



ANNUAL REPORT 2021

(FORM 56-1 ONE REPORT)

Delta Electronics (Thailand) Public Company Limited



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Mission

To provide innovative, clean and energy-efficient solutions
for a better tomorrow

Brand Promise

“Smarter”

is our continuous innovation in power electronics technology.

“Greener”

represents Delta’s mission since our founding.

“Together”

is our business philosophy in building long-term cooperation with
our stakeholders.



Corporate Culture

Strive for change, and pursue sustainability



Innovation

Create new
ideas and take
them to success
effectively.



Quality

Consistently
deliver superior
performance
and pursue
improvement all
the time.



Agility

Identify emerging
trends and
act quickly to
capture new
opportunities.



Teamwork

Fully leverage
global value
networks and
collaborate to
achieve mutual
goals.



Customer Satisfaction

Anticipate
customer needs
and exceed
expectations.

Company General Information

| | |
|---|---|
| Name | Delta Electronics (Thailand) Public Company Limited |
| Company Registration Number | 0107537002559 |
| Headquarter Contact Address | 909 Soi 9, Moo 4, E.P.Z., Bangpoo Industrial Estate, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn Province 10280, Thailand Tel. : (662) 709-2800 Fax : (662) 709-2833 |
| Nature of Business | Manufacturing and exporting of power supplies and other electronic equipment and components |
| Home Page | www.deltathailand.com |
| Registered Share Capital | 1,259,000,000 ordinary shares at par value of Baht 1 |
| Paid up Capital | 1,247,381,614 ordinary shares at par value of Baht 1 (As of 10 January 2022) |
| Juristic Persons which company holds more than 10% | Please find details in the section of "Investment Structure" |
| References | <ol style="list-style-type: none">1. Auditor EY Office Limited (Formerly know as Ernst & Young Office Limited) 33rd Floor, Lake Rajada Office Complex, 193/136-137, Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. : (662) 264-0777 Fax. : (662) 264-07892. Share Registrar Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand Tel. : (662) 009-9000 Fax. : (662) 009-9991 |

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Sustainability Award Bronze Class 2022

S&P Global



Financial Highlights 2019-2021

| Unit : Million Baht | Consolidated | | | The Company Only | | |
|--|--------------|--------|--------|------------------|--------|--------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Total Assets | 69,338 | 57,219 | 46,255 | 61,868 | 52,691 | 42,491 |
| Total Liabilities | 27,934 | 19,611 | 13,073 | 21,561 | 14,989 | 9,558 |
| Paid-Up Capital | 1,247 | 1,247 | 1,247 | 1,247 | 1,247 | 1,247 |
| Total Shareholders' Equity | 41,404 | 37,607 | 33,182 | 40,307 | 37,701 | 32,933 |
| Sales Revenues | 84,318 | 63,208 | 52,047 | 70,982 | 53,762 | 40,122 |
| Total Revenues | 85,778 | 64,103 | 52,508 | 72,369 | 54,358 | 40,548 |
| Cost of Sales | 66,960 | 48,089 | 41,411 | 55,199 | 39,731 | 31,604 |
| Gross Profit | 17,358 | 15,119 | 10,636 | 15,783 | 14,031 | 8,518 |
| Selling & Admin Expense | 11,435 | 8,762 | 8,314 | 9,846 | 7,528 | 6,488 |
| Operating Profit | 5,923 | 6,356 | 2,322 | 5,937 | 6,503 | 2,030 |
| Net Profit (Equity Holders of the Company) | 6,699 | 7,102 | 2,960 | 6,755 | 7,014 | 2,419 |

Unit : (%)

| | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 20.59% | 23.92% | 20.44% | 22.24% | 26.10% | 21.23% |
| Operating Profit Margin | 7.02% | 10.06% | 4.46% | 8.36% | 12.10% | 5.06% |
| Net Profit Per Total Revenues | 7.81% | 11.08% | 5.64% | 9.33% | 12.90% | 5.97% |
| Return On Equity | 16.96% | 20.11% | 9.02% | 17.32% | 19.72% | 7.49% |
| Return On Assets | 10.59% | 13.77% | 6.42% | 11.79% | 14.57% | 5.81% |

Unit : Baht

| | | | | | | |
|----------------------|--------|-------|-------|--------|-------|-------|
| Earning Per Share | 5.37 | 5.69 | 2.37 | 5.42 | 5.62 | 1.94 |
| Dividend Per Share | 1.70** | 3.30 | 1.80 | 1.70** | 3.30 | 1.80 |
| Book Value Per Share | 33.20 | 30.16 | 26.61 | 32.32 | 30.23 | 26.41 |

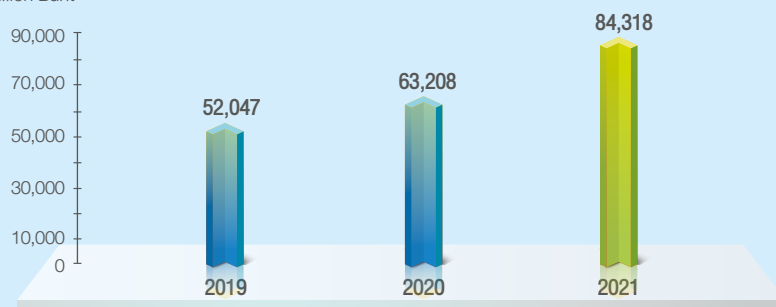
* Pending approval from shareholders' meeting



Sales Revenues



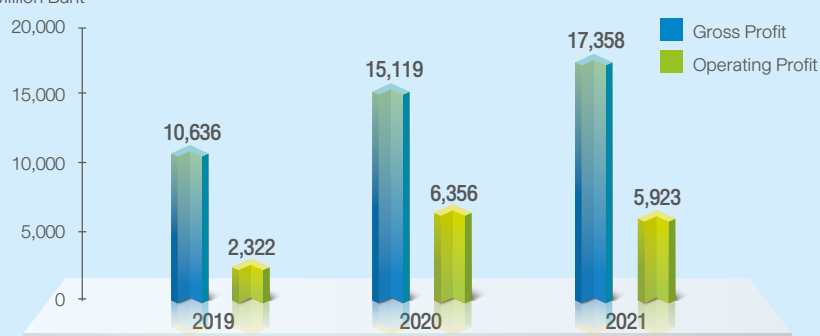
Million Baht



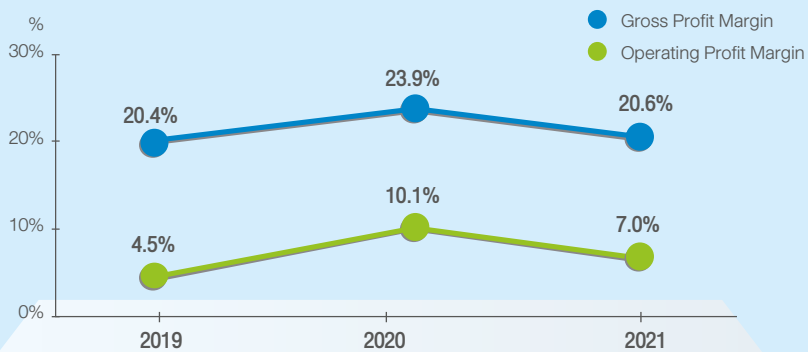
Gross Profit vs Operating Profit



Million Baht



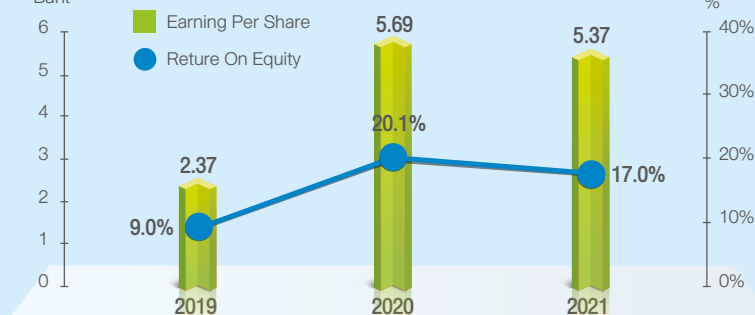
Gross Profit Margin vs Operating Profit Margin



EPS vs ROE



Baht



Achievements

in 2021



ENVIRONMENT



Delta's new Plant 7 in Wellgrow Industrial Estate, Chachoengsao has received the LEED (Leadership in Energy and Environmental Design) Gold certification from U.S. Green Building Council in the New Construction category. The green building optimizes energy performance and exceeds baseline energy performance by 28%, reduces water use 45% and maintains a 30% fresh air rate in occupied areas for the comfort and well-being of occupants.



Delta received the 2021 Thailand Energy Award (TEA) in two categories: Energy Management Team for Designated Factory and Energy Supporter Company. This is the sixth year for Delta to win the prestigious sustainability award from the Ministry of Energy in recognition of factories, buildings and individuals that demonstrate responsible use of energy resources for sustainable development. In 2021, a total of 23 energy saving projects were implemented, saving 6,359,842 kWh.



Delta donated more than 50 tons of used carton box material to SCG Packaging Public Company Limited (SCGP) for the project "United to Fight Against Covid: Transform Used Paper Into SCGP Paper Field Hospital Bed" to produce eco-friendly furniture and paper bed for field hospital and local community schools.



SOCIAL



Delta received the ARE-QP Award in recognition for excellence in quality promotion from the Asian Network for Quality (ANQ) at the 19th ANQ Congress 2021. The ARE-QP Award is one of the highest awards for quality management in Asia and a clear recognition of Delta's best practice and outstanding performance in quality management, personnel management, social responsibility and product quality.



Delta received a total score of 7.8/10 and Leader rank in the Corporate Sector and Children's Rights Benchmark Southeast Asia 2020 conducted by Global Child Forum and Boston Consulting Group. Delta is the only company in Thailand with Leader rank in its respective category B2B category.



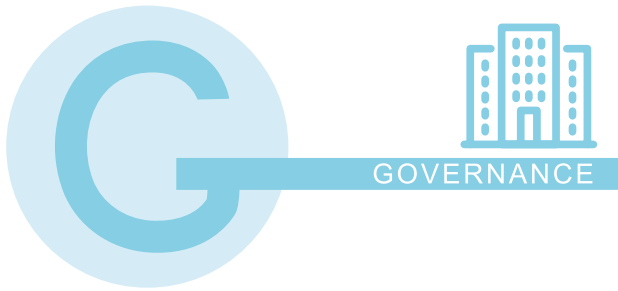
INITIATED BY H.M. KING CARL XVI GUSTAF
AND H.M. QUEEN SILVIA OF SWEDEN

Delta and King Mongkut's Institute of Technology Ladkrabang (KMUTL) signed a five-year MOU for joint promotion and development of education in IoT system and information technology and engineering. This agreement aims to enhance sustainable economic development in line with Thai government policy.



Delta joined hands with the Department of Industrial Promotion (DIP) under the Ministry of Industry to launch the Angel Fund for Startups 2021. Over the past five years, the Delta Angel Fund for Startups has helped create startup projects generating outstanding economic value of over 500 million Baht. This year another company will join Delta to fund winning startups who then get the chance to compete at the Shark Tank Thailand contest for additional investments.





Delta qualified as a constituent of the world-renowned Dow Jones Sustainability Indices (DJSI) 2021. Delta Thailand is the only Thailand company in the “ITC Electronic Equipment, Instruments & Components” industry segment in the 2021 DJSI index and is in both DJSI World and DJSI Emerging Markets region/country lists.

Sustainability Award Bronze Class 2022 S&P Global

Delta won the Bronze Class Sustainability Award 2022 by S&P Global for the third consecutive year. Delta is once again the only Thailand-base company in the “ITC Electronic Equipment, Instrument & Components” sector of the Sustainability Yearbook 2022

MSCI Global Standard Indexes 2022

Delta remain in the MSCI Global Standard Index following the announcement of the results of the February 2022 Quarterly Index Review for the MSCI Equity Index. The MSCI Index is by Morgan Stanley Capital International for use in measuring global equity market performance in leading company.



Delta maintained an “Excellent” score of 93% in the Corporate Governance Report (CGR) of Thai listed companies 2020 for the fifth consecutive year. The list is by the Thai Institute of Directors Association (Thai IOD).



FTSE4Good

Delta is in the FTSE4Good Index Series 2021 in the fifth consecutive year of recognition for Environmental, Social and Governance (ESG) performance by global index provider FTSE Russell.



Delta joins 100 of Thailand's best-performing public listed companies for Environmental, Social and Governance (ESG) aspects for the seventh consecutive year in the 2021 Thaipat Institute ESG100 Universe.



Delta won the Gold Award for excellence in total rewards strategy and Bronze Award for excellence in graduate recruitment & development at the HR Excellence Awards 2021 Thailand by Human Resources Online.



Delta Thailand is recognized with the "2021 Best Companies to Work For in Asia Award" by HR Asia. Delta's average scores on every dimension of Core (Leadership & Ethics, Culture & Ethics, Active initiatives), Self (Emotional Engagement, Intention & Motivation, Behavior & Advocacy), and Group (Collective Consciousness, Workplace Sentiment, Team Dynamics) were all in the lead.

Message from the Board



2022 was a very busy year for us at Delta Thailand with strong demand for EV charger and data center infrastructure as well as other products transferred here from our production in China. All this was amid high materials costs and extra expenses due to COVID-19 outbreaks. In addition, we responded to a flood at one of our warehouses. By the end of the year, our results showed good sales growth alongside lower margins and increasing working capital requirements.

Comparing our 2021 operations with 2020, we see that our sales revenue increased from USD 1.99 billion in 2020 to USD 2.6 billion, or around 30% growth. The highest sales growth was in our ODM (Original Design Manufacturing) business particularly in EVs and data center related businesses as well as Information Communication Technology (ICT) businesses. Meanwhile, our gross profit margins declined from 23% to 20% mainly due to short term situation such as high labor costs due to the COVID-19 Delta variant outbreak, material price increase due to shortage or container shortage resulting in high freight costs especially in airfreight.

Looking at our mid-term situation, the transfer of Delta Group's products from China production centers continues and our profit margin will be under pressure due to product mix. Therefore, our management focus during this time will be to manage order flows vs inventory control and to plan procurement well.

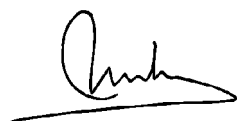
Since the 2019 tender offer by Delta Electronics, Inc., Delta Electronics (Thailand) PCL. has been well positioned as the beneficiary of our Delta Group's China production transfer which started in response to the US-China trade war. Capacity expansion and new factories in our region are currently underway, although rollout is slower than planned due to COVID-19 constraints. These new production facilities are for our existing products with high growth momentum such as EV products, data center power supplies. Both Thailand

and India will become the assembly hubs and main production centers for our standard products.

With our huge portfolio of products for energy saving and environmental conservation, the Delta Group is well-positioned for sustainable growth and heading in the right direction of green energy and Internet of Things (IoT) development for both our ODM products and our regional solution businesses. However, our Company's capacity expansion has progressed slowly hampered by the ongoing COVID-19 situation of the past two years. Thus, our sales growth will depend primarily on our new production capacity and smart manufacturing implementation to curb extra costs, especially during the initial period of low-scale production.

Meanwhile, synergies among all parties in the Delta Group is progressing rapidly in many areas of our business operations and in all geographical business locations. This enables us to create business from our Delta Group network and leverage our product portfolio to the fullest. New businesses include medical equipment and products related to renewable energy sources such as solar inverters and wind turbine converters. For example, our India software team is creating more revenue from services and solutions for our regional business. The Delta Group's success relies heavily on our teamwork, upskilling and improvements in all areas of our businesses.

Lastly, the Board would like to express our sincere appreciation to all our management and staff for their tireless effort and consistent dedication to bring our company to the next level of sustainable development according to the direction and plan to exceed our customers' expectations in terms of quality, cost and time. We also would like to thank our business partners and all relevant authorities for their strong support for our continued prosperous future together.



Ng Kong Meng
Chairman of the Board



Chang Tsai-hsing
President

Board of Directors





1. Mr. Ng Kong Meng
Chairman of the Board

2. Mr. Cheng Ping
Director of the Board

3. Mr. Ko Tzu-shing
Director of the Board

4. Mr. Chang Tsai-hsing
Director of the Board

5. Mr. Chu Chih-yuan
Independent Director

6. Mr. Anusorn Muttaraid
Director of the Board

7. Mr. Boonsak Chiempricha
Independent Director

8. Dr. Witoon Simachokedee
Independent Director

9. Mrs. Tipawan Chayutimand
Independent Director





Part 1

Business Operations and Performance

1. Structure and Business Operations
2. Risk Management
3. Driving Business for Sustainability
4. Management Discussion and Analysis (MD&A)
5. General Information and Other Important Information

SMARTER

Structure and Business Operations



Business Policy and Overview

Delta Electronics (Thailand) Public Company Limited was inaugurated on June 16, 1988, with THB 40 million in initial capital. The company was converted to a public limited company on September 23, 1994, and listed on the Stock Exchange of Thailand on July 24, 1995, under the symbol of “DELTA”. As of December 31, 2017, the company has THB 1,259,000,000 in registered capital with THB 1,247,381,614 in paid-up capital at THB 1 par value per share.

Delta Thailand is a manufacturer and exporter of power supplies and electronics equipment and parts, the company is one of the world's leading producers of power supplies and electronic components that include DC fans, EMI filters and solenoids. Our businesses are now mainly involved in power management solutions. Our current power management product line covers various types of power supplies including power systems

for information technology, telecommunications, industrial applications, office automation and medical industries; and power supplies for servers, networking and DC-DC converters. Presently, we are extending our businesses to cover renewable energies such as solar power, electric vehicle and hybrid-electric vehicles.

Milestones of the Past 3 Years

The company has received the Conditional Voluntary Tender Offer of the Company (Form 247-4) from DEISG for a period of 25 February 2019 to 1 April 2019. Total period of 25 working days at the offering price of 71.00 baht per share. After which the offer is closed, the number of securities held by persons in the same group with the DEISG, any related parties of the DEISG under Section 258, and the persons in the same group of each DEISG, shall be included.

Milestones of the Past 3 Years

| Name | Number of shares | Percentage in comparison with the total number of outstanding shares of the business | Percentage in comparison with the total voting rights of the business |
|--|--------------------|--|---|
| Delta Electronics Int'l (Singapore) Pte., Ltd. (DEISG) | 534,479,306 | 42.85 | 42.85 |
| Delta Electronics Inc. | 69,128,140 | 5.54 | 5.54 |
| Delta International Holding Ltd. | 191,984,450 | 15.39 | 15.39 |
| Total | 795,591,896 | 63.78 | 63.78 |

Confidence in “DELTA”

- FTSE4Good
Emerging Index for the 5th consecutive year (2017-2021)



FTSE4Good

- MSCI Global Standard Indexes 2022 by Morgan Stanley Capital International

MSCI Global Standard Indexes 2022



- ESG 100 for the 7th consecutive year (2015-2021)

- “Excellent” grade on the Corporate Governance Report (CGR) for the 6th consecutive year (2016-2021)



- Qualified as a constituent of the world-renowned Dow Jones Sustainability Indices (DJSI) 2021 in the “ITC Electronic Equipment, Instruments & Components” industry segment in both DJSI World and DJSI Emerging Markets region/country lists.

