

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended 31 March 2022

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Delta Electronics (Thailand) Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 31 March 2022, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Preecha Arunnara

Certified Public Accountant (Thailand) No. 5800

EY Office Limited

Bangkok: 26 April 2022

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2022 (Unaudited but reviewed)	31 December 2021 (Audited)	31 March 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Assets					
Current assets					
Cash and cash equivalents		6,638,568	6,571,566	2,332,794	1,535,903
Trade and other receivables	3	20,654,302	20,593,484	21,483,560	21,200,265
Insurance claim receivable due to flooding	12	330,679	-	330,679	-
Inventories	4	19,617,332	19,580,655	13,335,450	13,639,515
Derivative assets	16.2	40,491	32,388	39,970	32,308
Other current assets	5	2,080,037	1,986,360	566,048	641,326
Total current assets		49,361,409	48,764,453	38,088,501	37,049,317
Non-current assets					
Deposits at bank with restrictions		36,642	37,344	-	-
Investments in subsidiaries	6	-	-	13,909,473	13,909,473
Investment properties		222,966	230,593	-	-
Property, plant and equipment	7	19,090,222	18,583,129	11,141,991	10,836,226
Right-of-use assets		520,657	529,524	3,750	4,592
Goodwill		438,760	443,051	-	-
Other intangible assets		230,621	249,799	57,187	58,292
Deferred tax assets		296,964	347,610	-	-
Other non-current assets		101,169	152,871	9,185	10,239
Total non-current assets		20,938,001	20,573,921	25,121,586	24,818,822
Total assets		70,299,410	69,338,374	63,210,087	61,868,139

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2022 (Unaudited but reviewed)	31 December 2021 (Audited)	31 March 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions		273,106	1,593,669	-	1,497,407
Trade and other payables	8	21,884,152	22,049,338	18,591,132	18,626,852
Current portion of lease liabilities		63,247	74,957	2,891	3,677
Income tax payable		148,953	124,668	68,823	37,072
Short-term provisions	10	106,278	98,422	-	-
Liabilities and provision from tax assessments	15.4.1	258,173	258,173	258,173	258,173
Derivative liabilities	16.2	47,143	18,481	45,263	15,533
Other current liabilities		366,142	518,025	83,350	162,855
Total current liabilities		23,147,194	24,735,733	19,049,632	20,601,569
Non-current liabilities					
Long-term loans from related party	2	360,663	367,570	-	-
Lease liabilities, net of current portion		154,934	144,125	704	968
Deferred tax liabilities		132,476	130,696	-	-
Provision for long-term employee benefits	9	1,577,312	1,595,747	533,094	528,557
Long-term provisions	10	550,100	545,004	438,826	428,744
Other non-current liabilities		432,706	415,196	1,242	1,450
Total non-current liabilities		3,208,191	3,198,338	973,866	959,719
Total liabilities		26,355,385	27,934,071	20,023,498	21,561,288

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
1,259,000,000 ordinary shares of Baht 1 each	<u>1,259,000</u>	<u>1,259,000</u>	<u>1,259,000</u>	<u>1,259,000</u>
Issued and fully paid				
1,247,381,614 ordinary shares of Baht 1 each	1,247,382	1,247,382	1,247,382	1,247,382
Share premium	1,491,912	1,491,912	1,491,912	1,491,912
Difference from business combination under common control	(1,339,694)	(1,339,694)	-	-
Retained earnings				
Appropriated - Statutory reserve	125,900	125,900	125,900	125,900
Unappropriated	44,556,516	41,776,388	40,321,395	37,441,657
Other components of shareholders' equity	<u>(2,137,991)</u>	<u>(1,897,585)</u>	-	-
Total shareholders' equity	<u>43,944,025</u>	<u>41,404,303</u>	<u>43,186,589</u>	<u>40,306,851</u>
Total liabilities and shareholders' equity	<u>70,299,410</u>	<u>69,338,374</u>	<u>63,210,087</u>	<u>61,868,139</u>
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2022

