	-	-	-	(109)	100 %	10,958	(109)	(18,902)	-
DFSCN	Global air and ocean freight forwarder	59,777	(2)	-	-	-	-	35,022	100 %	59,777	35,022	361,432	-
Diversified Transportation (China) Co., Ltd.	Trucking service	29,802	(2)	-	-	-	-	(351)	100 %	29,802	(351)	20,925	-
Yuhang Int'l Logistics (Dalian) Co. Ltd.	Global air and ocean freight forwarder	38,666	(2)	-	-	-	-	25,401	25 %	9,667	7,029	27,921	-
Diversified (Shanghai) International Logistics Service Company Ltd	Global air and ocean freight forwarder	13,684	(2)	-	-	-	-	3,991	100 %	13,684	3,991	7,551	-
Diversified (Shenzhen) International Logistics Service Company Ltd	Global air and ocean freight forwarder	1,293	(2)	-	-	-	-	-	100 %	-	-	(982)	-

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

Note 3: Except for Yuhang Int'l Logistics (Dalian) Co., Ltd. the financial statements were audited by an international accounting firm in cooperation with the R.O.C. accounting firm.

(ii) Limitation on investment in Mainland China

Unit: thousand dollars

Company name	Aggregate investment amount remitted from Taiwan to Mainland China at end of period (Note2)	Approved investment (amount) by Ministry of Economic Affairs Investment Commission (Note2)	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 1)
DIMTW	33,698 (USD1,102)	73,390 (USD2,400)	3,501,622

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

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

Note 2: USD:NT\$=1:30.579.

(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 “(a) Information on significant transactions”.

(d) Major shareholders:

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

**(14) Segment information**

(a) General information

The Group has three reportable segments: Asia department, Americas department, and Europe department.

The reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed. Segments adopt the same accounting policies as those listed in note 4. Segment income is evaluated based on income before tax and is used as the basis for performance evaluation.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation but does not include income tax expense and any extraordinary activity. Because taxation and extraordinary activity are managed on a group basis, they are not able to be allocated to each reportable segment. In addition, not all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that of the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

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**DIMERCO EXPRESS CORPORATION AND SUBSIDIARIES**  
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The Group's operating segment information and reconciliation are as follows:

	2023				
	Asia	Americas	Europe	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 17,366,422	4,295,734	380,528	-	22,042,684
Intersegment revenues	1,119,995	-	-	(1,119,995)	-
Total revenue	<u>\$ 18,486,417</u>	<u>4,295,734</u>	<u>380,528</u>	<u>(1,119,995)</u>	<u>22,042,684</u>
<b>Reportable segment profit</b>	<u>\$ 1,132,062</u>	<u>127,684</u>	<u>(2,016)</u>	<u>-</u>	<u>1,257,730</u>
	2022				
	Asia	Americas	Europe	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 29,866,253	10,175,399	1,133,158	-	41,174,810
Intersegment revenues	1,015,308	-	-	(1,015,308)	-
Total revenue	<u>\$ 30,881,561</u>	<u>10,175,399</u>	<u>1,133,158</u>	<u>(1,015,308)</u>	<u>41,174,810</u>
<b>Reportable segment profit</b>	<u>\$ 2,431,854</u>	<u>393,124</u>	<u>11,201</u>	<u>-</u>	<u>2,836,179</u>

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue were \$1,119,995 thousand and \$1,015,308 thousand for the years 2023 and 2022, respectively.

(c) Geographic information

The Group solely provides freight forwarding service. Please refer to the segment information for the revenue. Non-current assets are classified by geographic location.

<u>Geographical information</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Asia	\$ 713,150	740,804
Americas	221,188	276,871
Europe	17,529	9,568
Total	<u>\$ 951,867</u>	<u>1,027,243</u>

Non-current assets include property, plant and right-of-use assets and equipment, intangible assets, and other assets. They do not include financial instruments, deferred income tax assets, and pension plan assets.

(d) Information about major customers

For the years 2023 and 2022, the Group had no major customer who constituted 10% or more of the net sales.