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

- S&P Global Bronze Class Sustainability Award 2022 and ranked in The Sustainability Yearbook 2022 in ITC Electronic Equipment, Instruments & Components for the 3rd consecutive year

Sustainability Award
Bronze Class 2022

S&P Global



Corporate Objectives & Strategy

1. Strive for sustainable growth in company revenue and profit
2. Grow the company's regional market share and brand recognition
3. Provide comprehensive customer service and excellent product quality to achieve total customer satisfaction
4. Operate a transparent business with integrity and accountability
5. Increase the morale of employees through training and by uplifting their quality of life
6. Reduce the company's carbon footprint by developing environment-friendly and energy saving products and solutions

Nature of Business

Delta and our subsidiaries are manufacturers and distributors of power supplies and electronic equipment and parts. At present, the company has 2 main plants in Thailand, our headquarters in Bangpoo Industrial Estate, Samutprakarn and another plant in Wellgrow Industrial Estate, Chachoengsao. Our overseas plants are in India (Rudrapur, Gurgaon and Hosur), Slovakia (Dubnica nad Váhom and Liptovsky Hradok) and Myanmar (Yangon). Delta divides its products into 3 main business groups as follows;

1. Power Electronics Group

1.1 Power and Systems (PSBG) Product Group which can be further divided down into 5 subgroups as follows;

- DC Power
- Computer & Networking Power, i.e. power supply for storage, server and networking.
- Custom Design Power, which offers high-end custom-designed power supplies for information technology, telecommunications and industrial applications.
- Micro Mobility Power, includes power supplies for industrial and consumer electronics tools.
- Industrial Power Solutions, includes power supplies solutions for industrial

1.2 Fan & Thermal Management (FMBG) Product Group includes Cooling Fan, EMI filter and Solenoid product categories.

1.3 Electronics Vehicle Solutions (EVSBG) Product Group includes power supplies and electronics for automotive product categories.

2. Automation Group supplies automatic equipment for the industrial sector and smart factory including smart sensors and automatic systems for building, lighting and surveillance.

3. Infrastructure Group

3.1 ICT Infrastructure (ICTBG) Product Group which can be further divided down into 2 subgroups as follows;

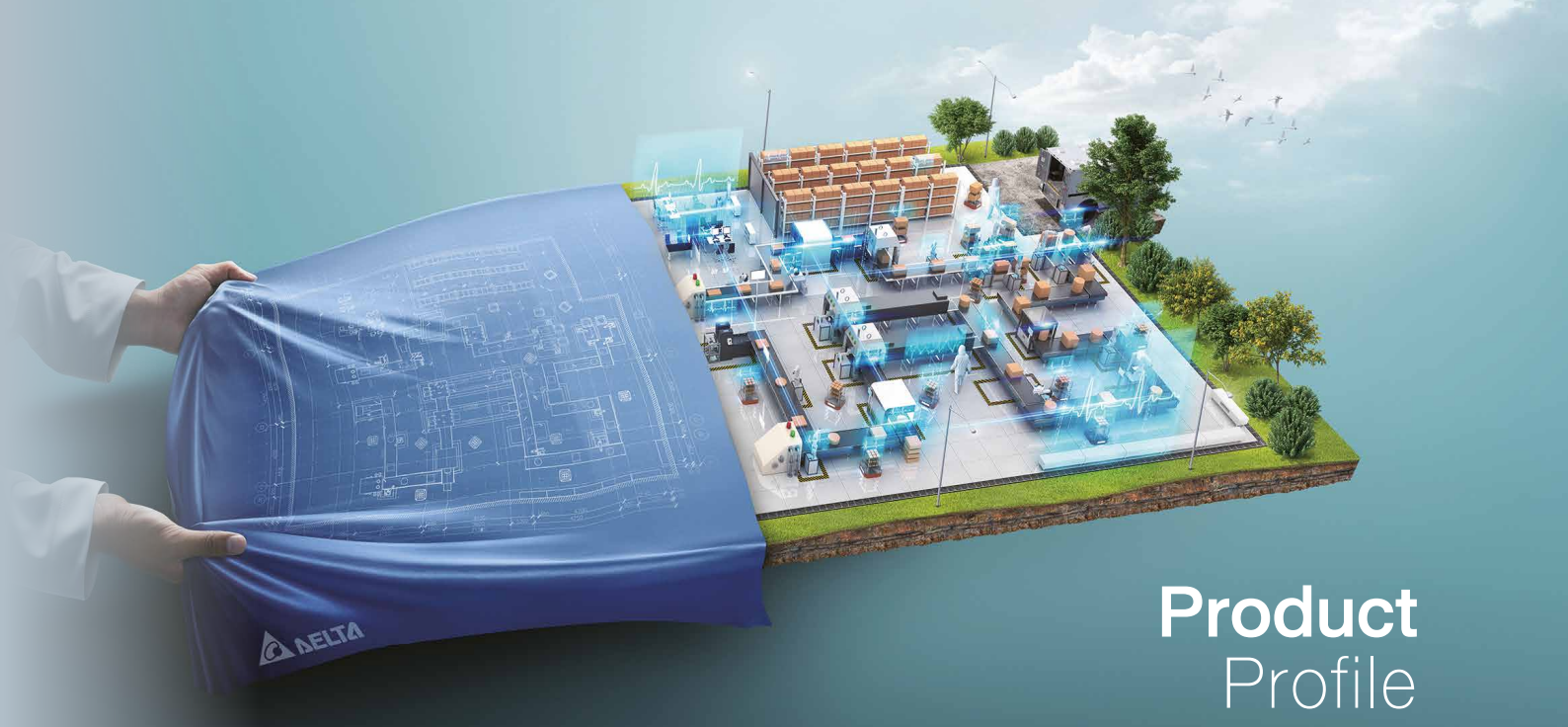
- Communication & Information Solutions
- Networking Infrastructure

3.2 Energy Infrastructure Solutions (EISBG) Product Group including renewable energy product and electric vehicle charging solutions.

(Please find further product details in the Product Profiles section)

Revenue Structure of Delta and Subsidiaries

| Product Group (Unit : Million Baht) | 2021 | | 2020 | | 2019 | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | revenue | % | revenue | % | revenue | % |
| Power Electronics Group | 61,369 | 72.8% | 45,020 | 71.2% | 32,296 | 62.0% |
| Infrastructure Group | 20,685 | 24.5% | 16,252 | 25.7% | 17,463 | 33.6% |
| Automation Group | 2,098 | 2.5% | 1,811 | 2.9% | 2,120 | 4.1% |
| Others | 166 | 0.2% | 125 | 0.2% | 168 | 0.3% |
| Total Sales Revenues | 84,318 | 100.0% | 63,208 | 100.0% | 52,047 | 100.0% |



Product Profile

Product



Product Electronics

- Power & Systems
- Fans & Thermal Management
- Electronics Vehicle Solutions



Automation

- Industrial Automation
- Building Automation



Infrastructure

- ICT Infrastructure
- Energy Infrastructure

“**TO PROVIDE**
THE MOST EFFICIENT
AND RELIABLE
**ENERGY
SAVING**
SOLUTIONS FOR
CUSTOMERS”

Solutions





Power Electronics

Delta is a leading supplier and provider of switching power supplies and DC brushless fans. We offer a diversified selection of power supplies and thermal management products for use in an extensive range of portable devices, cloud computing equipment, home appliances and medical-device applications. Our design customization services are also the first choice of leading OEMs / ODMs. We provide tailor-made components, devices and related services to help our customers advance their competitiveness in the field power electricity. This following are our three power electronics business group.



Power and Systems

As a result of major technological advances, Delta has steadily increased the efficiency of its power supply products and has introduced products with energy-saving features. Power supply of this group are now mainly divided into four subgroups as follows.

DC-DC Power



Our DC-DC Converter's main application is to supply stable voltage to microprocessor that generally generates unstable load (dynamic load) during operation. Delta offers high voltage DC-DC converters up to 2650W, that provide high power density, a low profile and high efficiency.

Computer & Networking Power



This subgroup mainly comprises of power supplies for PCs, servers, networking, workstations, storage and other high voltage power supplies that provide power, ranging up to 7200W per power module, with efficiency over 90% and power density up to 25W/inch³.



Power and Systems

Custom Design Power



Our custom design provides fully customized innovative solutions/products for the computing (server, networking), office automation, medical, telecommunications, automotive and industrial applications. As a technology leader, our customized solution/products are packed with innovative technologies.

Micro Mobility Power



The Industrial Tools Group includes power supplies for industrial, consumer electronics tools and adaptor. We are one of the world's largest producers of AC/DC adapters for portable computers and other external power source applications. The use of ASIC, hybrid circuits, and thin film technology allow us to produce adapters with industry-leading power density and a broad range of standard power supplies for industrial and medical applications.

Industrial Power Solutions



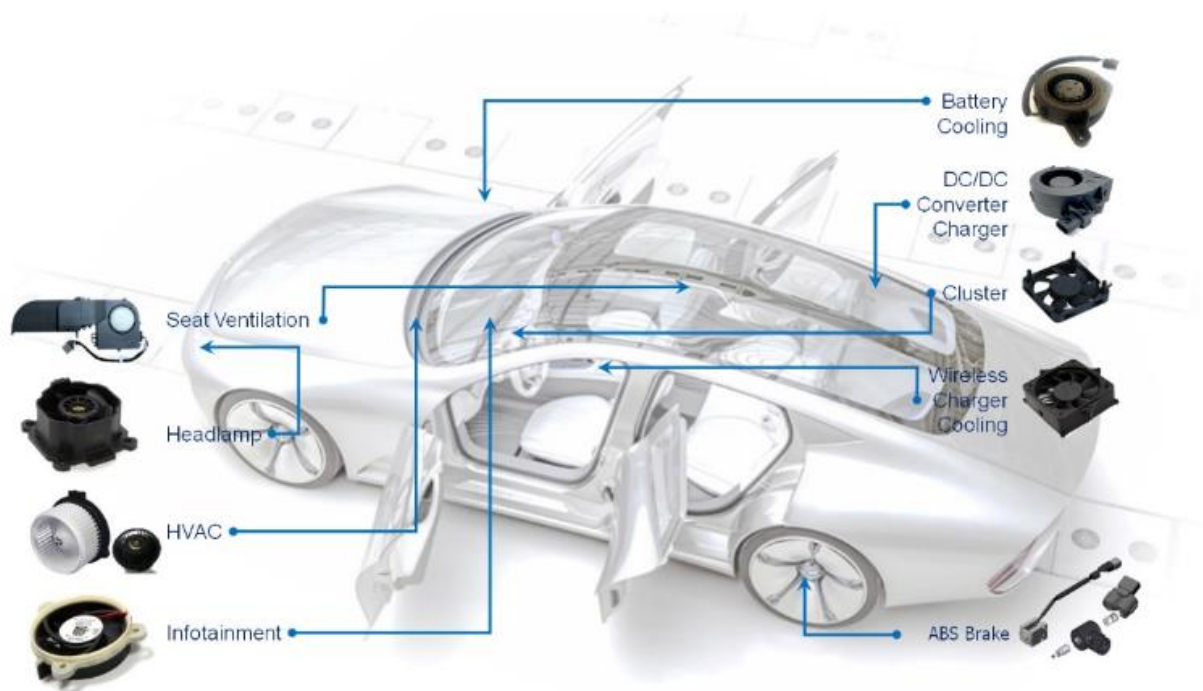
Delta has developed power supply units for industrial and medical applications with our own brand "Delta". Delta's world-class technology and decades of manufacturing experience consistently provide excellent and reliable products to meet the ever-changing needs of not just ODM customers but also general consumers. Therefore, Delta has been introducing many more standard power supply form factors (DIN rail, Panel mount, Open frame, and Adapter) for a wide variety of demanding applications like industrial automation, factory automation, building automation, test and measurement, food and beverage, and medical equipment and many more.



Fan & Thermal Management

Delta DC fans are custom-designed and produced with cooling, ventilating and circulating functions to be used in many areas for our world-renowned customers' automotive, telecom, IT, household and industrial applications.

Delta designed DC Brushless fans/blowers are more environmental friendly and has increasing higher energy efficiency, thus getting more accepted into different sectors' applications, such as Automotive, Telecom, Household, IT etc. The fans/blowers' structures are uniquely designed to have no interference contact between the spinning rotor and the stator. Without such rubbing contacts of the brushes used in conventional fans/blowers, the emittance of any hazardous particles is zero.



EMI Filter



Electromagnetic Interference (EMI) Filters, with their function for noise & interference reduction, are widely used in home appliances, IT, Telecom to Industrial and Automotive applications

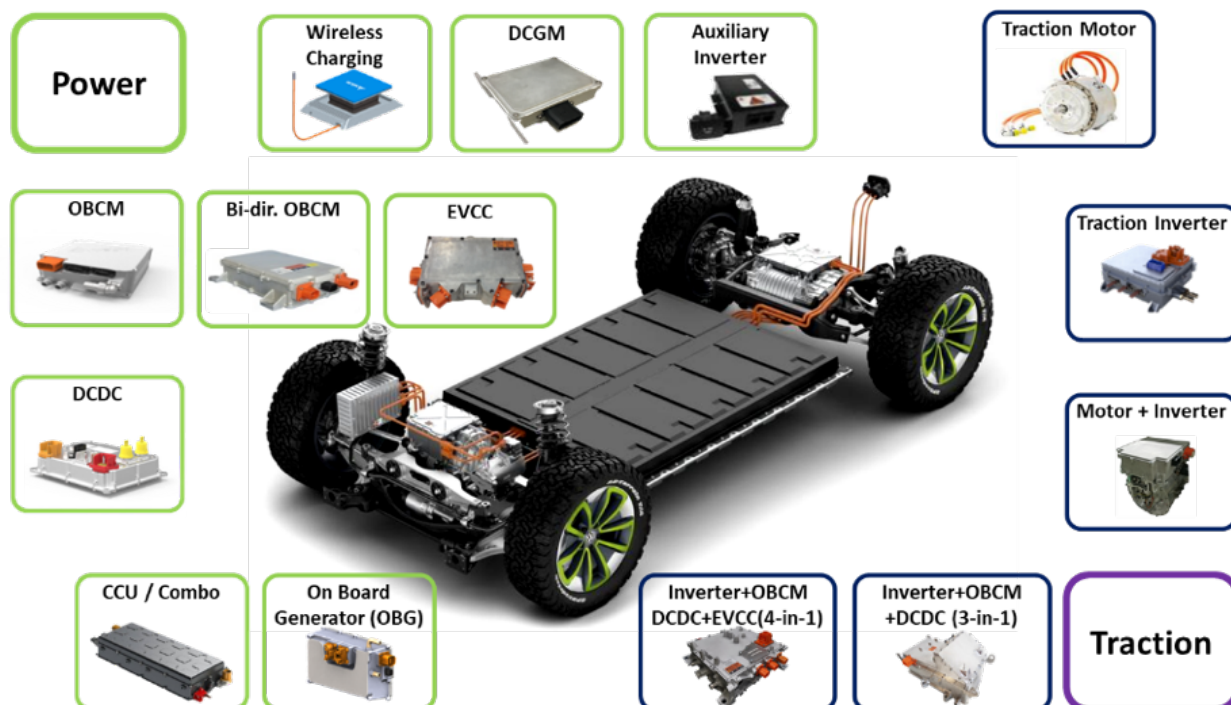
Solenoid



Home appliance and automotive Solenoid are available for our customers' unique requirements, such as applications in the Automotive, Home Appliance and Safety Locks.

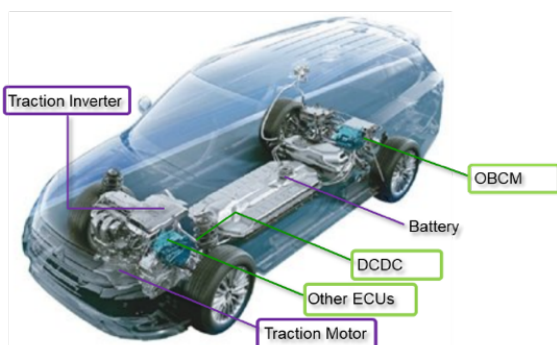


Electric Vehicle Solutions



Delta's Electric Vehicle Solutions Business provides high reliable and efficient products in Power electronics and e-Drive system, major for BEV/PHEV applications. The basic four elements are OBCM (~22kW), DCDC (~4kW), Traction Inverter, Traction Motor and all the products are with an industry-leading high efficiency level (up to 96%), also are scalable for multiple combinations like Combo (OBCM+DCDC), 2-in-1 (Motor+Inverter), 3-in-1, 4-in-1 products or even more.

e-Drive Battery / Traction Motor / Traction Inverter
Power OBCM / DCDC / Other ECUs

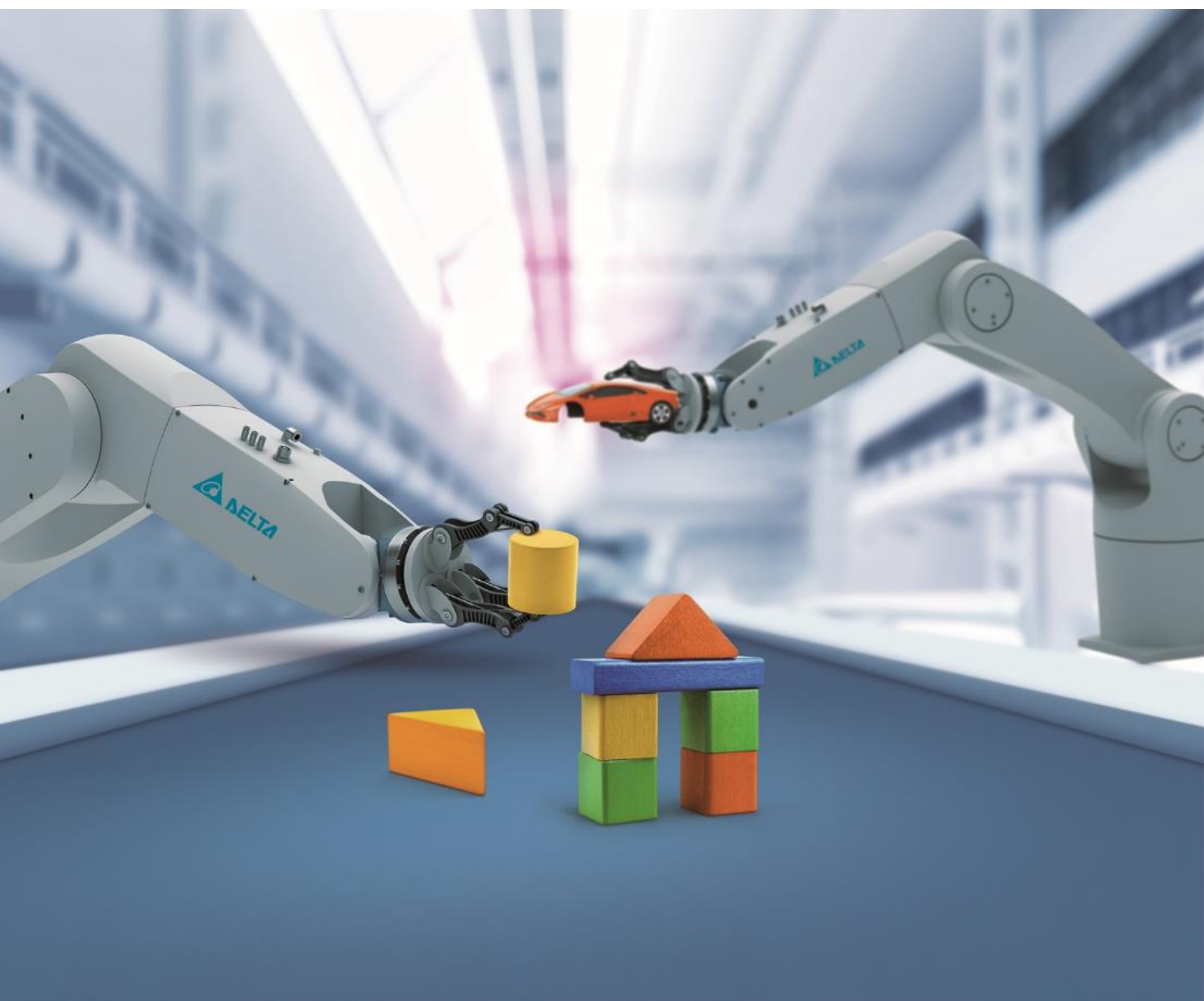


The Powertrain of an Electric Vehicle consists of e-Drive and Power Electronics. An e-Drive system is including Battery, Traction Inverter and Traction Motor. The Power Electronics contains On-Board Charging Module (OBCM), DCDC and diverse Electronic Controlling Units(ECU) which like EVCC, DCGM, etc. Except Battery, Delta EV Solutions Business is providing all the products of a Powertrain for Electric Vehicle.