(Unit: Thousand Baht, except basic earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Profit or loss:					
Revenues					
Sales		24,297,571	18,801,655	21,242,351	16,229,929
Service income		325,782	237,000	23,873	24,649
Other income					
Gain on exchange		200,040	251,131	213,199	247,933
Insurance compensation income due to flooding	12	330,679	-	330,679	-
Others		92,988	191,878	67,368	145,944
Total revenues		25,247,060	19,481,664	21,877,470	16,648,455
Expenses					
Cost of sales		19,274,128	14,731,755	16,419,228	12,416,034
Cost of services		212,367	203,632	5,922	18,473
Selling and distribution expenses	15.2.1	1,592,982	1,465,469	1,337,770	1,229,273
Administrative expenses		542,887	481,850	341,391	296,221
Research and development expenses	15.2.2	806,780	783,528	853,773	804,066
Other expenses		17,241	18,108	8,023	6,805
Total expenses		22,446,385	17,684,342	18,966,107	14,770,872
Profit from operating activities		2,800,675	1,797,322	2,911,363	1,877,583
Finance income		21,735	19,112	826	7,395
Finance cost		(3,317)	(454)	(701)	(4)
Profit before income tax expenses		2,819,093	1,815,980	2,911,488	1,884,974
Income tax expenses	11	(38,965)	(60,050)	(31,750)	-
Profit for the period		2,780,128	1,755,930	2,879,738	1,884,974

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht, except basic earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>(240,406)</u>	<u>440,167</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(240,406)</u>	<u>440,167</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(240,406)</u>	<u>440,167</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,539,722</u>	<u>2,196,097</u>	<u>2,879,738</u>	<u>1,884,974</u>
Profit attributable to:				
Equity holders of the Company	<u>2,780,128</u>	<u>1,756,771</u>	<u>2,879,738</u>	<u>1,884,974</u>
Non-controlling interests of the subsidiary	<u>-</u>	<u>(841)</u>		
	<u>2,780,128</u>	<u>1,755,930</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	<u>2,539,722</u>	<u>2,196,938</u>	<u>2,879,738</u>	<u>1,884,974</u>
Non-controlling interests of the subsidiary	<u>-</u>	<u>(841)</u>		
	<u>2,539,722</u>	<u>2,196,097</u>		
Earnings per share	13			
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>2.23</u>	<u>1.41</u>	<u>2.31</u>	<u>1.51</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to shareholders of the Company										
	Issued and fully paid share capital		Difference from business combination under common control	Retained earnings		Other components of shareholders' equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated	Unappropriated	Other comprehensive income				
						Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity			
Balance as at 1 January 2021	1,247,382	1,491,912	(1,339,694)	125,900	39,216,330	(3,130,090)	(3,130,090)	37,611,740	(4,311)	37,607,429
Profit for the period	-	-	-	-	1,756,771	-	-	1,756,771	(841)	1,755,930
Other comprehensive income for the period	-	-	-	-	-	440,167	440,167	440,167	-	440,167
Total comprehensive income for the period	-	-	-	-	1,756,771	440,167	440,167	2,196,938	(841)	2,196,097
Dividend paid	-	-	-	-	(4,116,359)	-	-	(4,116,359)	-	(4,116,359)
Balance as at 31 March 2021	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,339,694)</u>	<u>125,900</u>	<u>36,856,742</u>	<u>(2,689,923)</u>	<u>(2,689,923)</u>	<u>35,692,319</u>	<u>(5,152)</u>	<u>35,687,167</u>
Balance as at 1 January 2022	1,247,382	1,491,912	(1,339,694)	125,900	41,776,388	(1,897,585)	(1,897,585)	41,404,303	-	41,404,303
Profit for the period	-	-	-	-	2,780,128	-	-	2,780,128	-	2,780,128
Other comprehensive income for the period	-	-	-	-	-	(240,406)	(240,406)	(240,406)	-	(240,406)
Total comprehensive income for the period	-	-	-	-	2,780,128	(240,406)	(240,406)	2,539,722	-	2,539,722
Balance as at 31 March 2022	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,339,694)</u>	<u>125,900</u>	<u>44,556,516</u>	<u>(2,137,991)</u>	<u>(2,137,991)</u>	<u>43,944,025</u>	<u>-</u>	<u>43,944,025</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2021	1,247,382	1,491,912	125,900	34,836,221	37,701,415
Profit for the period	-	-	-	1,884,974	1,884,974
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,884,974	1,884,974
Dividend paid	-	-	-	(4,116,359)	(4,116,359)
Balance as at 31 March 2021	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>32,604,836</u>	<u>35,470,030</u>
Balance as at 1 January 2022	1,247,382	1,491,912	125,900	37,441,657	40,306,851
Profit for the period	-	-	-	2,879,738	2,879,738
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,879,738	2,879,738
Balance as at 31 March 2022	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>40,321,395</u>	<u>43,186,589</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:				
Profit before tax	2,819,093	1,815,980	2,911,488	1,884,974
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	690,825	525,638	546,618	397,384
Amortisation	26,715	38,092	1,814	1,543
Recording of allowance for expected credit losses (reversal)	2,488	(2,271)	20,337	(298)
Reduction of inventory to net realisable value (reversal)	548,304	6,112	398,547	(2,619)
Reversal of the reduction to net realisable value of the written-off obsolete and damaged inventories	(444,602)	(58,522)	(429,285)	(30,128)
Insurance compensation income due to flooding	(330,679)	-	(330,679)	-
Increase in provision for long-term employee benefits	22,971	21,840	14,855	12,906
Recording of the increase in provisions	41,361	33,302	31,908	16,975
(Gain) loss from disposal/writte-off of property, plant and equipment	6,899	143	1,461	(151)
Unrealised gain on exchange	(62,587)	(234,038)	(103,345)	(220,251)
Interest income	(21,735)	(19,112)	(826)	(7,395)
Interest expenses	3,317	454	701	4
Profit from operating activities before changes in operating assets and liabilities	3,302,370	2,127,618	3,063,594	2,052,944
Decrease (increase) in operating assets:				
Trade and other receivables	(37,917)	(1,361,834)	(278,276)	(1,541,464)
Inventories	(130,495)	(1,906,838)	334,803	(1,406,207)
Other current assets	(27,861)	(114,513)	78,246	(102,607)
Other non-current assets	49,622	46,417	1,054	(7,101)
Increase (decrease) in operating liabilities:				
Trade and other payables	(163,961)	1,903,628	(29,367)	1,745,330
Other current liabilities	(154,351)	(41,161)	(81,737)	(58,174)
Provision for long-term employee benefits	(21,486)	(21,780)	(10,318)	(11,343)
Provisions	(3,626)	(5,465)	(402)	(4,219)
Other non-current liabilities	17,510	50,632	(208)	7
Cash flows from operating activities	2,829,805	676,704	3,077,389	667,166
Cash received from interest income	25,566	32,537	363	7,395
Cash paid for interest expenses	(3,213)	(737)	(701)	(4)
Cash paid for corporate income tax	(35,491)	(88,113)	(692)	(218)
Net cash flows from operating activities	<u>2,816,667</u>	<u>620,391</u>	<u>3,076,359</u>	<u>674,339</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	702	11,193	-	-
Decrease in fixed deposits with maturity over 3 months	-	203,644	-	-
Increase in investments in subsidiary	-	-	-	(460)
Acquisition of property, plant and equipment	(1,334,204)	(1,679,425)	(852,750)	(1,081,878)
Proceeds from disposal of property, plant and equipment	4,341	1,542	-	377
Increase in right-of-use assets	(3,265)	-	(252)	-
Increase in investment properties	-	(70)	-	-
Increase in other intangible assets	(11,061)	(25,626)	(709)	-
Net cash flows used in investing activities	<u>(1,343,487)</u>	<u>(1,488,742)</u>	<u>(853,711)</u>	<u>(1,081,961)</u>
Cash flow from financing activities:				
Cash receipt from short-term loans from financial institutions	1,323,393	-	700,000	-
Repayment of short-term loans from financial institutions	(2,657,960)	-	(2,213,241)	-
Repayment of liabilities under lease agreements	(19,497)	(21,052)	(1,050)	(236)
Net cash flow used in financing activities	<u>(1,354,064)</u>	<u>(21,052)</u>	<u>(1,514,291)</u>	<u>(236)</u>
Increase (decrease) in translation adjustments	<u>(105,446)</u>	<u>249,033</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents before				
effect from currency translation	13,670	(640,370)	708,357	(407,858)
Effect from currency translation of cash and cash equivalents	53,332	99,423	88,534	85,675
Net increase (decrease) in cash and cash equivalents	67,002	(540,947)	796,891	(322,183)
Cash and cash equivalents at beginning of period	<u>6,571,566</u>	<u>13,881,848</u>	<u>1,535,903</u>	<u>8,405,731</u>
Cash and cash equivalents at end of period	<u>6,638,568</u>	<u>13,340,901</u>	<u>2,332,794</u>	<u>8,083,548</u>
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Dividend payable	-	4,116	-	4,116
Insurance claim receivable due to flooding	330,679	-	330,679	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2022

1. General information

1.1 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") (collectively as "the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021, with no change in shareholding structure of subsidiaries during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the period, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summaries significant business transactions with related parties as follows.