Industrial Automation

Delta offers high-performance, reliable automation products and solutions including drives, motion control systems, industrial control and communication, power quality improvement, human machine interfaces, sensors, meters, and robot solutions. We also provide information monitoring and management systems such as SCADA system and Industrial EMS for complete, smart manufacturing solutions.





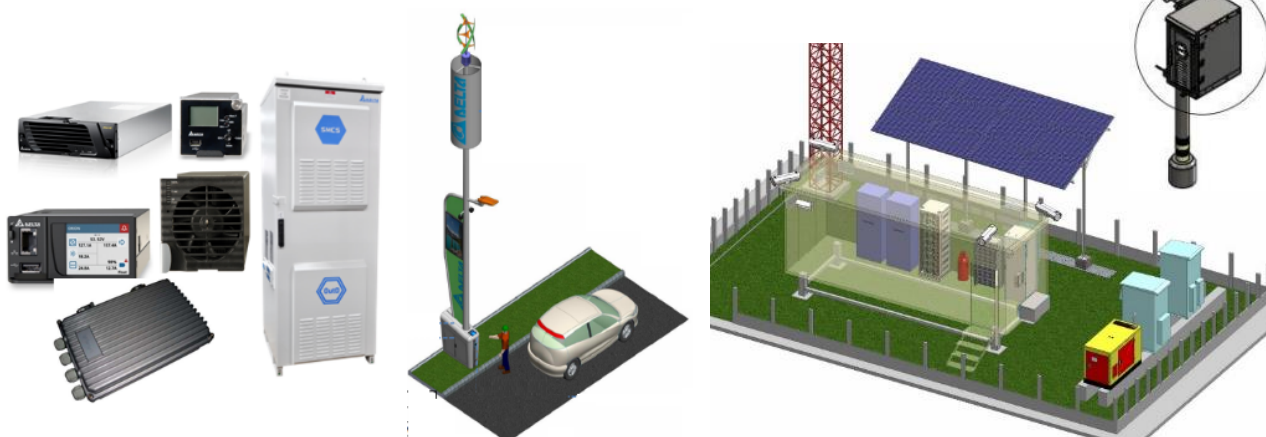
Infrastructure

Delta is a world-leading developer and supplier of telecom power systems, uninterruptible power supplies, medium-voltage drives, solar power and wind-energy solutions. We are the number one provider of telecom power solutions in India and a leading supplier in Europe, Americas and the Asia-Pacific regions.

At Delta, we offer an extensive range of energy management products and regularly apply our advanced engineering capabilities to the design and/or customization of systems and solutions for application in datacenters, renewable energy, electronic vehicles, eco-friendly transportation infrastructure and green buildings.



ICT Infrastructure



Telecom Power Solutions

Delta is a pioneer in providing energy saving solutions for Telecom network requirements. Every 2nd telecom site in India is powered by Delta's Power solutions. We leverage our broad product portfolio to serve telecom operators, telecom equipment manufacturers & infrastructure companies. With a market share of over 50%, the company provides customized solutions for indoor & outdoor applications. Delta provides solutions for all network layers starting from MSC (Bulk Power), BSC (Medium Power), BTS/Cell Site (Power Sharing- Multi Operator) & Last Mile Connectivity Solutions for 4G/LTE/Wi-Fi application with both DC & AC output.

Additionally Delta is actively participating in non-telecom applications like Railways, PGCIL, Smart City Applications & Surveillance Solutions.

Our infrastructure product range includes all capacities of Power Conversion Products (like Rectifiers, Inverters & DC-DC Converters), Power Management Solutions (IPMS - Integrated Power Management Solutions, PIU-Power Interface Units), Energy Storage Solutions (VRLA & Li-Ion Batteries), Hybrid Solutions (DG Battery Hybrid, Solar Hybrid), Cooling Solutions (Fan based, HEX based, DC-Aircon based), DG Cranking solution (battery-less) GBM solutions.



Data Center Infrastructure Total Solutions



Micro
Data Center



Modular
Data Center



Containerized
Data Center



Power
Container



Data Center Infrastructure Solutions

Enterprise growth and IT equipment have become so closely linked that planning and building a high performance data room is one of the most critical issues for IT managers today. The expert teams at Delta CIS have developed a new generation of data center infrastructure solutions: InfraSuite. The goal of the InfraSuite business is to provide optimal data center solutions that help companies reduce TCO and outperform the competition. Delta InfraSuite includes power systems, racks & accessories, and environmental management systems.

We support our customers in building customised, reliable, flexible and energy efficient data centres with power usage effectiveness. Delta's InfraSuite Data

Center Infrastructure Solutions products include: power systems, racks and accessories, precision cooling and environment management systems.

Critical Infrastructure Solutions

The Critical Infrastructure Solutions (CIS) business of Delta positions itself as: "The power behind competitiveness". CIS plays an important role in making our customers' businesses more competitive. We fulfil this role by providing highly reliable and efficient power management products and data center infrastructure solutions to ensure the continuity of our customers' mission critical operations while reducing their Total Cost of Ownership (TCO). Delta CIS is a powerful and trustworthy partner to our customers.



The Delta CIS portfolio covers products from UPS (uninterruptible power supplies) to Data Centre Infrastructure Solutions - InfraSuite - with a comprehensive range of services.

UPS Solutions

The Delta UPS business has more than a decade in designing, manufacturing and marketing UPSs globally. Delta is committed to innovating technically superior products and providing energy efficient solutions for a wide range of home, office, data center and industrial applications. Our client base covers world class enterprises in the areas of semiconductors, optoelectronics, food processing, finance, petrochemicals and telecommunications.



Delta UPS solutions include a full line of UPSs and management software, and we deliver industry-specific solutions worldwide to a broad range of market sectors and industry leaders. Our UPS solutions not only ensure uninterrupted processes with unmatched reliability but also meet your growing business demands with uniquely-designed scalability and flexibility.

Switches



SDWAN / vCPE



Enterprise Wireless APs



Wireless Routers



Network Solutions

Delta rides on the cutting edge of the communication technology wave and has accumulated more than 20 years of experience in Network Communication Equipment Industry. By providing extraordinary design and manufacturing quality for best brand in the world, we build trustworthy relationship with customers. Delta has complete portfolio for various network market including Datacenter, Enterprise, Carrier, SOHO and Industrial networks, and we always committed to providing competitive networking solutions which designed to meeting customers needs.



Renewable Energy



Delta's M250HV Outdoor PV Grid Tied Inverter is a technologically advanced, utility scale String Inverter with rated output of 250kW up to 50°C comes with Delta's cutting edge technology and reliable service support. With Smart Forced Air cooling system, the Inverter can achieve absolutely no power de-rating up to 50°C ambient temperature @UPF and ease of installation to the customers with Pedestal or Wall mounted options. The M250HV includes the advanced grid support functions like PQ control, LVRT/HVRT and grid voltage regulations which can be parametrically set.

Electric Vehicle Charging

Delta delivers energy-efficient EV charging solutions including AC charger, DC quick charger, and Site Management System. Delta's EV chargers offer high-performance power efficiency of up to 96%, support communication functions for system integration and have global safety certifications such as UL, IEC, CHAdeMO and CCS. Our comprehensive EV charging solutions can fulfill the needs for various applications such as parking, workplace and residential buildings etc. Delta has successfully completed numerous EV charging installations for several applications and automotive industrial around the world.



Research & Development

Delta continued our R&D investments, focusing specifically on our fast-growing businesses. We achieved fine tuning and expansion of our product lines along with continued optimization of our product's key features, efficiency, power density and digital intelligence.

Delta R&D increased the application range and customer base respectively of its power technology products like industrial wireless charging, combined charge units for electro-mobility and power solutions for artificial intelligence (AI) applications.

R&D knowledge and professionalism is the key to Delta's competitiveness and leadership in green environment-friendly and efficient energy saving power devices. Delta has a worldwide network of R&D centers located in Asia and Europe.

In addition, Delta R&D globally engaged in cooperation with renowned universities. Delta participates in several research programs to ensure sustainable growth with cutting-edge technology. This collaboration is tremendously beneficial in supporting the creation of new innovative and green ideas and strengthening our Delta R&D expertise.

R&D investment in the past 5 years

| | Unit | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------|---------------|-------|-------|-------|-------|-------|
| Total R&D investment | Millions Baht | 2,692 | 2,096 | 2,745 | 2,621 | 3,165 |

Social and Environmental Innovation

• Solar Water Pump Solution to Support Thailand's Rural Development



Delta developed an original solar power electric water pump solution, for a customer providing well water to remote communities, supporting the Thailand government's rural development policy. Delta developed this solar power water pump solution for lifting liquid from low to high levels in applications such as village wells. The solution utilizes solar energy, which is converted into electrical energy through photovoltaic panels. Delta's standard compact vector control drive and inverter manages the alternating current or direct current used in this system and adjusts the output power as well as the speed of the water pump. A major advantage of Delta's solar water pump solution is that it uses clean renewable energy at no cost. With no recurring cost for solar power electricity, the Delta product can reduce total energy consumption by over 40% and also has an integrated controller that reduces costs compared with other brands that require a separate controller. It also features a Maximum Power Point Tracker (MPPT) function for over 20% more efficiency.

• EV Charging, PV Inverter and Data Center Solutions



At the virtual ASEAN Sustainable Energy Week 2021 event, Delta introduced the 200kW Ultra-Fast EV Charger to the Thailand market. This multi-vehicle ultra-fast DC charger offers EV drivers the convenience of charging up to four cars at the same time. This new charger has two charge points for DC quick charging (up to 200kW) and two charge points for AC charging (2x22kW) to maximize individual charge rates and reduce waiting times.

Delta also introduced the M100A_280 PV Inverter to the Thailand market. It has a peak efficiency of 98.7% and built-in and replaceable AC and DC-side Type II SPDs (surge protection devices). This inverter has 8 MPP trackers for optimum energy harvest on commercial rooftops with multiple angles and a wide input voltage range from 200-1100V.

In addition, Delta displayed the POD data center solution, recently awarded with Uptime Tier III Ready certification. Delta's POD solution leverages a fully modular design concept to offer pay-as-you-grow flexibility with short installation time to meet the rapidly growing needs of data storage and processing. All subsystems, such as modular UPS, power distribution, battery, cooling, containment, DCIM are integrated, standardized and reliable.

- **Delta's Robot Solution Enables Safe Touchless Celebration**



At Songkran 2021, Delta developed an original robot solution to enable a safe touchless Songkran Festival at the Metropolitan Electricity Authority head office.

We commissioned the original solution that allows users to make traditional water offerings with just one hand swipe and welcome in the Thai New Year. Users swipe their hand over a Delta industrial automation sensor to activate a DRV90L Delta 6-Axis Articulated Robot that automatically performs the water pouring ritual.

Delta innovation helps actualize the 'New Normal' Songkran Festival concept that leverages our industrial automation solution for touchless festivities. This

demonstrates both the unique versatility of the Delta industrial robot and our capability to implement seamless integration of all our own automation devices in a complete solution that helps Thais have a more safe and productive life despite COVID.

- **Delta Mobile Power Brand Innergie Launches Eco-friendly Campaign in Thailand to Combat E-Waste**



Last year, Innergie, a brand of Delta, has launched a new eco-friendly campaign to offer flexible and efficient mobile power products and combat the growing e-waste problem in Thailand.

The new Innergie Trade-In Campaign offers the best way for customers to properly dispose of unused/defective adapters. This special campaign offers benefits to the environment and customer's mobile lifestyle. Innergie's campaign also supports customers who shop consciously by offering a "One For All" series adapter that can be used for every device including laptops, tablets, phones. Innergie enables users to meet all their charging needs with just one high-quality adapter.

As a global leader in power electronics, Delta provides "smarter" products and solutions with high efficiency. Mobile power brand Innergie leverages Delta innovation to create a greener and more environment-friendly way

of life in Thailand. Innergie is committed to protecting the earth with our customers and stakeholders. According to Pollution Control Department, the amount of e-waste in Thailand is estimated to be more than 400,000 tons every year and this figure is predicted to increase exponentially every year.

In the digital era, many users have multiple mobile devices with different types of chargers. Innergie develops multi-purpose chargers with flexible power ranges to reduce the number of chargers customers use.

• Delta SCADA Solution for Flood Prevention



At the end of August 2021, heavy rain in the industrial estate again tested Delta's ability to cope with crisis from natural disasters. Heavy rains caused flash flooding in the early morning with the water level rising up to 1.15 meters which disrupted transportation in the industrial zone.

As a result, Delta had to stop operations for two days. After the incident, Delta management discussed the problem with senior officials of the Industrial Estate Authority of Thailand (IEAT). Both sides shared learnings

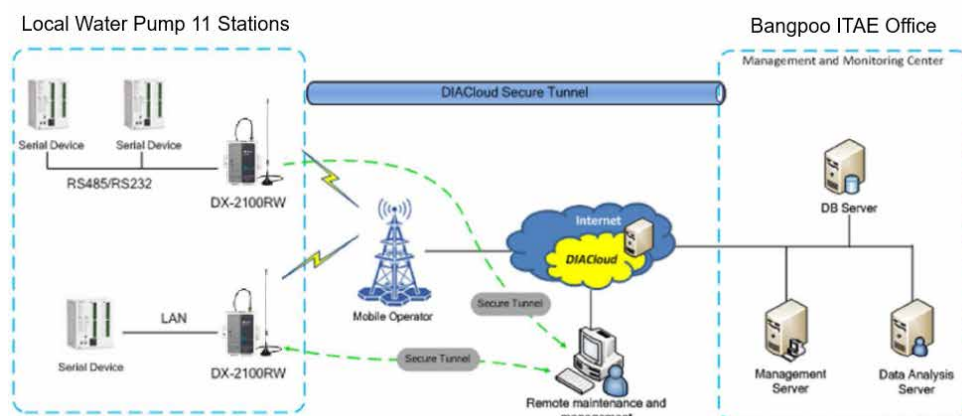
and Delta management ordered our company's Industrial Automation engineers to survey the entire affected area together with the IEAT officers. Delta made further adaptations to our technology and products in the Delta SCADA Solution for Flood Prevention to provide the best preventative actions for future flood risks.

The Delta SCADA Solution for Flood Prevention begins with the installation of a sensor at water level check points in the Bangpoo Industrial Estate area. This sensor will send a signal to the water pump to automatically turn on when water reaches a specified danger level. More water pumps will automatically start if there is another signal from the sensor that indicates the water level is rising to accelerate drainage from the risk area.

This innovative approach will help alleviate the burden and limitations of the IEAT office to physically monitor water conditions and turn on water pumps manually during the rainy season, especially during heavy rain at night or on holidays. This system can also be remote controlled via mobile phone for increased convenience.

Delta plans to install the Delta SCADA Solution for Flood Prevention at a total of 11 locations at the Bangpoo Industrial Estate. Seven locations were already installed in the past year and when all equipment has been installed, the solution will help prevent and alert relevant agencies to deal with flooding in a timely manner.

This flood prevention solution will help mitigate negative impact to the surrounding communities in the Bangpoo Industrial Estate and will expand in scope to assist all regions of Thailand in the future.



- **Delta and KMITL Sign MOU for IoT System and Information Technology Development in Thailand**



On October 14, 2020 Delta and King Mongkut's Institute of Technology Ladkrabang (KMITL) signed a five-year MOU for joint promotion and development of education in IoT system and information technology and engineering.

The MOU's objectives are to facilitate the successful transfer of knowledge from private companies to educational institutions and encourage students to develop knowledge and skills through actual practice. In addition, it aims to support the exchange of knowledge between both sides and develop the potential of both teachers and students in the KMITL Faculty of Engineering.

Under the agreement, Delta will participate in developing a curriculum in response to the country's human resources policy in the fields of IoT system and information technology and engineering. Both parties will cooperate in research and development and in organizing training seminars, testing and providing academic advice related to IoT system and information technology and engineering.

Delta has a short-term goal to set up a demo room at the Department of Computer Engineering at the KMITL Faculty of Engineering to facilitate training in room controller, building automation and micro-datacenter solutions. Long-term, Delta will explore opportunities for expert engineers to be guest lecturers in specialized courses on product implementation and program configuration.

Previously, Delta set up an industrial automation lab at KMITL, which is a partner institution in the Delta Automation Academy. The Delta Automation Academy provides faculty with training in the latest automation technology and a curriculum to train Thai engineering students using advanced automation equipment donated by Delta, including industrial robots, PLC, HMI and servo systems.

The Delta Automation Academy has trained over 800 Thai engineering students at Delta Automation Labs in Thailand's top universities including: Chulalongkorn University, Kasetsart University, King Mongkut's Institute of Technology Ladkrabang, Burapha University and King Mongkut's University of Technology campuses in North Bangkok and in Thonburi.

2021/2022 Industry Outlook

The following information is extracted from established market research reports. All quoted sources are clearly defined in attributions.

General Economic Outlook

Worldwide

In the December 2021 report: 2022 Global Macro Outlook: Normalizing but Not Normal, Morgan Stanley economists say price surges will subside, making way for 4.7% global GDP growth in 2022. This projection contrasts with the consensus, which forecasts 4.3% global growth.

It attributes inflation to a surge in demand coming out of the COVID-19 recession, coupled with lingering supply chain disruptions and labor shortages. While inflation dynamics will vary by country as supply chains and labor markets stabilize at different rates, the economics team at Morgan Stanley Research forecasts inflation in major markets will "peak then retreat" by over two percentage points during 2022.

Morgan Stanley's U.S. economics team says a strong capex cycle, increased inventory-building and deferred demand should drive U.S. GDP growth of 4.6% for 2022. Meanwhile, it predicts the European economy to recover to pre-pandemic levels for 4.6% GDP growth in 2022.

Morgan Stanley economists believe emerging market growth will remain strong in the year ahead, with GDP growing 4.9% for all EM markets. Its China Economics team believes growth will recover to 5.5% next year, which is higher than the consensus but significantly lower than China's recent past. Thereafter, China's GDP growth will likely slow to 4.8% in 2023 and hover just above 4% for the foreseeable future.

Source: Morgan Stanley. 2021. 2022 Global Macro Outlook: Growth Despite Inflation. Accessed December 2021.

In the December 2021 OECD Economic Outlook, the Organization for Economic Cooperation and Development (OECD) reports that output in most OECD countries has now surpassed where it was in late 2019 and is gradually returning to the expected pre-pandemic trajectory.

The Outlook projects a rebound in global economic growth to 5.6% this year and 4.5% in 2022, before settling back to 3.2% in 2023, close to the rates seen prior to the pandemic. Consumer price inflation in the OECD is projected to start fading in 2022, before moderating as key bottlenecks ease, capacity expands, more people return to the labor force and demand rebalances. There is a continued risk of supply disruptions, perhaps associated with further waves of COVID-19 infections, which may result in longer and higher inflationary pressure.

Another risk, exposed by the emergence of the Omicron variant, is a worsening health situation due to COVID-19 resulting in further restrictions that would jeopardize the recovery. A faster, better coordinated, worldwide vaccine roll-out is not only essential for saving lives and preventing the emergence of new variants but would also help tackle some of the bottlenecks undermining

the strength of the recovery by allowing factories, ports and borders to re-open fully.

Source: OECD (2021), OECD Economic Outlook, Volume 2021 Issue 2, OECD Publishing, Paris, <https://doi.org/10.1787/66c5ac2c-en>.

In its January 2022 Global Economic Prospects, the World Bank reports global growth is expected to decelerate from 5.5% in 2021 to 4.1% in 2022 and 3.2% in 2023, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. Following a strong rebound in 2021, the global economy is entering a pronounced slowdown amid fresh threats from COVID-19 variants and a rise in inflation, debt, and income inequality that could endanger the recovery in emerging and developing economies.

The rapid spread of the Omicron variant indicates that the pandemic will likely continue to disrupt economic activity in the near term. In addition, a notable deceleration in major economies including the United States and China will weigh on external demand in emerging and developing economies. Growth in advanced economies is expected to decline from 5% in 2021 to 3.8% in 2022 and 2.3% in 2023. Forecast 2022 growth for the US is 3.7%, Euro Area 4.2% and Japan 2.9%.

In emerging and developing economies, growth is expected to drop from 6.3% in 2021 to 4.6% in 2022 and 4.4% in 2023. Growth in China is forecast to slow to 5.1% in 2022 due to the lingering effects of the pandemic and tighter regulations on certain segments of the economy. In Southeast Asia, the expected 2022 growth for Indonesia is 5.2%, the Philippines 5.9%, Malaysia 5.8% and Vietnam 5.5%. Thailand's economy is expected to recover gradually over the next two years, with growth picking up in 2022 and strengthening to 4.3% in 2023.

Source: World Bank. 2022. Global Economic Prospects, January 2022. Washington, DC: World Bank.

The general consensus among leading global economists and organizations is that the global market rebound from COVID that began strongly in 2021 will slow down due

to headwinds including potential risks from Omicron and other COVID-19 variants, supply chain risks and inflation.

In addition, climate change may increase commodity price volatility and inequality caused by the pandemic may heighten social tensions. All these challenges underscore the need to foster widespread vaccination, enhance debt sustainability, tackle climate change and inequality, and diversify economic activity.

Power Supply Market

Global Power Supply Market

Despite the continued impact of COVID-19 on many industries in 2021, Delta Electronics Thailand saw strong demand in the global power supply industry overall. The main growth drivers for the power supply industry in the past year remained data centers, telecom/ networking and onboard charging modules for electric vehicles (EV).

As businesses in every industry accelerate digitalization, Delta expects IoT-driven smart buildings, AI, 5G and factory automation sectors to provide new applications for the power supply industry. Meanwhile, the rapid shift to EVs will continue to boost development and demand for both on-board and off-board chargers.

Emerging Markets

Table 1: Worldwide IT Spending Forecast (Million of U.S. Dollars)

| | 2020 Spending | 2020 Growth (%) | 2021 Spending | 2021 Growth (%) | 2022 Spending | 2022 Growth (%) |
|----------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
| Data Center Systems | 178,836 | 2.5 | 196,142 | 9.7 | 207,440 | 5.8 |
| Enterprise Software | 529,028 | 9.1 | 600,895 | 13.6 | 669,819 | 11.5 |
| Device | 696,990 | -1.5 | 801,970 | 15.1 | 820,756 | 2.3 |
| IT Services | 1,071,281 | 1.7 | 1,191,347 | 11.2 | 1,293,857 | 8.6 |
| Communications Services | 1,396,334 | -1.5 | 1,451,284 | 3.9 | 1,482,324 | 2.1 |
| Overall IT | 3,872,470 | 0.9 | 4,241,638 | 9.5 | 4,474,197 | 5.5 |

Source: Gartner (October 2021)



Data Center Market

In October 2021, Gartner, Inc. projected worldwide IT spending to total \$4.5 trillion in 2022, an increase of 5.5% from 2021. Enterprise software is expected to have the highest growth in 2022 at 11.5%, driven by infrastructure software spending continuing to outpace application software spending.

According to Gartner, digital tech initiatives remain a top strategic business priority for companies as they continue to reinvent the future of work, focusing spending on making their infrastructure bulletproof and accommodating increasingly complex hybrid work for employees going into 2022.

Global spending growth on devices reached a peak in 2021 (15.1%) as remote work, telehealth and remote learning took hold, but Gartner expects 2022 will still show an uptick in enterprises that upgrade devices and/or invest in multiple devices to thrive in a hybrid work setting.

Source: Gartner (2021). Gartner Forecasts Worldwide IT Spending to Exceed \$4 Trillion in 2022. Gartner, October 20, 2021

Delta is supporting customers with all-in-one data center solution InfraSuite integrates Power Management, Rack and Accessories, Precision Cooling and Environmental Management System to give IT managers maximum efficiency and TCO that provides a competitive edge in the digital age. By working with our ICT partner network, SIs and customers, Delta can offer greater value for stakeholders.

In addition, Delta's award-winning data center solutions can enable emerging technologies like 5G and edge computing to give Thailand and Southeast Asia a competitive edge in the new normal. Delta's prefabricated and containerized data centers can offer a perfect solution for businesses in Southeast Asia ready to make the investment in digital. These highly mobile and flexible data centers fulfill the goal of standardization which makes mass production and rapid deployment possible for both edge and collocation data centers.

Electric Vehicle Market

In November 2021, Bloomberg New Energy Finance (BNEF) released the Zero-Emission Vehicle Factbook, a special report for COP26. The report predicted a passenger electric vehicle sales jump of over 80% in 2021, to 5.6 million units, off the back of unprecedented industry and government commitments around the world over the last two years.

By late 2021, there are more than 500 zero-emission vehicle models available to buy globally, up 37% since 2019. Proposed and confirmed rules in the U.S., EU and China imply that EVs will be roughly 20-30% of car sales in those markets by 2025. Meanwhile, automakers have collectively committed to sell around 40 million EVs per year by 2030, and automakers with planned phase-outs of combustion engines now account for 27% of the global auto market.

BNEF raised its forecast for the global zero-emission vehicle (ZEV) fleet in 2040 has been from 495 million vehicles in its 2019 forecast, to 677 million in its 2021 Electric Vehicle Outlook. Underpinning the stronger forecasts are a range of factors, including improving battery technology and costs, faster roll-outs of charging infrastructure, a wider range of vehicle models on offer to customers, and longer range and faster charging speeds available on the newest vehicles.

The volume-weighted average battery pack price in BNEF's annual survey has decreased 89% since 2010, from \$1,191 per kWh to \$137 per kWh in 2020. Battery manufacturing capacity is growing steadily and by 2025, total capacity will almost triple to 2,539GWh/year. Meanwhile, major economies have targets to deploy over 3 million chargers globally between 2021 and 2030.

Source: BloombergNEF (2021), Zero-Emission Vehicles Factbook, November 10, 2021

Delta is a key supplier for both EV onboard charging modules and off-board chargers for global automakers and EV charger operators. Delta leverages over 40 years of expertise in power technologies to deliver energy-

efficient EV charging solutions including AC charger, DC quick charger, and Site Management System.

Delta's EV chargers offer high-performance power efficiency of up to 94%, support communication functions for system integration and have global safety certifications such as UL, IEC, CHAdeMO, CQC and CNS.

Delta's R&D development and manufacturing capabilities in the growing EV manufacturing and EV charging segments are key drivers of revenue growth and lay a solid foundation for low-carbon cities in Southeast Asia and around the world.

2022 Business Directions

Delta Thailand Operations Review

COVID-19 is a global health problem that affects every country including Thailand. The increased cases of COVID-19 proved to have quite a significant impact on the global economy. However, the pandemic has also provided a boost to the data center and PC businesses and highlighted the booming demand for EVs.

Delta Thailand expanded its production lines for high-demand products including: networking/ server/ storage power supplies for the data center business and on-board chargers/DC-DC converters for the automotive EV industry. These new production lines have contributed 30% in revenue in 2021 and is expected to provide a boost of 30% growth in 2022.

Delta Smart Manufacturing (DSM) remains the key focus of our smart factory transformation as we explore adaptive and flexible manufacturing solutions for our high-end power supply production.

We deployed our Manufacturing Execution System (MES), including smart factory Industrial Internet of Things (IIoT) and advanced manufacturing technologies, to serve as the platform for better quality and productivity via monitoring and management. All in all, the DSM implementation can facilitate our improvement in manufacturing efficiency, increase productivity, reduce costs and lead to long-term cost savings.

Electric Vehicle Business (EV)

Delta's 2021 automotive business revenue was still strongly impacted by the global COVID-19 pandemic and could reach only approximately 90% of expected volume. However this was still an increase of over 40% in revenue from 2020. Although the European automotive manufacturers put priority on their electrical vehicle production, there were limitations in the supply chain that caused overall reduced production output. Particular Q4 was impacted by globally limited IC production that led to significant demand reductions at all OEM.

The global EV market demand will increase steadily throughout 2022 and incentives for EV vehicles as well as European penalty threats for breach of CO2 targets are pushing the EV market demand in the next coming year. Limiting factors will remain the availability of



components as a result of shortages especially in the supply of ICs. The global IC shortage crisis is continuing to be the biggest impact to the automotive EV business.

Delta's onboard charger (OBC), DCDC converter, DC charge management solutions as well as combination units that integrate those various functions are installed in more and more EV of leading automotive manufacturers in Europe. New business awards in 2021 support the continuous growing revenue in the next coming years.

Custom Design Power Business (CD)

Delta's CDBU business had significant growth of over 40% in 2021. We enjoyed exponential growth from leading data center customers. In addition, we successfully penetrated the Chinese data center market with key projects for next-gen Data Center infrastructure for major domestic players.

However, our telecommunication business continued to struggle throughout most of the year, due to the delay of 5G deployment. Meanwhile, the ongoing COVID-19 situation had an impact to smooth operations and new project development. Overall, our traditional high-end server business sales continues to drop as the market continually shifts to cloud business. Finally, the worldwide material situation causes significant risk which we must constantly manage.

In 2022, the worldwide material situation remains a challenge that we must overcome to support strong demand in our data center business. Our R&D focus for the year is to bring up additional suppliers to counter worldwide material constraints. Our data center business remains our major focus for investment and the fastest growing business for CDBU.

Delta CDBU is confident to support continuous growth in 2022. Delta CDBU will continuously strive to dominate the data center power solution business and we have been selected as a major supplier for next generation power solution for Tier-1 data center providers in both the US and China markets. Furthermore, we see a

natural growth in our networking business as a result of strong demand in data center build out.

Industrial & Medical Business (IM)

In 2021, Delta's IMBU was impacted from the fast changing COVID-19 crisis situation, significant cost increases and delivery issues for semiconductor, magnetics and nearly all raw material in the second half of 2021. Finally, shipping costs and lead times increased significantly. Considering all things experienced, the results for IMBU still surpassed the planned budget. Growth could have been significantly higher, but due to the material shortage and supply chain issues an order backlog remains in our books that in normal times would have been supplied in 2021.

An enormous amount of effort was expended for continuous supply issues, production-planning changes and the search for alternative suppliers and components. This consumed a significant amount of resources in production, R&D, sales and project planning and had an effect on product development and release processes. Despite the challenging circumstances, IM LOB and IEV LOB continue to show a strong growth trend with a very positive development of IEV business, where we were able to reach break-even ahead of planning and were even able to show a modest profitability.

The successful market launch of our 1 kW wireless charging system (24 V & 48 V versions) as the first system out of a full range of products that we intend to release over the coming years. This surely is a milestone in growing our activities in the industrial vehicle-charging sector. The response from the market is very positive with regards to product performance, order intake and expected volumes and confirms our expectations.

Another milestone in IM LOB is the successful continuation of our long lasting relationship with a key customer, resulting in ongoing negotiations for the next product generation with a very good market outlook. In addition, we were awarded a project for next high end ultrasound platform, which will contribute to grow in the medical segment for IM LOB.

The same level of consistency is expected for the BU in 2022. A continued growth in revenue is targeted for IEV LOB driven by additional charging station customers next year. The potential for this business is still significantly higher and continues to grow.

The business results in 2021 would not have been possible without the outstanding global teamwork and dedication of all stakeholders.

Fan and Thermal Solutions Business

As a leading provider of Fans and Thermal Management Products, Delta designs and manufactures innovative cooling systems that perform at the highest levels - even in the harshest environments. The Delta Fan and Thermal product line offers a full range of axial fans, blowers, and thermal management products. The unique blade design and innovative structure greatly increases cooling performance and reduces system noise. Highly efficient cooling and ventilation systems can be customized to fit the needs of virtually any business.

2021 was a remarkably difficult year, not only because of the pandemic but also all the associated side effects, such as increased material and freight costs, extended transportation lead time, etc. Under such circumstances, Delta's Fans and Thermal Management businesses still had significant growth in IT, telecom and automotive markets. The strong demand for server, cloud, 5G and automotive (car seat, lighting, infotainment, HVAC etc.) products became the main growth drivers.

Nevertheless, the rising material and freight costs as well as the extended transportation lead time did also cause disruption to the businesses. The aforementioned factors together with COVID-19 will still play important roles in manufacturing industries in 2022. Delta's Fans and Thermal Management team will continue closely working with suppliers to plan the capacities ahead and customers to develop new products in order to manage the supply chain smoothly and enhance the businesses.

The trend of autonomous and electric vehicles is expected to continue in the coming years. The requirements of

heat dissipation and system noise reduction will become more and more demanding. Delta's Fans and Thermal Management businesses have been in these fields with automotive customers for years and will go on expanding the businesses of new applications.

Meanwhile, Delta's Thermal Management Products will also keep on providing thermal solutions for server and industries and that represent an increasing contribution to our business growth. In 2022, Delta's Fans and Thermal Management team remains optimistic and is prepared to take up challenges.

Industrial Power Supply Business (IPS)

The PMT-2 enclosed power supplies series released in 2020 led the growth for standard industrial power supplies globally. The newly released LYTE-2 DIN Rail power supplies in 2021 opened up many new opportunities because of its price competitiveness. Because of these two series, the Delta IPS team saw another year of good growth in 2021.

In 2022, we will be discontinuing the PMC and CliQ series of power supplies which has been in the market for almost 12 years. They have served many customers from many different industries but are now facing severe supply constraints due to their age. We will continue to face material constraints going into 2022 which is also affecting many of our competitors. Through Delta's large material pool, we had managed to maintain and secure new businesses, especially with our PMT-2 and LYTE-2 power supply series.

In marketing, the numbers of subscribers and followers on our Youtube, LinkedIn and DeltaPSU.com website have doubled. Our efforts into creating exciting new product videos and technical content will continue into 2022 and we seek to bring even more customers in to explore our extensive range of industrial and medical power supplies.

Industrial Automation (IA)

Delta IA team's overall performance has increased compared to last year. People take more action for



personal hygiene and protection during the COVID-19 pandemic which boosted growth in the medical, electronics, rubber & plastic and animal husbandry industries. Delta's IA related business experienced good growth in 2021. While some project were postponed due to many countries becoming affected by new waves of COVID-19 and variants, the Delta IA team keeps in touch with our customers and provides consultancy services to gain trust.

In order to strengthen the integrity of Delta's intelligent manufacturing systems, Delta acquired a 100% share of Trihedral Engineering Limited, a Canadian SCADA graphical control and industrial Internet software company, in end of 2020. We focus on cooperation with SIs and already developed some partners in Thailand and Singapore this year and we will continue developing SI partner in 2022.

Trihedral has been developing SCADA software more than 30 years. Its main customers include power, water treatment, and oil & gas industries. This acquisition integrates the experience and expertise of both companies in the automation business and will help further enhance Delta's long-term competitiveness in the global automation market.

Delta IA continues to invest in R&D in industrial automation products including the main products low voltage drives, servo drives & motor, PLC and HMI, and also new areas like robot, IIoT cloud, 2D/3D machine vision. Some new product highlights are SCADA software where we keep a dual brands strategy. VTScada is suitable for large-scale redundant applications while DIAView as a high-end HMI suitable for small and medium applications.

For LV drive products, we have the MPD series motor mounted pump with high-efficiency motor and IP55 protection. Delta motors also have new products with unique magnetic reluctance technology and ultra-high efficiency (up to IE5 class), rated power up to 37kW. Delta PLC products include the AX-3 EtherCAT PLC which integrates with a CODESYS solution and supports

PLCopen motion control instructions. For motion servo drive products we keep promoting the A3/B3 series in all regions.

One of major success in 2021 which we will continue in 2022, is an IA award smart manufacturing project to help customers with digital transformation. In Thailand we helped a PCB customer to implement a Manufacturing Execution System and in Vietnam we helped a textile customer to implement a smart manufacturing IIoT system. Through the implementation of these projects, our team's capabilities have improved a lot and we will keep expanding to handle new projects.

Critical Infrastructure Solution (CIS)

In 2021, Thailand seriously impacted by the 4th wave of COVID-19 and country lock-down. However, the emerging work from home and e-commerce sectors were major factors that continued to drive demand of new Datacenters, IT infrastructure upgrades or renovation. This is beneficial to Delta where our datacenter product portfolio has been well recognized from many customer in Thailand from past few years.

In addition to being a product provider, 2021 is also the first year that Delta put more focus into our solution business by establishing the Datacenter solution team to provide Datacenter design support to partners and customers in Thailand and SEA region. The team not only provides best efficiency and reliability solutions to our clients, but they also establish best practices in term of operation as an extra feature of our solution.

Edge datacenters will be one of important pieces of the puzzle that will further enhance smart life in the digital age with massive amounts of data served over the air. Delta has been developing an edge datacenter solution to be ready to serve our client in these domains. In 2021, there are alliances who are already been working on deploying POD (Point of delivery) and containerized datacenter to customers in Thailand for edge computing applications. Continuously growth in this application will be a hallmark of the shift toward smart city deployment in key areas of Thailand.

Although 5G technology was announced to launch in Thailand since 2020, deployment of new hardware to support new frequency bandwidth still had slow progress throughout 2021. Delta's telecom power was supporting telecom clients to upgrade their existing systems for higher power and providing new types of battery throughout the year. It was a very challenging period for our telecom power team as 2021 was in a negative cycle of demand resulting in an unimpressive outcome. In the coming years, we are looking forward to a positive cycle to implement new power systems supporting new frequency.