	(Unit: Million Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Transactions with the parent company</u>				
Sales of goods and raw materials	24	44	23	25
Purchase of goods and raw materials	48	60	13	15
Royalty paid (Note 15.2.1)	797	664	797	664
Services paid	10	36	10	36
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Sales of goods and raw materials	-	-	6,665	5,986
Purchase of goods and raw materials	-	-	292	364
Commission paid	-	-	65	56
Design and engineering fee paid (Note 15.2.2)	-	-	571	577
Administrative expenses	-	-	16	29
<u>Transactions with related companies</u>				
Sales of goods and raw materials	2,709	1,972	1,128	828
Purchase of goods and raw materials	1,733	1,258	568	439
Commission paid	157	92	152	88
Commission received	33	28	-	-
Services income	61	20	-	-

(Unaudited but reviewed)

The balances of the accounts between the Group and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
			(Audited)	
	(Audited)		(Audited)	
<u>Trade receivables, related parties (Note 3)</u>				
Parent company	25	40	23	36
Subsidiary companies	-	-	9,146	10,030
Other related companies (under common control)	2,266	2,196	1,097	951
Total trade receivables, related parties	<u>2,291</u>	<u>2,236</u>	<u>10,266</u>	<u>11,017</u>
<u>Other receivables, related parties (Note 3)</u>				
Subsidiary companies	-	-	10	7
Other related companies (under common control)	2	16	2	2
Total other receivables, related parties	<u>2</u>	<u>16</u>	<u>12</u>	<u>9</u>
<u>Amounts due from related parties (Note 3)</u>				
Subsidiary companies	-	-	2	4
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>2</u>	<u>4</u>
<u>Trade payables, related parties (Note 8)</u>				
Parent company	53	48	12	5
Subsidiary companies	-	-	309	296
Other related companies (under common control)	1,727	1,736	469	506
Total trade payables, related parties	<u>1,780</u>	<u>1,784</u>	<u>790</u>	<u>807</u>
<u>Other payables, related parties (Note 8)</u>				
Parent company	320	588	320	586
Subsidiary companies	-	-	344	159
Other related companies (under common control)	272	619	132	397
Total other payables, related parties	<u>592</u>	<u>1,207</u>	<u>796</u>	<u>1,142</u>
<u>Accrued expenses, related parties (Note 8)</u>				
Parent company	293	264	293	264
Other related companies (under common control)	172	170	172	170
Total accrued expenses, related parties	<u>465</u>	<u>434</u>	<u>465</u>	<u>434</u>
<u>Advance received, related parties (Note 8)</u>				
Parent company	-	-	88	55
Total advance received, related parties	<u>-</u>	<u>-</u>	<u>88</u>	<u>55</u>

(Unaudited but reviewed)

Long-term loans from related party

(Unit: Million Baht)

		Consolidated financial statements		
Long-term loans from related party	Related by	Balance as at 1 January 2022	Translation adjustment	Balance as at 31 March 2022
	Other related company			
Eltek AS	(under common control)	368	(7)	361
Total long-term loans from related party		368	(7)	361

Directors and management's benefits

(Unit: Million Baht)

	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	28	28	12	14
Post-employment benefits	3	3	2	2
Total	31	31	14	16

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 2)</u>				
Aged on the basis of due dates				
Not yet due	2,282	2,181	9,319	9,268
Past due				
Up to 3 months	8	54	944	1,746
3 - 6 months	1	1	2	3
Over 12 months	-	-	1	-
Total	2,291	2,236	10,266	11,017
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	15,556	15,209	9,461	8,174
Past due				
Up to 3 months	1,894	2,281	921	1,277
3 - 6 months	154	132	100	39
6 - 12 months	46	24	16	3
Over 12 months	42	61	10	9
Total	17,692	17,707	10,508	9,502
Total trade receivables	19,983	19,943	20,774	20,519
Less: Allowance for expected credit losses	(158)	(156)	(58)	(38)
Total trade receivables - net	19,825	19,787	20,716	20,481
<u>Other receivables</u>				
Amounts due from related parties (Note 2)	-	-	2	4
Other receivables - related parties (Note 2)	2	16	12	9
Other receivables - unrelated parties	827	790	754	706
Total other receivables	829	806	768	719
Trade and other receivables - net	20,654	20,593	21,484	21,200

(Unaudited but reviewed)

4. Inventories

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Inventories - cost	22,061	21,931	14,708	15,043
Reduce cost to net realisable value	(2,444)	(2,350)	(1,373)	(1,403)
Inventories - net	<u>19,617</u>	<u>19,581</u>	<u>13,335</u>	<u>13,640</u>

Movements in the reduce cost to net realisable value of inventory account are summarised below.