Mega infrastructure projects is one of new success areas for the Delta CIS power backup solution in 2021. In addition to the dual track railway project that are implementing both Delta UPS and telecom power solution, a recent new success case of power backup for the express way and MRT transportation systems will emphasize the exceptional level of Delta products with high quality and reliability standards that support harsh environment industrial usage.

One of major success since 2020 which will carry over to 2022 and the future, is power backup to support critical medical equipment for hospitals. Healthcare is an important for Thai people especially during the COVID-19 pandemic. Delta and our partners will keep working to enhance support for medical equipment and facilities in terms of efficient and reliable power to help Thai society.

Delta CIS is looking forward to develop more key accounts and key customer relationships will be our main activity in the coming year. With the contribution of Eltek Thailand, a subsidiary of Delta Electronics Group, we will not only boost Delta's brand visibility, but we will also help to enrich our go-to-market routes for Delta CIS products and solutions. Mega to large-sized enterprises are prime targets for Delta CIS to initiate more B2B development models and exciting collaborations that we expect to bring further success in 2022 and into the future.

Delta Network Infrastructure (DNI)

In 2021, the global spread of COVID-19 brought many challenges such as material shortage, material price peaking, container shortages and frequent changes to customer demands. All these challenges presented risks to our DNI operations. However, we were able to act dynamically to address each issue and seek solutions for recovery or even achieve better results to meet our customer's requirements. As a result, our revenue was able to maintain steady growth in 2021.

Starting from 2021, DNI took measures in several directions to improve as follows:

- Negotiating with customers to optimize the products portfolio we service to increase our margin. We are already seeing improvement as low contributing product segments either go to end-of-life (EOL) or are improving margin.
- Enhancing product quality control from incoming materials until production for better overall product quality. We also increased automation rate on our production lines to provide more productivity and consistency in product quality.
- Enhancing customer satisfaction. We imported PTM connect with SFIC system which enables us to provide more robust service to key customer for product data accuracy and expediting shipping operations.

Due to the strong upward trend of Wi-Fi 6/6E and high-end switches, we saw more and more advanced 11AX products launch from July 2021 and steady growth of the high-end switch business.

In 2022, DNI will mainly focus on developing and coordinating our new products such as Wi-Fi 6/Wi-Fi 6E, and high-end switches (10G/40G/100G L2/L3 switch models) for introduction to production. Wi-Fi 6 and Wi-Fi 6E offers high-density communication even where there is plenty of interference. This technology enables consumer to be able to surf the internet with higher speed, more robust throughput (improvement of around 400% compared to Wi-Fi 5) and less latency (up to 75%).

The tremendous advantages this technology offers drives continuing growth in this business segment is with better margin than Wi-Fi 5. Our main customers are also continuing to introduce different models with LTE bi-linked function to the market though many Telco suppliers in the dominant geographic regions. So we are working closely with our customers to grow our business throughout 2022.

Our resources are now re-aligned to target growth in our Wi-Fi/SMB/Enterprise segment business. DNI's strategy is to work closely with identified key accounts of each segment via dedicated teams to ensure our technology support, NPI, delivery and service all meet to their requirements.

Looking ahead, DNI expects sales revenue in 2022 to reduce, due to low-contributing products at EOL, but gross margin will be improved over time. In addition, we will work with the Delta Group BU to migrate other key accounts to Delta Thailand's production. We foresee these key accounts, who are top tier suppliers in the global WLAN market segment, will not only increase our revenue, but will also increase our operational profit.

Delta India Operations Review

Telecom Power Solutions Business (TPS)

Amid the pandemic, reliance on telecom services - primarily data, has been at an all-time high to keep the world running. However lockdowns and extended rains in India, kept Greenfield rollout at a slow pace in Q2 and Q3 of 2021. Ambiguity towards 3rd largest telecom operator Vodafone Idea's survival continued haunting the industry in first half of the year.

Later in the year, Government of India announced a revised policy framework to help the telecom industry including a 4-year moratorium on statutory dues, allowing 100% FDI, redefining revenue definition for taxes etc.

Further, operators have unanimously raised tariff's on pre-paid customers, which was really low. The increase will help industry to increase its revenue by 12-14% in FY 23, as 70-80% of subscribers are pre-paid customers. This increase will add on liquidity to operators to repay debts and stay ready for 5G investments in future. Meanwhile, 5G spectrum auction is being strategically delayed by the government in consideration of industry health and is now expected to take place in H1'22.





Delta India TPS posted a decent growth of up 40% in 2021 and retained its leadership position in the India market. New and innovative solutions, adequate planning of components, devising the right execution plan and chartering in to newer markets and applications all contributed to growth.

Global supply chain disruption, including costlier commodities and semiconductor chipset shortage, affected overall demand fulfilment around the year. SPOT buying created additional pressure on margins. However, working on our strengths for higher volumes and product mix, our Telecom vertical could keep sustainable revenue and profit growth. We secured long term forecasts from customers and given to partners for advance planning. At the same time, we secured price corrections from customers to balance out inward increase from supply chain.

As a part of our business strategy and to build synergies in operations, the Eltek business was successfully integrated to Delta TPS in India. We merged common functions to optimize internal resources and now do cross-selling of both brands as One Delta. This helped us to claim higher market share. Industrial segments including utilities, railways, oil & gas etc. are now further groomed as a parallel revenue stream. We also placed a higher focus on exports to the SEA and MEA regions to help grow our revenues and margins in 2021.

Procurement of Products and Services

Production Capacity in 2021

1. Thailand Plant

1.1 Plant 1: Bangpoo Industrial Estate, Samutprakarn

| | |
|-------------------|------------------------------|
| Production area | : 16,884 sq.m |
| No. of operators | : 1,652 |
| Production line | : 17 lines |
| Actual production | : 98% of production capacity |

1.2 Plant 3: Bangpoo Industrial Estate, Samutprakarn

| | |
|-------------------|------------------------------|
| Production area | : 15,752 sq.m |
| No. of operators | : 2,413 |
| Production line | : 104 lines |
| Actual production | : 88% of production capacity |

1.3 Plant 5: Bangpoo Industrial Estate, Samutprakarn

| | |
|-------------------|------------------------------|
| Production area | : 34,054 sq.m |
| No. of operators | : 3,882 |
| Production line | : 52 lines |
| Actual production | : 94% of production capacity |

1.4 Plant 6: Wellgrow Industrial Estate, Chachoengsao

| | |
|-------------------|------------------------------|
| Production area | : 22,456 sq.m |
| No. of operators | : 3,401 |
| Production line | : 74 lines |
| Actual production | : 80% of production capacity |

1.5 Plant 7: Wellgrow Industrial Estate, Chachoengsao

| | |
|-------------------|------------------------------|
| Production area | : 30,000 sq.m |
| No. of operators | : 872 |
| Production line | : 17 lines |
| Actual production | : 62% of production capacity |

2. Slovakia Plant

2.1 Dubnica nad Vahom Plant

| | |
|-------------------|------------------------------|
| Production area | : 7,087 sq.m |
| No. of operators | : 228 |
| Production line | : 21 lines |
| Actual production | : 77% of production capacity |

2.2 Liptovsky Plant (Eltek)

| | |
|-------------------|------------------------------|
| Production area | : 5,800 sq.m |
| No. of operators | : 298 |
| Production line | : 19 lines |
| Actual production | : 93% of production capacity |

2.3 Liptovsky Plant (Eltek Precision)

| | |
|-------------------|-------------------------------|
| Production area | : 2,300 sq.m |
| No. of operators | : 18 |
| Production line | : 5 lines |
| Actual production | : 100% of production capacity |

3. India Plant

3.1 Rudrapur Plant

| | |
|-------------------|------------------------------|
| Production area | : 9,268 sq.m |
| No. of operators | : 156 |
| Production line | : 9 line |
| Actual production | : 49% of production capacity |

3.2 Gurgaon Plant

| | |
|-------------------|------------------------------|
| Production area | : 6,348 sq.m |
| No. of operators | : 65 |
| Production line | : 6 line |
| Actual production | : 80% of Production Capacity |

3.3 Hosur Plant

| | |
|-------------------|------------------------------|
| Production area | : 7,739 sq.m |
| No. of operators | : 646 |
| Production line | : 20 line |
| Actual production | : 70% of Production Capacity |

Most of the Company's products manufactured in Thailand are obtained BOI privileges

Raw Material and Suppliers Sourcing

The raw materials used by Delta Thailand are classified into two main categories: Electronics parts and Mechanical parts. Electronics parts are composed of Semiconductors (IC, Diode, MOSFET, PWM etc.) and Passive Components (capacitors, fuse, resister, relay etc.), the majority of which are imported from Singapore, Hong Kong, Japan, Taiwan, Europe and the United States of America and mainly paid for in US dollars. Mechanical parts compose of metal stamping, die-casting, wire harness, plastic injection, PWB and packaging that are mostly procured from local manufacturers, with some parts imported from China for risk diversification and cost benchmarking purposes. The ratio of imported raw materials to domestic raw materials is approximately 80:20. The company presently procures our direct raw materials from approximately 1,383 vendors (due to the consolidation of our vendor base) with purchase value per vendor not exceeding 6% of total procurement value. Vendors are also required to fulfill the requirements of ISO9001, ISO14001, ONSAS18001, IATF16949 ETC,

As reported previously, the company has conducted an in-depth analysis of our key suppliers' financial status after the global financial crisis. The company also reviewed our supply chain diversification/geographical distribution of suppliers' production lines. This was in order to reduce the risk of part shortages caused by extreme climate conditions or possible major disasters in the future.

In 2021, the global Coronavirus pandemic continued brought lots of challenges to supply chain management across the regions. Many countries had continued lock-down and manufacturing disruptions as the result of quarantine, travel or other legal restrictions imposed by local authorities. One key area is Semi-conductor back end manufacturing and their supply chains at SEA, especially sub-tier supplies for lead frame, plating process all heavily impacted. The supply chain encountered low capacity utilization, low flexibility, and longer transportation time and cost while material lead time extended.

A series of immediate actions were taken by the company during these periods which included reviewing the potential supply risks, working more closely with suppliers to secure the priority of limited output to meet the company demand as well as defining future supply plans by capacity booking and long-term supply agreement.

With these efforts, the company was able to manage and mitigate the impact and turbulence and keep our supply chain disruption to a minimum level. Our team will continuously monitor the market trends and possible changes against demand and supply situation in the coming year 2022.

Furthermore, since 2018 the company has been responding to US-China trade tensions by developing a diversified supplier base and our countries of materials' origin. In view of the disruption caused by COVID-19, this will help further accelerate our pace of developing a more flexible, but cost efficient, supply chain.

For the longer term, however, the company will need to undertake more actions to enhance localization and further develop and strengthen our supplier base in the ASEAN region.

Automotive Business Materials Management

The company purchased material from suppliers that are approved for supply. Suppliers are approved by a positive result from a defined supplier selection procedure, which may include a potential analysis and/or supplier audit according to VDA 6.3.* To ensure timely and quality project execution, the supplier is obligated to develop an effective project plan based on IATF16949, VDA 2 etc.

As a D-U-N-S Number is affiliated with a company's business credit profile. Delta Thailand addresses the role of the D-U-N-S Number of related suppliers of EU car manufacturers to produce a D-U-N-S Number list that the company can benefit from when monitoring suppliers' credit profile. With a solid supplier credit

profile, the company can grow its business and potentially win more contracts.

Management of Environment-Related Substances (ERS) in Products

The company has introduced the IECQ/QC080000 Quality System and promoted Green Product Management (GPM) systems in its major plants. IECQ was implemented based on the risk classification of materials. The company utilizes the Green Products Management (GPM) system as an environmental information sharing platform for the supply chain. The most recent international environmental requirements, such as the latest controlled substances of EU's RoHS 2.0, REACH SVHC, are simultaneously relayed to supplier partners for their reference and compliance.

Control of Conflict Metals

Delta Thailand implements a policy of banning conflict metals. In addition, the company requests suppliers of power supply products to fill out a "Metal Origin Survey Form" and to sign a "Statement of Non-use of Conflict Metals", the company continuously communicates this policy with major materials suppliers by employing influence on Corporate Social Responsibility, and increasing the opportunities for ore products to receive verification of origin by the Responsible Business Alliance (RBA), formerly the EICC or a third party.

As of December 2021, around 98.2% of the company's suppliers have already signed the "Statement of Non-use of Conflict Metals".

ESG Management of the Supply Chain

Delta Thailand started promoting RBA Verification Consultation from 2014 to reduce ESG risks in the supply chain and raise our competitiveness. A verification and consultation team was organized jointly by Delta Thailand's Human Resources, Labor Safety, Plant Affairs, and Purchasing departments as well as the cooperating DEI's ESG committee to perform ESG related tasks, including ESG risk evaluation of supply chain, waste reduction program, supplier audit team, and improvement mechanism. Room for improvement

*VDA 6.3 is a tool for process audits within the automotive industry by the German Association of the automotive industry

in health and safety aspects of the RBA management system was verified with most suppliers. To address these issues, the Delta verification and consultation team shared experience in introducing and promoting the Delta Management System to suppliers. The team also follows up with the supplier's status to ensure continued improvement.

As of December 2021, 95.2% of Delta Thailand's suppliers have signed the "Declaration of Compliance with RBA Code of Conduct". Besides obtaining a high number signees, the company also held an "RBA On-Site Audit" to focus on local suppliers. The audit found that all of the company's local suppliers can comply with RBA Code of Conduct requirements.

Carbon Footprint/Water Resource and Carbon Reduction Management

In order to fulfill its business commitment, "Care for the Environment, Energy Saving, and Our Green Earth", Delta Thailand continuously works with suppliers

to reduce carbon emissions, which not only lowers operation costs for both the company and the supplier but also increases the competitiveness of the entire supply chain.

Embedded CSR in Supply Chain

In 2021, the company has conducted over 85% purchasing amount suppliers for the Supplier ESG Questionnaire (subjects are: Enterprise Management, Health Safety, Environment & Employee) collection & analysis and initiated activities for risky supplier audit & coaching since Q1'2021.

Establishing a Green Supply Chain

Moving forward to 2022, the company will continue in its "Green Supply Chain" establishment. It will emphasize a Green Policy for its Partners, Processes & Products by implementing the Delta Carbon Emission Reduction Project (GHG water consuming and waste reduction), regularly holding supplier communication and learning activities and ordering allocation to drive suppliers' participation in CSR activity.

Business Assets

The business assets of the company and its subsidiaries as of December 31, 2021 are as follows:

1. Land, Buildings and Equipment

| Type of Assets | Ownership | Amount (Unit : million baht) | Obligation |
|--|-----------|---------------------------------|------------|
| Land | Owner | 1,743 | None |
| Building and Factory | Owner | 3,570 | None |
| Machinery/Equipment | Owner | 5,454 | None |
| Mold | Owner | 166 | None |
| Installation | Owner | 1,469 | None |
| Assets under installation and under construction | Owner | 5,901 | None |
| Computer | Owner | 187 | None |
| Others | Owner | 93 | None |
| Total | | 18,583 | |

Depreciation for the year 2021 total amount THB 2,262 million (2020: THB 1,967 million). Depreciation amount THB 1,819 million (2020: THB 1,570 million) include in manufacturing cost, and the balance amount THB 443 million (2020: THB 397 million) in selling, administrative and research and development expenses

As at 31 December 2021, certain items of building, machinery and equipment of the Group were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately of Baht 7,407 million (2020: Baht 6,413 million) (The company only: Baht 5,664 million, 2020: Baht 4,719 million).

2. Other Intangible Assets

The net book value of intangible assets as at 31 December 2021 is presented below

(Unit : million baht)

| | Consolidated Financial Statements | | | | Separate Financial Statements | | |
|-----------------|-----------------------------------|-------------------|-----------------------|-------|-------------------------------|-------------------|-------|
| | Patent Rights | Computer Software | Customer Relationship | Total | Patent Rights | Computer Software | Total |
| Net Book Value: | 56 | 123 | 71 | 250 | 55 | 3 | 58 |

3. Goodwill

The net book value of goodwill as at 31 December 2021 and 2020 is presented below.

(Unit : million baht)

| | Consolidated Financial Statements |
|---------------------------------------|-----------------------------------|
| Net Book Value as at 31 December 2020 | 437 |
| Translation Adjustment | 6 |
| Net Book Value as at 31 December 2021 | 443 |

As at 31 December 2021, the net book value of the goodwill as above included the goodwill of approximately Baht 215 million from Power electronics segment related to DES products and the goodwill of approximately Baht 228 million from Delta Greentech (Netherland) B.V.'s acquisition of Eltek s.r.o. ("Eltek SK") in 2017.

The Group determined the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period.

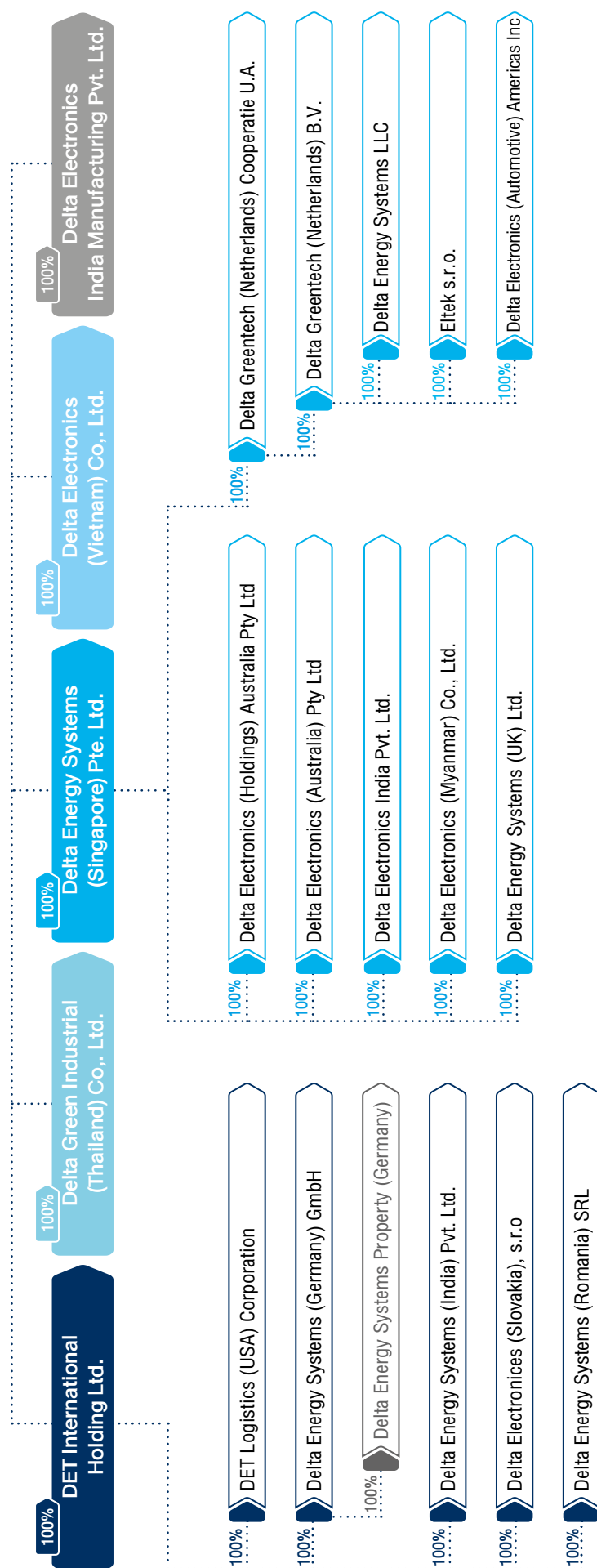
Investment Policy in Subsidiaries and Associated Companies

Most of the companies in the group operate business related to electronic products or businesses that are related to or support the operations of the company. From which these companies have different strengths that can help each other support each other. The company has closely supervised the operations, especially its subsidiaries, by sending directors or executives to supervise policies and business directions as well as to report the operating results and follow up the operating results closely and continuously. This makes the subsidiaries in the group understand the working direction and aims to work together to provide the best service to customers as well as to strengthen the group's business.

Investment Structure (as of December 31, 2021)



Delta Electronics (Thailand) Public Company Limited



Remark : * Delta Electronics (Australia) Pty Ltd change name to Delta Electronics (Holdings) Australia Pty Ltd.

** Eltek (Australia) Pty Ltd change name to Delta Electronics (Australia) Pty Ltd.

*** Delta PBA Engineering Solutions Co., Ltd. has registered the completeness of liquidation on 20 September 2021.

| Company | Location | Type of Business | Type of Stock | Registered Capital | Paid up Capital | % Holding |
|---|-------------------------|--|---------------------|------------------------|------------------------|------------|
| 1. DET International Holding Ltd. | Cayman Islands | Business Investment | Common Stock | USD 300,000,000 | USD 264,357,329 | 100 |
| 1.1 DET Logistics (USA) Corporation | United State of America | <ul style="list-style-type: none"> • Logistic Service • Sales | Common Stock | USD 1,000,000 | USD 500,000 | 100 |
| 1.2 Delta Energy Systems (Germany) GmbH | Germany | <ul style="list-style-type: none"> • Marketing & Sales • R&D | Common Stock | EUR 18,301,000 | EUR 18,301,000 | 100 |
| 1.2.1 Delta Energy Systems Property (Germany) GmbH | Germany | Property | Common Stock | EUR 25,000 | EUR 25,000 | 100 |
| 1.3 Delta Energy Systems (India) Pvt. Ltd. | India | Marketing & Sales | Common Stock | INR 494,500,000 | INR 490,476,020 | 100 |
| 1.4 Delta Electronics (Slovakia), s.r.o | Slovakia | Manufacturing & Sales | Common Stock | EUR 47,120,947 | EUR 47,120,947 | 100 |
| 1.5 Delta Energy Systems (Romania) SRL | Romania | R&D | Common Stock | RON 395,200 | RON 395,200 | 100 |
| 2. Delta Energy Systems (Singapore) Pte.Ltd. | Singapore | <ul style="list-style-type: none"> • Business Investment • Management and Consultancy Service • Trading | Common Stock | USD 173,263,590 | USD 173,263,590 | 100 |
| 2.1 Delta Electronics (Holdings) Australia Pty Ltd | Australia | <ul style="list-style-type: none"> • Business Investment • Marketing & Sales | Common Stock | AUD 3,329,000 | AUD 3,329,000 | 100 |
| 2.2 Delta Electronics (Australia) Pty Ltd | Australia | Local sales & Trading | Common Stock | AUD 1,799,982 | AUD 1,799,982 | 100 |
| 2.3 Delta Electronics India Pvt. Ltd. | India | <ul style="list-style-type: none"> • Marketing & Sales • Manufacturing | Common Stock | INR 36,498,000,000 | INR 8,280,887,780 | 100 |
| 2.4 Delta Electronics (Myanmar) Co., Ltd. | Myanmar | Manufacturing | Common Stock | USD 2,350,000 | USD 2,350,000 | 100 |
| 2.5 Delta Energy Systems (UK) Limited | United Kingdom | R&D | Common Stock | GBP 700,000 | GBP 700,000 | 100 |
| 2.6 Delta Greentech (Netherlands) Cooperatie U.A. | Netherlands | Business Investment | Common Stock | No registered | EUR 26,997,188 | 100 |

| Company | Location | Type of Business | Type of Stock | Registered Capital | Paid up Capital | % Holding |
|---|-------------------------|--|---------------------|--------------------------|--------------------------|------------|
| 2.6.1 Delta Greentech (Netherlands) B.V. | Netherlands | Business Investment | Common Stock | EUR 26,937,182 | EUR 26,937,182 | 100 |
| 2.6.1.1 Delta Energy Systems LLC | Russia | Marketing & Sales | Common Stock | RUB 30,000 | RUB 30,000 | 100 |
| 2.6.1.2 Eltek s.r.o. | Slovakia | Manufacturing | Common Stock | EUR 3,326,031 | EUR 3,326,031 | 100 |
| 2.6.1.3 Delta Electronics (Automotive) Americas Inc. | United State of America | R&D | Common Stock | USD 10,000,000 | USD 2,500,000 | 100 |
| 3. Delta Green Industrial (Thailand) Co.,Ltd. | Thailand | Integration, Sales/ Trading, Installation and Service | Common Stock | THB 206,000,000 | THB 206,000,000 | 100 |
| 4. Delta Electronics (Vietnam) Co.,Ltd. | Vietnam | Trading and solution business | Common Stock | VND 2,323,700,000 | VND 2,323,700,000 | 100 |
| 5. Delta Electronics India Manufacturing Pvt. Ltd. | India | Manufacturing | Common Stock | INR 1,110,000 | INR 1,110,000 | 100 |

Supervision of Subsidiary and Associated Companies

The Board of Directors has assigned the Executive Committee to supervise the operations of subsidiary and associated companies. The Executive Committee has a certain authority to make investments in subsidiaries and associates and may assign some directors or top executives of the companies and/or appoint some local personnel to participate in the Board of Directors or management of its subsidiaries or associates to support management and determine business policies and direction. After appointment, the Executive Committee will report such appointment to the Board of Directors for their acknowledgment. However, if the investment amount exceeds the granted authority, the Executive committee is required to seek for Board's approval.

Further supervision and monitoring are done through the implementation of Enterprise resource planning (ERP) solutions, which effectively gathers and provides

important information including finance, accounting and other data, to support the management, controlling and monitoring of subsidiaries and associates operations. Furthermore, the Treasury and Investment Section of the company also actively participates in monitoring and supporting the sourcing of funds, capital increase and reduction. It seeks approval from the Executive Committee or Board of Directors for these transactions. Almost all of the companies in the Delta Group are wholly-owned subsidiaries so there would be no connected transactions occurring. In the case that there might be some transactions with other related companies in Delta Group, the subsidiaries have been instructed that prior approval from the company's Executive Committee or Board of Directors is required and relevant SET or SEC's requirements must also be complied with.

Registered and Paid-up Capital

Registered and Paid up Share Capital (31 December 2021)

| Type of Equity | No. of Shares | Par Value (Baht) | Total Value (Baht) |
|--|---------------|------------------|--------------------|
| 1. Registered Share Capital (Common share) | 1,259,000,000 | 1 | 1,259,000,000 |
| 2. Paid up Capital (Common share) | 1,247,381,614 | 1 | 1,247,381,614 |

The Voting Rights : 1 share 1 vote

Top 10 Shareholders (as of 1 March 2022)

| No. | Name | Holding | % |
|--------------|--|----------------------|---------------|
| 1. | Delta Electronics Int'l (Singapore) Pte. Ltd | 534,479,306 | 42.85% |
| 2. | Delta International Holding Limited | 191,984,450 | 15.39% |
| 3. | CITI (Nominees) Limited-CBHK-PBGSG-Restricted Shares | 172,845,420 | 13.86% |
| 4. | Delta Electronics Inc. | 69,128,140 | 5.54% |
| 5. | The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong Branch | 60,200,000 | 4.83% |
| 6. | Raffles Nominees (Pte) Limited | 57,413,000 | 4.60% |
| 7. | UBS AG Hong Kong Branch | 54,760,000 | 4.39% |
| 8. | Thai NVDR Co., Ltd. | 30,387,077 | 2.44% |
| 9. | South East Asia UK (Type C) Nominees Limited | 12,384,291 | 0.99% |
| 10. | State Street Europe Limited | 7,557,167 | 0.61% |
| 11. | Others | 56,242,763 | 4.50% |
| Total | | 1,247,381,614 | 100.0% |

Note: Shareholders of Thai NVDR Co., Ltd., who held non-voting depositary receipts (NVDR) in Item 8, were ineligible for voting at shareholders' meetings except when exercising their voting rights on delisting the shares from SET.

Minor Shareholders

As of March 1, 2022, total number of Minor Shareholders (Free float) is 17,634 equivalent to 22.36%

Shareholding Agreement with Major Shareholders

Among major shareholders, the company does not have any shareholding agreement, which might affect its management.

Other Types of Shares

The company does not issue other types of shares, except from ordinary share, which is the only one class of security.

Dividend Policy

The company has a policy to pay dividend at least 30% of its net profits. However, the dividend payout ratio would be subject to change depending on the investment plan and/or other capital requirements the company may have in the future.

The company's Board of Directors' Meeting No. 1/2022 held on 15 February 2022 resolved to pay dividend for the year 2021 at Baht 1.70 per share, representing a payout ratio of 31.7%. This is subject to the 2022 Annual General Meeting of Shareholders' approval. (The dividend paid in 2021 was Baht 3.30 per share, representing a payout ratio of 58.0%).

Dividend Payment of the Subsidiaries

Dividend payment of the subsidiaries would be determined based on the profitability and reinvestment

opportunities of each subsidiary. In addition, the relevant laws, regulations, tax and foreign exchange control of the country where the subsidiary is located at will also be taken into consideration for greatest benefits of the company and shareholders.

Dividend Payment in past 5 years

| Year | EPS | Dividend/ Share (Baht) | %Payout Ratio |
|-------|------|------------------------------|------------------|
| 2016 | 4.42 | 3.00 | 67.8% |
| 2017 | 3.95 | 2.20 | 55.7% |
| 2018 | 4.12 | 2.30 | 55.9% |
| 2019 | 2.37 | 1.80 | 75.9% |
| 2020 | 5.69 | 3.30 | 58.0% |
| 2021* | 5.37 | 1.70 | 31.7% |

** Pending for approval from the 2022 Annual General Meeting of Shareholders' on April 1, 2022 to approve the dividend distribution for the year 2021.*



Risk Management

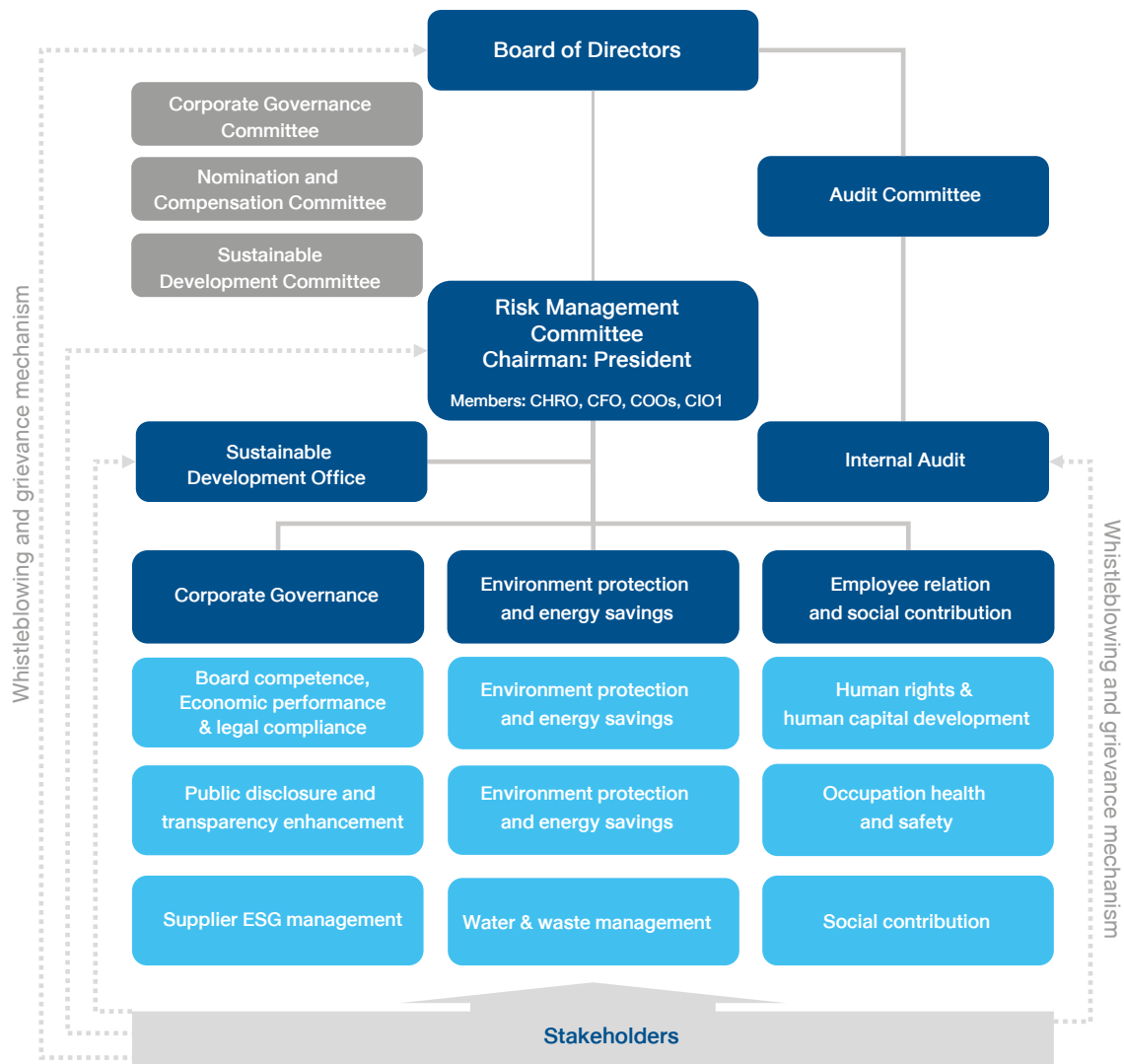


Risk Management Policy and Plans

Risk is inherent in all business and administrative activities that are increasing in complexity to keep pace with changes in a highly dynamic business environment. Delta continually raises awareness in risk management throughout our organization. We believe risk management is one of the most effective tools to ensure good management practice and facilitate the achievement of our objectives. The Board of Directors has appointed a Risk Management Committee to establish a risk management policy that covers our entire organization and extended networks to ensure that risk management procedures or systems are in place to mitigate negative impact appropriately within the organization.

Risk Management Committee

The company President is both Chairman of the Risk Management Committee and a member of the Board of Directors. The Committee comprises of not less than five members who are the heads of major functions and/or persons assigned by the Board of Directors or Chairman of the Committee. When necessary the Committee may invite other persons who are involved with or responsible for any matters related to the meeting agenda to participate in the Risk Management Committee meeting.



Duties and Responsibilities of Risk Management Committee:

1. Establish risk management procedures
2. Collaborate with other committees to strategically mitigate ESG risk in long-term
3. Implement risk management, delegate risk management tasks to their respective managers
4. Develop and review strategic risk management plans
5. Report to the Audit Committee semi-annually, or whenever necessary, and report to the Board of Directors at least once a year
6. Monitor and continuously improve risk management
7. Seek advice from relevant professional consultants in some cases Risk Management Committee Organization

Risk Management Process


In order to put the risk management framework into practice, the Risk Management Committee has set up the risk assessment and risk policy for management and documented information in the "Risk Management Committee Charter"

Based on the World Economic Forum's Global Risk Report, the Committee consider the relevance, impact, influence, opportunity of these risks to Delta's sustainable goals. The Risk Management Committee has advised management to perform risk management according to the Risk Management Policy with support from the Risk Management Manager who acts as the focal point for each department. The management and heads of major functions need to identify risks, how they occur, investigate the risk background and find areas

where risks occur. Next, they must measure, rank and prioritize identified risks to form management strategies and processes. The Risk Management Manager will summarize the information and documentation from relevant departments and present it to the Committee.

Attribute of global ESG Risks that affect Delta's sustainable growth at key operation sites

| The the World Economic Forum's Executive Opinion Survey (EOS) | | | | | |
|---|---|---|--|---|--|
| | Risk 1 | Risk 2 | Risk 3 | Risk 4 | Risk 5 |
| Thailand | Debt crises in large economies | Human-made environmental damage | Prolonged economic stagnation | Digital inequality | Employment and livelihood crises |
| India | Fracture of interstate relations | Debt crises in large economies | Widespread youth disillusionment | Failure of technology governance | Digital inequality |
| Slovakia | Collapse of a systemically important industry | Collapse or lack of social security systems | Debt crises in large economies | ... | Digital inequality |
| | | | Human-made environmental damage | | |
| Australia | Failure of cybersecurity measures | Extreme weather events | Climate action failure | Infectious diseases | Debt crises in large economies |
| | | Debt crises in large economies | | | |
| Germany | Climate action failure | Erosion of social cohesion | Digital power concentration | Debt crises in large economies | Fracture of interstate relations |
| | | | | | Geopolitization of strategic resources |
| Netherlands | Climate action failure | Erosion of social cohesion | Failure of cybersecurity measures | Asset bubble bursts in large economies | Debt crises in large economies |
| Romania | Human-made environmental damage | Employment and livelihood crises | Debt crises in large economies | ... | Large-scale involuntary migration |
| | | | Geopolitization of resources | | |
| Russia | Interstate conflict | Failure to stabilize price trajectories | Infectious diseases | Employment and livelihood crises | Severe commodity shocks |
| Singapore | Prolonged economic stagnation | Infectious diseases | Asset bubble bursts in large economies | Failure of cybersecurity measures | Climate action failure |
| United Kingdom | Failure of cybersecurity measurement | Debt crises in large economies | Prolonged economic stagnatio | Infectious diseases | Extreme weather events |
| United State of America | Asset bubble bursts in large economies | Climate action failure | Extreme weather events | Debt crises in large economies | Employment and livelihood crises |
| Vietnam | Biodiversity loss and ecosystem collapse | Asset bubble bursts in large economies | Infectious diseases | <ul style="list-style-type: none"> • Extreme weather events • Geopolitization of strategic resources" | ... |

 Major manufacturing sites

Source: https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf page 96-108

The Committee will review the documentation, allocate priorities, develop and review strategic risk management plans proposed by each function (if any). They will also ensure compliance with risk assessment and management procedures. Finally, the Committee will submit a report on the risk management status to the Audit Committee and the Board of Directors at least twice a year.

Risks Factor and Management Strategies

1. Financial Risk Management

- **Exchange Rate Risk**

Thailand's 2021 GDP growth is expected at 1.8%, and forecast of growth in 2022 at 3.9%. Policy rate is expected to stay at 0.50% through end of 2022. Thailand's economic expand by 0.4% in Q2 supported from export and government spending. It expands this year at a slower pace than previously forecast from the impact of COVID-19 outbreak. In 2021, the Thai baht posted huge fluctuations amid a twin deficit for the first time since 2013. The Thai fiscal balances kept on posting deficits for years due to continuing populist policy while the current account was suppressed by the services account this year amid a surge in average shipping cost at USD 7,374 compared to the average cost at USD 2,171 in 2020. The rise has definitely affected the Thai baht as the country heavily relies on exports

In 2021, the company had gain on exchange of about Baht 1,017.8 million mostly caused by the depreciation of Thai Baht this year because of the slow economic recovery and supply chain disruption globally.