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2022	(2,350)	(1,403)
Increase during the period	(553)	(399)
Reversal of the reduction to net realisable value of the obsolete and damaged inventories written off during the period	445	429
Reversal during the period	5	-
Translation adjustment	9	-
Balance as at 31 March 2022	<u>(2,444)</u>	<u>(1,373)</u>

5. Other current assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Input tax refundable	528	474	210	241
Advance payments	1,208	1,181	281	331
Prepaid expenses	203	250	64	54
Prepaid tax	116	23	-	-
Others	25	58	11	15
Total other current assets	<u>2,080</u>	<u>1,986</u>	<u>566</u>	<u>641</u>

(Unaudited but reviewed)

6. Investments in subsidiaries

6.1 Details of investments in subsidiaries as presented in separate financial statements

(Unit: Million Baht)

Company's name	Paid-up capital			Cost	
	Foreign currency	31 March	31 December	31 March	31 December
		2022	2021	2022	2021
		(Million)	(Million)		
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	THB	206	206	206	206
Delta Energy Systems (Singapore) Pte. Ltd.	USD	173	173	5,573	5,573
Delta Electronics (Vietnam) Company Limited	USD	0.1	0.1	3	3
Delta Electronics India Manufacturing Private Limited	INR	1	1	1	1
subtotal				15,233	15,233
Less: Allowance for impairment loss of investments in subsidiaries				(1,324)	(1,324)
Investments in subsidiaries - net				<u>13,909</u>	<u>13,909</u>

No dividend was received from the above subsidiaries during the three-month period ended 31 March 2022 and 2021.

6.2 Significant events during the current period

Subsidiaries indirectly owned by the Company

Dissolution of a subsidiary

On 31 March 2020, a meeting of the Company's Board of Directors passed a resolution to dissolve Delta Greentech (Netherlands) Cooperaties UA, which is a subsidiary of Delta Energy Systems (Singapore) Pte. Ltd. During the current period, this subsidiary registered its dissolution and is in the process of liquidation.

Due to the liquidation, in accordance with the relevant laws of the Netherlands, all ordinary shares of the subsidiary of Delta Greentech (Netherlands) Cooperaties UA, Delta Greentech (Netherlands) B.V., were transferred to Delta Energy Systems (Singapore) Pte. Ltd. As a result, Delta Greentech (Netherlands) B.V. became a 100 percent-owned subsidiary of Delta Energy Systems (Singapore) Pte. Ltd.

The dissolution of this subsidiary and above transfer of ordinary shares do not have any significant impact on the operations and the investment structure of the Group.

(Unaudited but reviewed)

7. Property, plant and equipment

Movements of the property, plant and equipment account are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2022	18,583	10,836
Acquisitions during period - cost	1,334	853
Disposals/write-off during period - net book value at disposal/write-off date	(11)	(1)
Depreciation for the period	(663)	(546)
Translation adjustment	(153)	-
Net book value as at 31 March 2022	<u>19,090</u>	<u>11,142</u>

8. Trade and other payables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
		(Audited)		(Audited)
Trade payables - related parties (Note 2)	1,780	1,784	790	807
Trade payables - unrelated parties	13,211	12,227	11,930	11,042
Other payables - related parties (Note 2)	592	1,207	796	1,142
Other payables - unrelated parties	1,705	2,062	1,619	1,965
Accrued expenses - related parties (Note 2)	465	434	465	434
Accrued expenses - unrelated parties	2,779	3,386	2,153	2,644
Advance received - related parties (Note 2)	-	-	88	55
Advance received - unrelated parties	1,352	949	750	538
Total trade and other payables	<u>21,884</u>	<u>22,049</u>	<u>18,591</u>	<u>18,627</u>

(Unaudited but reviewed)

9. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2022	1,596	529
Recognition during the period	31	14
Decrease during the period	(21)	(10)
Reversal during the period	(8)	-
Translation adjustment	(21)	-
Balance as at 31 March 2022	1,577	533

10. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements	
	Other				
	Warranty	provisions	Total	Warranty	Total
Balance as at 1 January 2022	609	34	643	429	429
Recognition during the period	238	17	255	38	38
Decrease during the period	(3)	(1)	(4)	-	-
Reversal during the period	(207)	(7)	(214)	(6)	(6)
Translation adjustment/unrealised gain on exchange rate	(23)	(1)	(24)	(22)	(22)
Balance as at 31 March 2022	614	42	656	439	439
Short-term provisions	67	31	98	-	-
Long-term provisions	542	3	545	429	429
Balance as at 31 December 2021 (Audited)	609	34	643	429	429
Short-term provisions	66	40	106	-	-
Long-term provisions	548	2	550	439	439
Balance as at 31 March 2022	614	42	656	439	439

Warranty

The Group recognised a provision for the expected warranty claims on products based on past experience of the level of repairs and returns with current sales for each type of products under current warranty.

11. Income tax

Income tax expenses for the three-month period ended 31 March 2022 and 2021 are made up as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	(82)	(33)	(32)	-
Adjustment in respect of income tax of previous year	91	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(52)	(16)	-	-
Translation adjustment	4	(11)	-	-
Income tax expense reported in profit or loss	<u>(39)</u>	<u>(60)</u>	<u>(32)</u>	<u>-</u>

12. Losses due to flooding

In August 2021, some of the Company's warehouses located in Bangpoo Industrial Estate in Samutprakarn province were affected by flooding, which resulted in property damage. The Company surveyed the damage and recorded losses due to flooding of Baht 393 million in the statement of comprehensive income for the third quarter of year 2021. This consisted of the damages to inventories amounting to approximately Baht 331 million, damages to fixed assets amounting to approximately Baht 19 million and other damages amounting to approximately Baht 43 million. The amount includes the full book value of the fixed assets that were damaged and need to be replaced. However, the Company has all risks insurance coverage.

On 31 March 2022, the Company received a letter from the insurer confirming the amount of the claims that will be paid for losses of assets amounting to USD 9.9 million or approximately

(Unaudited but reviewed)

THB 331 million. The Company therefore recorded this amount as “Insurance claim receivable due to flooding” in the statement of financial position and as “Insurance compensation income due to flooding” in the statement of comprehensive income.

13. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

14. Segment information

The Group is organised into business units based on their products and services. During the current period, the Group has not changed the organisation of their reportable segments from the last annual financial statements.

The following tables present revenue and profit information regarding the Group’s operating segments for the three-month periods ended 31 March 2022 and 2021.

(Unit: Million Baht)

	For the three-month period ended 31 March									
	Power electronics segment		Infrastructure segment		Automation segment		Others		Consolidated financial statements	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue										
Sales from external customers	18,512	13,589	5,090	4,721	667	480	29	12	24,298	18,802
Service income from external customers	17	31	229	111	58	63	22	32	326	237
Total revenue	<u>18,529</u>	<u>13,620</u>	<u>5,319</u>	<u>4,832</u>	<u>725</u>	<u>543</u>	<u>51</u>	<u>44</u>	<u>24,624</u>	<u>19,039</u>
Segment profit (loss)	2,164	1,164	278	379	49	-	(298)	(171)	2,193	1,372
Unallocated income (expenses):										
Gain on exchange rate									200	251
Insurance compensation income due to flooding									331	-
Other income									93	192
Other expenses									(17)	(18)
Finance income									22	19
Finance cost									(3)	-
Profit before income tax expenses									2,819	1,816
Income tax expenses									(39)	(60)
Profit for the period									<u>2,780</u>	<u>1,756</u>

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2022, the Group had significant capital commitments amounting to Baht 2,879 million, EUR 9 million or approximately Baht 328 million, and INR 3,500 million or approximately Baht 1,533 million in respect of the building construction, purchase of machinery and equipment (The Company only: Baht 2,874 million).