The company is aware of those uncertainties and continues adopting the hedging policy to mitigate foreign exchange risk with natural hedging for the company's assets and liabilities in foreign currencies. In addition, our company also uses the foreign currency forward contracts to protect net position of each currency. This policy is effective in

minimizing risk from fluctuations of exchange rates or interest rates.

Apart from managing the risk on US dollar currency, the company also deals with other currencies in relation to the countries where subsidiaries are located in such as India Rupee and others. Risk management for each currency is varied in accordance with the situation in each country. It is therefore necessary to monitor closely and regularly

- **Accounts Receivables Collections**

The company constantly monitors and evaluates the economic situation to see if there will be any factors affecting company's operations and our customers' financial position to ensure smooth collection of receivables. The company also utilizes credit insurance and other related financial instruments to mitigate trading risk.

With effective accounts receivable management, credit control system and experienced personnel, the company, navigates various challenges and managed the accounts receivable and collections according to a good standard during the past year. This has helped to ensure sufficient and smooth cash in-flows to support our business operations and needs.

2. Corporate Investment Risk Management

Investments and financial assistance given to subsidiaries are generally risk inherent transactions. Risk management practices that the Company adopts are to closely monitor and control treasury, accounts receivable and other significant financial and administrative activities. The executives of our subsidiaries attend company gatherings from time to time for training, meeting or performance review which is regularly done through video conference. This ensures administration efficiency towards the same business direction and boost working morale cooperation among the group also.

3. Supply Chain Risk Management

The company assesses the major risk factors throughout the supply chain, this is because any misalignment in the supply chain management would affect the confidence of customers and other stakeholders as well as impact future operations. From 2021 Q1, we were facing natural disasters and second wave of Coronavirus pandemic. Compared to 2020, it had brought even more challenges on the supply chain management across the regions and countries. We have sent out official notification to our customers regarding the extension of the lead time, due to the snow storm in USA, the lockdown in Malaysia, the flood impact in Germany, and last but not least, the electricity limitation in China. We have taken several actions to cope with it, including official purchase order placement since the end of Q1, continuous capacity review with key suppliers, monitoring inventory level of strategic materials and preparing multiple sources. The company will continue to watch-out the market and work closely with our valued suppliers to ensure minimum disruption to our operations.

To ensure good quality and continuity of supply, the company always places strong emphasis on managing “Key/Critical suppliers” and “Key/Critical parts” in our supplier management framework. Apart from evaluating the technology, quality, responsiveness, delivery performance and price of the supplier, the company also focuses on managing the supply and demand of critical parts by utilizing end customers demand forecast, system integrators and suppliers inventory level. Generally, local suppliers are preferable as they offer an advantage in delivery time and responsiveness but they are also required to meet our standards for technology, quality and price. In 2021, we have identified potential vendors in the ASEAN regions in order to prepare for the continuous growth in business. On the other hand, encouraging current suppliers to move to Thailand and ASEAN region to mitigate the risk of single-country production base in China. This would further enhance the diversification and competitiveness in the local supply chain to strengthen the company’s localization content.

The company also conducts in-depth analysis of key suppliers’ financial status after the global financial crisis as well as reviewing the supply chain diversification/ geographical distribution of suppliers’ production lines in order to reduce the risk of material shortage caused by extreme climate conditions or possible major disasters in the future.

In addition, to lower Environmental, Social and Corporate Governance (ESG) risks in the supply chain and improve competitiveness, the company started promoting Responsible Business Alliance (RBA) Verification Consultation since 2014. A verification and consultation team has been organized jointly by the company’s human resources, labor safety, plant affairs, and purchasing departments to perform RBA verification and consultation of key suppliers with high ESG risks. Room for improvement has been verified for most suppliers in health and safety aspects of the RBA management system. Excessive work hours are common managerial problems in the industry. Addressing these findings, the company’s verification and consultation team provided experience in introducing and promoting Delta’s Management System for reference to suppliers, with continuous follow up to ensure continued improvement.

Up to now, there are 95% of suppliers signed in “Declaration of Compliance with RBA Code of Conduct”. Besides of the high percentage of the signed ‘RBA Declaration’, The company held the “RBA On Site Audit” focus on local suppliers, all of those local suppliers can comply with RBA Code of Conduct requirement.

4. Information Risk Management

Manufacturing equipment like or similar to IoT can realize the seamless integration of various manufacturing devices equipped with sensing, identification, processing, communication, actuation and networking capabilities. This is based on a highly integrated smart cyber-physical space with networking between machinery, sensors and control systems. The intelligent systems enable rapid manufacturing of new products, dynamic response to product demands, real-time optimization of manufacturing production and supply chain networks.

However, this opens the door to create whole new kinds of attacks for our Smart Manufacturing. Unsecure manufacturing IoT is like an open gate that is vulnerable to information attacks from outside. To secure and mitigate this risk, IT infrastructure management are tough built with resilient equipment. We engaged with professional contractors and service providers to build up our firewall, hardware redundancy, maintenance service and proactive care service. This will reduce risks of hardware failure, data loss and improve the information security.

The company has established measures and continuously monitored cyber-threats to prevent and minimize the cyber security risk as the following

People:

- According to the new forms of cyberattacks and the exponential increase in the use of digital technology, The Company continuously provide cybersecurity awareness training to keep pace with the situation
- To Provide IT Orientation for New Employee according for understand how to deal with IT service and what to follow for compliance with ISO27001
- Regularly perform phishing tests to encourage employees to exercise caution when using information systems
- Monthly update/educate for Information security related via the Company's Publish e-Mail channel

Policy & Process:

- Establish and announce latest IT Security Policy Procedure to be the guideline and the efficient use of IT systems and infrastructure
- Process cybersecurity rehearsal and disaster recovery tests regularly to ensure prompt response and minimize impacts on DET information systems
- Develop IT security infrastructure, such as OT Security Operation. Monitor and prepare for new threats to both offices and plants and perform

tests and assessments regularly to put in place a proactive preventive plan before an attack takes place

- implemented to reduce the scope of impact, and update policy for any network connected device that needs good management and to process vulnerability risk verification for new applications

Technology

- Implement the appropriate cyber protection tools on both of protection and prevention facet
- Implement multi-factor authentication for securing the accessing to importance services and systems
- Implement service for supporting Work from Home (WFH) with reliability and secure matter
- Keep track of Data Leak Prevention to control and prevent company data confidential leak
- Implement an information security management system and asset security practices in accordance with international standards

The company request employee cooperation with IT for any new IoT devices implementation. Ongoing the company's IT department will prepare and implement application management, awareness programs and regular audits, in cooperation with vendors, to improve software compliance.

The company also have Software Development Process & Control Procedures to manage in-house software development and bugs detection. These applications and device monitoring allow us to do remote health checks of real time manufacturing capacity input and output as well as machine performance based on infrastructure network that connects everything.

Applied new technology to speed up and accuracy of production's productivity by using in-house development with taking Virtual Reality technology as the model. It could be Virtual Training tools and deep analysis, remote troubleshooting during COVID-19 pandemic situation.

5. Legal and Intellectual Property Rights Risk Management

Intellectual Property (IP) refers to the refers to any intellectual creations of the inventors and authors such as copyrights, trademarks, patents, petty patents, know-how, trade secrets, and layout-designs of integrated circuits, etc., has value both beneficially and commercially which results from intellectual ability, knowledge, monetary investment, and time in the creation of Intellectual Property. Therefore, the rights of inventors and authors should be protected and maintained from any kind of infringement and the Intellectual Property of others should be respected and legally used.

In recognition of the importance of Intellectual Property, the company has determined to guard and protect the Intellectual Properties owned by the company and other companies within the Delta Group from violation and unauthorized use, while also maintaining strict respect for the Intellectual Property of others.

Delta Practice

Executives and employees of the company must abide by relevant national and international laws, rules, and regulations such as patent law, trademark law, copyright law, trade secret law, or any agreement on Trade-Related Aspects of Intellectual Property Rights in every region and country where conduct business. This also includes adhering to promises or lawful agreements that bind the company and other companies of Delta Group.

- When using, duplicating, adapting, disclosing, or disseminating copyrighted materials to the public, whether in whole or in part, executives and employees can only proceed after being granted approval or permission from the copyright owners. In the case of any doubt in dealing with such copyrighted materials, before proceeding-it is the duty of the executives and employees to consult on such matters with the Legal Department.
- When using legally registered logos or trademarks of the Delta Group, executives and employees should take into account the

appropriateness of use and apply it prudently only for the benefit of the company or Delta Group.

- Any invention and design, new product, or any discovery which results in an improved or new and innovative product or service, which has not yet been registered for a patent or petty patent must be safely guarded and protected from Intellectual Property infringement.
- When duplicating, adapting, disclosing, and disseminating copyrighted works or other people's trade secrets to a third party or the public, either in whole or in part, permission or consent must first be legally granted from the copyright owners.
- Executives and employees who have access to trade secrets (for example, trade information, production cost information, production formulas, product pricing formulas, patterns, software, technical methods, production procedures, business management information, product price details, customer lists, and advertising strategies, etc.) are required to safeguard such information and comply with the company Code of Conduct.

6. Environmental Risk Management

The company's operational capacity has been increased substantially during 2021, the company developed several strategies to emphasize these opportunities such as New Site Expansion and other activities that increase energy consumption such as increasing production capacities.

Identified Risk :

1. New site expansion project
2. Increase Greenhouse gas emission payment
3. Fuel/energy tax or relevant legal regulations
4. Voluntary regulations
5. Standard environmental regulations (including those being planned)
6. Regulation of renewable energy
7. Products/services replaced by low-carbon technology

8. Costs for transition to a low-carbon economy
9. Uncertainty of market information
10. Increase in raw material expenses
11. Changes in rainfall, severe changes in weather type
12. Rise in average temperatures

The company developed these measures as actions to prevent and minimized these environmental risks that could occur regarding our expansion and general operation.

1. Certified LEED Gold for new site expansion: New site expansion at Wellgrow Industrial Estate, Chachoengsao had finished its construction phase. This project have achieved Certified LEED Gold (Leadership in Energy and Environmental Design certification) in the New Construction category with score of 64 out of 110. New plant had achieved 28% above baseline for energy performance, 45% reduction in water consumption, 30% more Green Area and 30% more ventilation and fresh air circulation.
2. RE100/EV100 Program: RE100/EV100 programs have been developed as per our commitment to Climate Change. RE100, Renewable Energy One-Hundred, is a program aim to achieve complete usage of renewable energy within 2030
3. International Renewable Energy Certificate (iREC): Similar to RE100, iREC is major part of RE100 program. Delta has planned to acquire these certificates to claim our Renewable Energy Consumption among mixed source in our connected grid.
4. Zero Waste to Landfill Program: UL2799 require our entire operation to be Zero Waste to Landfill (ZWTL) and encourage more waste recycling.

7. Occupational Health and Safety (OHS) Risk Management

Although, the COVID-19 pandemic has been partially improved and economic activities are gradually recovered, the company still investing budget into

preventive measures and meditative system to keep our employee as safe as possible to continue our business while maintained good connection with Department of disease control.

The company had prepared various Risk Management:

- Appointed committee as centralized management to control COVID-19 situation by issuing policies to operating level. The committee consisted of Safety Department, General Management Department, Employee relation department, Human resource, MRO and Management.
- Specified exact Entrance and exit with registration system for visitor. The Company also have screening system for employees and visitors to detect patients with 37.2 °C fever, Coughing, Runny nose, Sore throat, Anosmia, Short breath, fatigue or diarrhea or traveled into danger area. If any case found, the Company will offer employees temporally leave and contact medical expert immediately.
- Employee and visitors have to wear face masks at all time and additional protective equipment such as glove and face shield which depended on job's requirement. The Company also provide face masks for each employee at the entrance of each plant.
- Hand wash and alcohol based sanitizer gel are sufficiently provided at every entrances, elevators, canteens and toilets of every plants.
- Control measure is provided to prevent crowd condition in workspace. Avoid psysical meeting and utilizing digital meeting technologies. Allow employee to work from home and arrange time slot for breaking and launch break to be overlapped.
- Every operator shall be at least 1 meter apart from one another by standing on the indicated marker in operational area, office and canteen. For other area, we have arranged plastic barrier such as canteen or production area to avoid direct contact and minimize risk.
- Cleaning and sanitizing: Contact area of each equipment and furniture with 0.1% Hyperchloride or 70% Alcohol sanitizer.
- Every toilet shall be cleaned twice per day with detergent and sanitize with 0.1% Hyperchloride

or 70% Alcohol at doorknob and sanitary ware. Sufficiently provide soap and hand sanitizer for toilet area.

- Provide clean and sturdy trashcans with appropriate sign for each type of disposal.
- Provide good ventilation and arrange maintenance for air conditioning and ventilation equipment. Periodically open doors and windows to ventilate the area.
- Transportation provider shall properly clean their vehicle with 0.1% Hyperchloride or 70% Alcohol for each trip. The vehicles shall have enough space for passengers and avoid crowd condition.
- Every food and drink stalls shall be managed according to policies of Department of disease control.
- Explain to operators regarding procedures and inform about Disease prevention and risk management policies.
- Official Tracking application for each employee using data recording.
- Patients sorting and field hospital with necessary supply to provide for emergency.

- Avoid going into risky area with high chance of infection.
- Always wear fabric face mask and protective equipment such as face shield.
- Constantly washing hands with water and soap or alcohol sanitizer whenever touching public equipment or before entering canteen or after using toilet. Avoid touching face, eyes, mouth or nose. Maintain personal hygiene.
- When working, stand at least 1 meter apart from one another. Avoid talking or shouting especially when working in tight space without good ventilation.
- Avoid eating or drinking with in production area.
- Avoid using other's personal belonging: Glass, Plate, Spoon, handkerchief or work outfit.
- Waste disposal personnel shall wear appropriate protective equipment, fabric mask, Gloves, apron and rubber shoes. Use tongs to secure the trash bags tightly and avoid touching face, eyes, mouth or nose. After finishing tasks, wash their hands with soap and water and immediately cleaning their body and wearing fresh clothing.
- Strictly follow the company policies.
- Participate in the company ATK testing.
- Every new employee must go through COVID-19 testing before applying.
- Be 100% vaccinated with 2 doses.
- Follow bubble & seal program and Factory Sandbox Project to prevent and control the spread of COVID-19 disease within the company area.

COVID-19 Risk management for operators:

- Self-evaluate for fever and body temperature (<37.2 °C) with symptoms such as coughing, Runny nose, sore throat, Anosmia, Short breath, fatigue or diarrhea and report to direct superior for leaving and immediately contact medical officer.



Sustainable Development Report



As one of the largest electronics manufacturing companies in Thailand, Delta Electronics (Thailand) Public Company Limited understands that our actions will have direct and indirect impact on the communities around us and the enterprises that engage with us.

Guided by our founding mission, “to provide innovative, clean energy-efficient solutions for a better tomorrow”, Delta has been conducting our business based on the principle of sustainable development (SD).

At Delta we strive to have minimal negative impact and make positive contributions to the environment, society and economy. We believe that ethical business practices can result in a stronger foundation for a long lasting company.

Since Delta Thailand’s establishment in 1988, we have thrived on the challenges of discovering innovative solutions that help to reduce carbon footprint like Delta power supplies and thermal management solutions that reduces energy wastage with market-leading efficiency. As the negative impact of climate change becomes more apparent, Delta’s environmentally friendly product and solution offerings, like our electric vehicle charging products, are also growing.

As a result, Delta Thailand is able to offer good returns for our stakeholders while creating positive impact for the environment and society. This can be seen below in our SD-centric business development strategy outline.



Delta's business strategy is based on sustainable development principles with products and solutions that address global megatrends, good corporate governance standards recognized by our industry and authorities and meaningful actions for environment conservation and community development.

Delta Thailand's Risk Management Committee (RMC) reports our risk management progress to the President. The risk management results will be reported to our Audit Committee or the Board at least twice a year. Our RMC's 2021 survey results and material issues prioritization result from Delta Thailand's major entities including Delta Thailand, India and Slovakia were reported to the Board of Director on 19 February 2021. In addition, the committee has revisited the World Economic Forum's risks report, key megatrends and our internal and external stakeholder's expectation, to ensure Delta's sustainability are still on the right track.

The below illustration identifies 2021 our material issues and their level of impact. More details of the stakeholder engagement, material issues prioritization process and key ESG performances will be available in our coming issue of the online Sustainable Development Report. (<https://deltathailand.com/en/download-sd-report>)

2021 Material issues to our sustainability



Since 2020, the COVID-19 pandemic revealed more opportunities for business growth while accelerating our sustainable development process to mitigate socio-economic impacts. Delta's COVID-19 global command center is led by our top management team and also includes satellite teams led by regional heads from our key regions including China, North East Asia, South East Asia, EMEA (Europe, Middle East & Africa) and the Americas.

In 2021, Delta Electronics (Thailand) PCL. announced the addition of the United Nations Sustainable Development Goal (SDG) number 3 "Good Health and Wellbeing" as a target SDG. This new target SDG will complement the six existing target SDGs set by the company in 2018. Entering the new normal, Delta strives to further address ongoing risks from global pandemics and continue to safeguard the health and wellbeing of our large workforce and local communities in Thailand. The Delta Thailand SD

committee's addition of the target SDG number 3 "Good Health and Wellbeing" in 2021 will enhance the company's SD strategy and long-term sustainability performance.



Our target for Zero COVID-19 fatality cases in Delta Thailand's factory is a key driver leading us to maintain our operations, employee well-being and ensure good returns to our shareholders amid the global shock of the pandemic. In addition to standard measures, Delta Thailand collaborated with the local Social Security Offices including related medical and public health organizations to increase the share of employees who received at least one dose of COVID-19 vaccine. By the end of December 2021, 95% of our employees, subcontract and other workers have had at least 1 dose of COVID-19 vaccine for free. According to OSHA's COVID-19 Emergency Temporary Standard (ETS) definition, there was no fatality at the workplace in 2021.

Delta extended the opportunity for vaccination to our nearby communities and employee's families by opened its new plant as a government vaccination center. At the end of March 2021, the company issued a one month fixed bonus for those who have passed the probation to mitigate the impact of limited work hours due to mandated social distancing measures and government curfews. Due to the seriousness of the current COVID situation in Thailand, Delta requests all departments able to work remotely to arrange Work-From-Home (WFH) for their employees at all Delta Thailand plants from April 19, 2021 (after Songkran Holiday). According to this measurement, employee's compensation and benefits such as daily meal allowance, diligence bonus, quarterly incentive and overtime payment has fully maintained by the advancement of IT infrastructure for business contingency and fair compensation.

In August 2021, extreme weather caused heavy rains and flooding in the Bangpoo Industrial Estate where four Delta Thailand factories and two warehouses are located. Floodwater did not reach Delta Thailand headquarters, but some materials and non-operating machines at our other locations were affected. Our production equipment and facilities in all Delta Thailand Bangpoo plants were not affected. Meanwhile, Delta was fully supporting the local Industrial Estate Authority of Thailand to ensure sufficient and effective water pumping operations at the Bangpoo Industrial Estate. We also assisted our suppliers located in the affected zone to implement their business continuity and recovery plan. In addition to our own infrastructure upgrade, Delta Thailand continues working with our business partners and the local government to prevent the reoccurrence of operation disruption due to flash floods.