15.2 Significant long-term service commitments

15.2.1 Intellectual Property & Technology License commitments

The Company entered into the Intellectual Property & Technology License Agreement with Delta Electronics Inc. (“Licensor”), whereby the Licensor granted the Company the right to manufacture and sell products that apply the Licensor’s patents and technology, including improvements thereof. In consideration for the rights, the Company agrees to pay a royalty to the Licensor at a percentage of revenue from sales of products manufactured under the licenses, with that percentage determined on an arm’s length basis. The percentage is to be amicably reviewed by the parties annually before each anniversary of the effective date, which was 1 January 2018. The agreement matures annually and renews continuously for further periods of one year until terminated by either party. The Company has recorded the related expense as “Royalty expenses”, which are presented under the caption of “Selling and distribution expenses” in the statements of comprehensive income.

15.2.2 Research and development service commitments

The Company entered into a research and development service agreement with the subsidiary companies. Under this agreement, the subsidiary companies provide research and development services (design and engineering) to the Company and charges fees equal to the local operational costs incurred on product research and development plus a margin, on an arm’s length basis. This agreement matures annually.

The Company has recorded the design and engineering fees as “Research and development expenses” in the statements of comprehensive income.

15.3 Guarantee obligations

As at 31 March 2022, the Group had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

- 15.3.1 Outstanding letters of guarantee totaling approximately Baht 385 million have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 335 million issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment as mentioned in Note 15.4.1 to the financial statements).
- 15.3.2 Outstanding letters of guarantee for totals of approximately Baht 7 million, INR 1,341 million or approximately Baht 587 million, EUR 0.3 million or approximately Baht 13 million and AUD 1 million or approximately Baht 31 million have been issued by banks to meet requirements of the subsidiaries.

15.4 Tax assessment

- 15.4.1 a. In 2015, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee. In addition, the Company received tax assessment notices for the year 2006 from the Revenue Department in 2016, assessing corporate income tax amounting to approximately Baht 168 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- b. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 3 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

- c. On 21 August 2018, the Company received tax assessment notices for the year 2008 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 49 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 4 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- d. On 20 August 2019, the Company received tax assessment notices for the year 2009 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 23 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 5 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

However, the Company has recorded provisions for the tax assessments as mentioned in a., b., c., and d., with approximately Baht 258 million (including penalties and surcharges) under the captions of “Liabilities and provision from tax assessments” in the statement of financial position.

15.4.2 The Indian tax authorities assessed corporate income tax of approximately INR 371 million or approximately Baht 162 million, covering the years 2006 - 2020, and sales tax and excise duties of approximately INR 175 million or approximately Baht 76 million, covering the years 2005 - 2018, against the subsidiaries in India. The subsidiaries have appealed the assessments. The management of the subsidiaries believe that the outcome of the cases will be favorable to the companies and therefore no provision for these contingent liabilities have been made in the accounts.

16. Financial Instrument

16.1 Fair value of financial instrument

Since the majority of the Group’s financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

(Unaudited but reviewed)

16.2 Fair value hierarchy

As at 31 March 2022, the Group had the financial assets and financial liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	40	-	40
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	47	-	47

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	40	-	40
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	45	-	45

During the current period, there were no changes in the methods and the assumptions used to estimate the fair value of financial instruments and there were no transfers between the levels of the fair value hierarchy.

17. Financial derivatives

As at 31 March 2022, the significant outstanding balances of the Group's financial assets and financial liabilities denominated in foreign currencies are as follows:

(Unit: Million foreign currency unit)

Foreign currency	Consolidated financial statements		Separate financial statements	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
US dollar	404	402	669	399
Euro	9	6	9	15
Japanese yen	66	583	61	579

(Unaudited but reviewed)

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 31 March 2022
US dollar	33.2973
Euro	37.1827
Japanese yen	0.2728

The Group manages its exposure to foreign currency risk by using derivatives when considered appropriate. As at 31 March 2022, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

Consolidated financial statements						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	232	million	32.1120 - 33.9830	THB/USD	April - July 2022
Forward contracts to “Buy”						
USD/INR	USD	9	million	75.0625 - 77.3850	INR/USD	April - May 2022
JPY/THB	JPY	160	million	0.2741 - 0.2816	THB/JPY	April - June 2022
Separate financial statements						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	232	million	32.1120 - 33.9830	THB/USD	April - July 2022
Forward contracts to “Buy”						
JPY/THB	JPY	160	million	0.2741 - 0.2816	THB/JPY	April - June 2022

18. Events after the reporting period

On 1 April 2022, the 2022 Annual General Meeting of the Company’s shareholders approved the payment of a dividend of Baht 1.70 per share for 2021, totaling Baht 2,121 million.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company’s Board of Directors on 26 April 2022.