To mitigate climate change impact to both our operation and environment, Delta has created a RE100 Management Board to oversee progress towards our goals. This Management Board has a board of Delta Group executives who review our overall targets and regional progress. The Delta Corporate Sustainability Development Office is the main contact window for RE100 initiatives and provides trends research and resources to the Climate Group while collaborating with all regional working parties to coordinate performance results, identify major barriers and resources. The company started studying internal carbon pricing at its operation and subsidiaries to fasten the RE100 implementation.

Corporate communications and IT infrastructure played an even more significant role in our business process than ever. Since 2017, the company has upgraded its IT infrastructure to create a flexible working environment in the event of any possible emergencies. With our ISO27001 IT security certification, 100% of Delta's non-production workers can work anywhere with their laptops and a VPN and mobile app to fulfill our stakeholders' security requirements.

Critical work functions have been identified by our COVID-19 committee, and non-location specific staff are eligible for work from home leave. For faster communication of our company policy and faster response to any possible situations, we established an official Delta Thailand LINE account to reduce the digital divide between our office and production employees.

We also have information security and a code of conduct commitment for all our staff to follow and physical security assurance for our company data center. Our company will complete the implementation of data breach insurance by 2021. In addition to more frequent direct communication to our customers and suppliers, our Corporate Communications unit initiated a special web page for external parties to keep updated on our COVID-19 situation.

Close collaboration with our business partners helps in the implementation of our business plan, ethical supply chain and on-time delivery during the global lockdown related to COVID. According to our Central Purchasing Committee policy, critical suppliers have been identified in our normal process. The percentage of spending allocated to each supplier is limited to prevent supply shock in emergency cases. Meanwhile, optional and local sources are prepared.

Although Delta's business deals with our suppliers are within a B2B scope and a planned agreement scheme, hiccups in the supply chain during global quarantines happened for some commodities in our supply chain. To minimize raw material shortage, Delta invested in setting up two new consignment warehouses in the Bangpoo Industrial Estate. With these new warehouses, suppliers are allowed to apply milk run or full-truck-load concepts for improved transportation and implement just-in-time delivery to meet Delta's requirements.

In 2015, Delta set targets to increase green revenue from its products and solutions portfolio while increasing energy efficiency to up to 30 percent of total revenue by 2023. These products and solutions areas include Renewable Energy, EV solutions, Datacenter and Industrial Automation systems that respond to the needs of digital and green economy transformation and the wider community. Finally Delta's green revenue account for 27% of the company's total revenue in 2021.

In addition, Delta Electronics Thailand qualified as a constituent of the world-renowned Dow Jones

Sustainability Indices (DJSI) 2021 in recognition of its superior environmental, social & governance (ESG) performance. Delta Thailand is the only Thailand company in the "ITC Electronic Equipment, Instruments & Components" industry segment in the 2021 DJSI index and is in both DJSI World and DJSI Emerging Markets region/country lists. This year, over 10,000 publicly traded companies were invited to participate in the S&P Global CSA. Delta Thailand joins the DJSI index for the first time after two consecutive years of S&P Global Silver Class Awards. Delta Thailand values the comprehensiveness of the questionnaires and guidelines for DJSI assessment submission more than our ranking. Our SD team has been leveraging on the reporting process to continuously gauge the effectiveness of our SD projects for continuous improvement.



Delta Thailand has positioned our products and solutions to address global megatrends. To counter emerging risks, we take mitigating actions and create proactive strategies to bolster our company's long-term resilience. We seek to manage risks through ethics, informed decision making, foresight and agility and to forge a business that will benefit society far into the future.

For the complete SD report 2022(2021 performance), please download at https://www.deltathailand.com/en/pdf/sustainable/SDR2022_EN.pdf

GHG Management

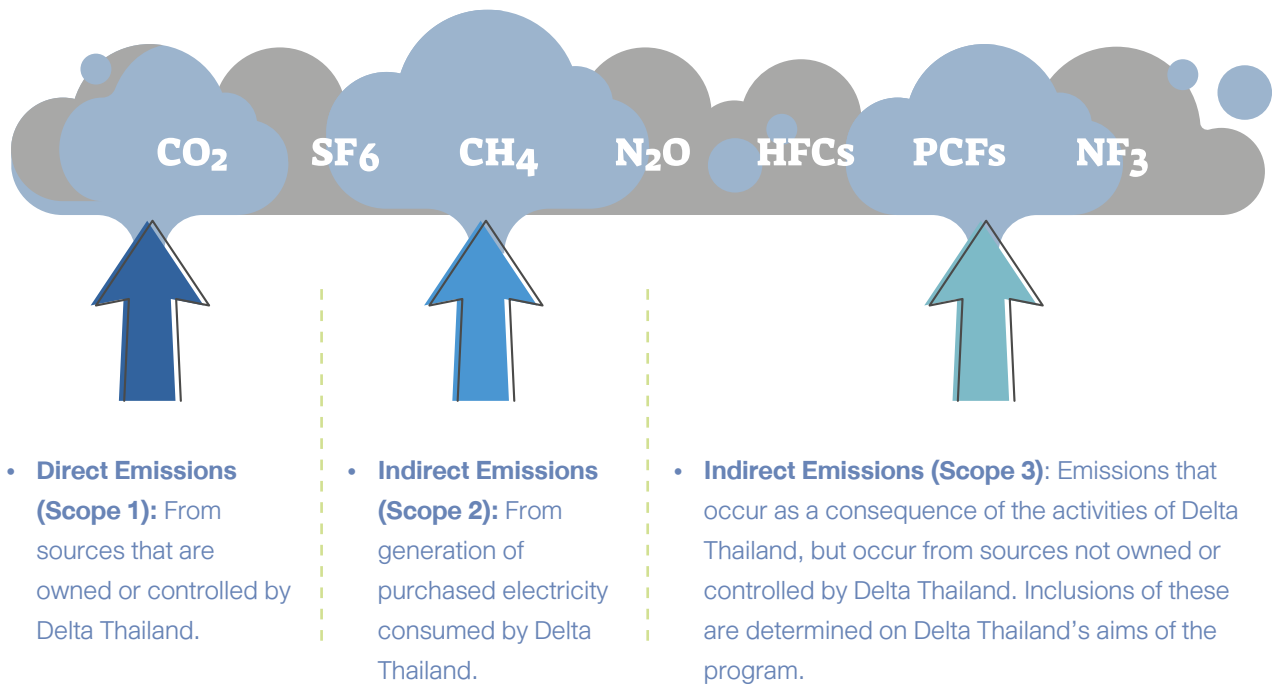
With our corporate mission of “To provide innovative, clean and efficient energy solutions for a better tomorrow”, Delta Thailand strives to do our utmost to help mitigate the impact of global warming and reduce our own environmental impact. We believe in fulfilling Delta’s ESG and CSR goals through sound corporate governance, balancing stakeholder interests and social participation.

To ensure that our eco-efficient operation creates positive impact on action to mitigate climate change, Delta aligns with the Carbon Disclosure Project guideline to provide concrete measures to continuously implement

energy management, improving our energy usage efficiency while reducing carbon emissions.

Carbon emissions sources were identified with reference to the methodology described in the Greenhouse Gas Protocol and ISO14064-1:2018. Emissions sources Identification was achieved using specific guidance on Scope 3 factors included in ISO14064-1 Annex B and in the Greenhouse Gas Protocol (WBCSD).

These emissions have then been classified into 3 categories. The definition of each has been adapted from the Greenhouse Gas Protocol; the 3 types of emissions are:



Delta Electronics Thailand uses electricity as a main power and fuel source to operate our business. These are non-renewable energy sources and lead to GHG emissions in scope 1 and 2.

At our Thailand sites, Delta has set the target to reduce 20% of our GHG reduction intensity by 2025 comparing with a new base year of 2020. Our latest statistics shows that direct emissions (Scope 1) of 2021 were 802.56 tons of CO₂e, indirect emissions (Scope 2) were 50,693.46 tons of CO₂e and other indirect emissions (Scope 3) were 127,378.51 tons of CO₂e respectively. This means the GHG intensity (at Delta Thailand’s sites)

of 2021 (Scope 1+2) was 23.19 tons of CO₂e/ M USD, a decrease of 44% from our base year of 2015.

For GHG Scope 3, major global distribution centers cooperate with logistics providers to implement transportation cost optimization, consolidated delivery, full-truck load, packaging design, container packaging and selection of optimal delivery routes. Since Delta attained ISO/IEC 27000 Information Security Management System (ISMS), we encourage our suppliers to utilize e-invoice and e-document as much as possible to save natural resource and mitigate greenhouse gas from distance transportation.

We also initiate actions to respond to the issue of climate change and align with our target of 20% decrease in GHG emission intensity by 2025. Delta has been participating and registering in T-VER since 2014. We have a total of 8 projects registered in T-VER and these accredited approximately 5,600 tons CO₂e carbon credits in reduction. In addition, Delta group has joined the RE100, a global initiative bringing together the

world's most influential businesses committed to 100% renewable electricity. As part of RE100, Delta Thailand has set the target 35% increase in renewable energy intensity by 2025 compared with a base year of 2020

The company's Greenhouse Gas Emissions Report has been verified by SGS auditor. You can download at www.deltathailand.com/en/greenhouse-gas-inventory-report.



Sustainability Management – Social Dimensions

Policies and Guidelines

The company is committed to conducting business according to our Corporate Social Responsibility Policy cover to governance, regulator and environment. The policy shall provide guidelines for the directors, management and employees to operate business ethically with transparency, compliance with regulations, accountability and respect for human rights and the fair treatment to all stakeholders. The company shall support promotion and education activities and promote employee participation. This includes building a good relationship with the surrounding communities to promote sustainable quality social and environment.

The company recognizes the importance human rights principles. The Company shall uphold human rights by incorporating internationally recognized human rights related practices, namely The Responsible Business Alliance (RBA)'s Code of Ethics and International Labour Organization's (ILO) labor standards into the Company's operations. In addition, the Company's human rights policy is developed based on the UN's Guiding Principles on Business and Human Rights — UNGP. We are

committed to protecting, respecting and supporting our employees, business partners and vulnerable individuals or groups as outlined in the company's human rights policy in all our business processes. We will ensure that human rights are respected and violations of human rights in all forms are prevented throughout the company and our value chain. For the complete Human Rights Policy, please download at <https://deltathailand.com/en/human-rights>.

Social Dimension Performance

1. Human Rights Protection

The company sets policy in regards to respect human rights by defining wrong doing practices and mistreatment. It has introduced a non-discrimination policy which governs equitable treatment towards all genders, race and physical disabilities including immunodeficiency, HIV/AIDS and tuberculosis (TB). The company strictly acts on this policy which has been announced on the company's intranet and website www.deltathailand.com/en/human-rights and the policy

is made known to employees by means of training so that all employees adopt a positive attitude towards their co-workers with respect and equitable treatment. There is a mechanism available for feedback and filing complaints concerning human rights issues. To date, no complaint has been filed.

The ongoing war in the Democratic Republic of the Congo which appears to be calming is believed to be majority funded by mining of precious metals including tantalum, gold, zinc, and tungsten. Those rare metals are key raw materials for production of electronic devices. Given their availability in the country with frequent human rights violations such as Congo and Rwanda, these materials from specific countries of origin are consequently known as Conflict Minerals/Metals. The company realizes the importance of human rights and therefore responds to such conflicts by examining the sources of minerals and seeks for procurement from locations outside the conflict areas. The company laid out Conflict Minerals/Metals-free Policy to address prohibits usage of minerals from the Democratic Republic of the Congo and adjoining countries, either

directly or indirectly which is defined as an agreement on Responsible Minerals Initiatives (RMI) Agreement (for more details please see www.deltathailand.com/en/related-documents). Implementation of this policy had also been extended to all our supply chains. All our suppliers were required to sign up for acknowledgement on the “Minerals/Metals Source Survey” and “Declaration on Non-use of Conflict Minerals/Metals”. The signing is held as part of the managerial process of our company’s business.

2. Equitable Treatments of Employees

The company treats employees fairly, respects human rights, and allows competitive compensation in line with the labor market’s mechanisms. Benefits are also in line with the company’s operating results, both short term and long term, such as annual bonus and setting the rate that the company contributes to provident funds according to work length. We take care of employee health and safety at work and provide equal career opportunities on the basis of aptitude and capability. Domestic and international trainings are organized regularly to enhance employees skills.

1. Human Development

Power up the Future Workforce

- 2021 International Exchange Program

To develop and cultivate future talent, since 2019, Delta has been working with the National Taipei University of Technology (NTUT) to hold the international internship program.

This year, we finalized 15 students out of 100+ applications. Based on the original plan, students will study at the National Taiwan University of Technology in Taiwan for ten weeks and will do the on-site in Delta Thailand for the rest of the time. However, due to the COVID-19 outbreak, they will study and do the on - site learning in Delta Thailand. Each intern will get the challenging project and will be able to improve their creativity onsite and take things a step further from their regular university classes. Here, they also got a fantastic mentor and other colleagues to help them out, so being here helps create new neural pathways in their brain to think like an engineer.



Shape the “People-Focused” Company Culture

• Long Service Award

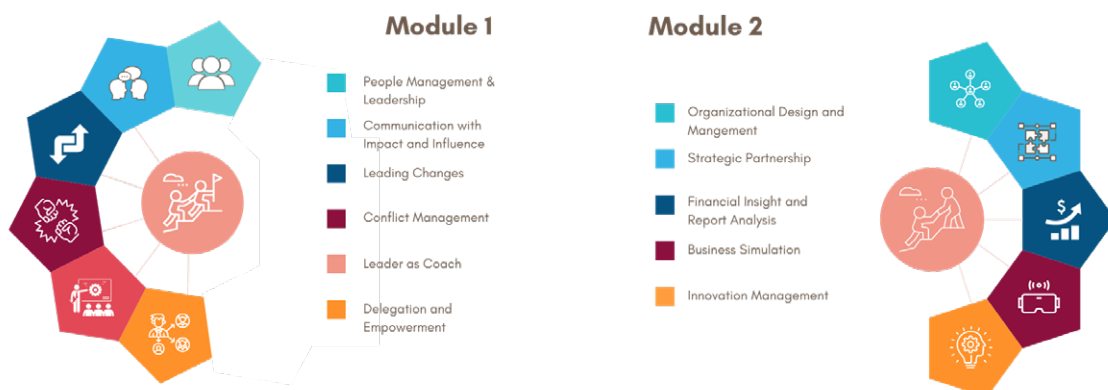
To recognize and appreciate our employees’ continuous contributions throughout all these years with a sense of ownership and commitment, Delta has initiated the Long Service Award in 2021 for employee who has completed 10, 20, 25, and 30 years of service. It is a special occasion to publically thank our staff for the many years of service that they have devoted to our company. This is, by all means, a remarkable achievement not only for our hard-working employees but also for our company as a whole.



Accelerate the Talent Development

• MFG Elite program

Delta has launched the Elite Program with the primary objective to provide selected talented individuals and newly appointment managers with the knowledge and fundamental skills to become competent and effective future leaders. The program focuses on leadership skills and competences that are required to lead teams in the fast moving disruptive business markets that we are facing today and future. Nowadays, the leadership need to be more focused on leading teams through constant and exponential changes that are the result of new disruptive business models, digitalization, artificial intelligence and ever-increasing competition.



Master Forum

Delta Thailand senior management team proudly to share own knowledge and experiences to be learning advocate and drive the learning culture. Through such experiences, the senior leaders are able to improve their mindset, learn through the teaching process, to cultivate the leadership charisma to become the elite leaders that Delta is looking for.

This forum is the central place for employees to acquire the professional knowledge, skills and abilities. It is also a place for everyone to discuss, interact and share experiences.



- **Best Company to Work for**

Throughout the past years Delta Thailand always take care of the employees and values the importance of human resources which covering all dimensions whether recruit talent people, provide competitive remuneration, develop our people for their career and business growth. These are the important things for people management in our organization and were guaranteed by awards we received over this year, which are 2021 Best Companies to Work For in Asia Award by HR Asia, HR Excellence Awards in Total Rewards Strategy and Bronze Award for Excellence in Graduate Recruitment & Development by Human Resources Online, Thailand Best Employer Brand Awards in Excellent in Training by World HRD Congress and Finalist in HR Digital Transforming Strategy by Human Resources Online

Delta Thailand is absolutely a top employer brand which formally guaranteed by awards and our company is recognized as the leading electronics companies in Thailand with our sustainable growth and providing opportunities to our people to build a successful career which attract everyone especially talented people to join Delta in the future

HR Awards which Delta Thailand Has Received in 2021



Delta Thailand received the Award for 2021 Best Companies to Work For in Asia Award by HR Asia.



Delta Thailand received the Gold Award for HR Excellence Awards in Total Rewards Strategy and Bronze Award for Excellence in Graduate Recruitment & Development by Human Resources Online.



Delta Thailand received the Award for Excellence in Training at the Thailand Best Employer Brand Awards 2021 online ceremony by World HRD Congress.

Internal Training Hour Average (hours/person)

| Year | 2017 | 2018 | 2019 | 2020 | 2021* |
|----------|-------|-------|-------|------|-------|
| Staff | 8.60 | 24.00 | 22.15 | 37.6 | 33.7 |
| Operator | 11.80 | 7.20 | 12.25 | 11.1 | 26.3 |

Remark : *Reviewed but not audit

2. Delta Employee Engagement Survey

The company conducted an employee engagement survey to help the management understand the situation employee engagement and work motivation for continually improving and making Delta a better workplace. In the past year, the company has gathered valuable suggestions from the participants and has made improvements in various matters as follows:

Strengthen companywide communication

- Set up official LINE account for instant communication with employees
- Coffee Talk with President
- Launch 360 bi-monthly magazine
- The DET Kiosk project is to install smart screens in the canteen to help employees for updated their information and other information of the company by themselves.
- Delta99 Project to set up private Facebook group for employees and a communication clip from the CEO, which is currently Ep. 8.



Cross-organization infrastructure and system utilization

- Launch Performance Appraisal-Performance Indicator System (PIS)
- DMS (Delta Management System)
- Mobile OA (e-payslip, leave and time attendance)

Employee Engagement

- Delta@share Project
- DET Voices

Employee Care

- Free Wi-fi for employee
- Improve Shuttle Buses
- Preparation of masks to prevent the spread of COVID-19 virus.

Learning and Development

- Delta Academy for online and mobile training
- Online Languages Training Programs
- Internal Career Journey



3. Occupational Health, Safety and Work Environment

Safety, occupational health and work environment are of equal importance among other operational business goals of the company. Management of each division will be responsible for keeping effective implementation of this policy. Every operational unit is to be assessed of impact and its staff is to be consistently trained.

An environmental committee is also established to ensure compliance of occupational health and safety in accordance with the Standards of environmental management system-ISO14001 and Standards of occupational health and safety-OHSAS18001. The company has been certified with these two standards consecutive years.

Promoting our Zero Accident campaign in the workplace is one of the key goals that the company aims to achieve and consistently drives performance towards. Although work-related accidents are on a downward trend, our company still actively runs a Safety Week event in a bid to achieve zero accident. This event promotes and educates employee to have safety awareness.

3. Customer:

Delta conducted Customer Satisfaction survey by using on-line questionnaire to ensure our business really suit our customer's needs. With 80% satisfaction rate as Delta's qualitative target, the survey help to reflect the customer satisfaction level on the company's product, service and business ethics, etc. in different aspect. Meanwhile, there feedbacks from other comment portion, has brought to Sustainable Development Committee, Strategic Marketing, Sales Meeting to seek for further improvement accordingly. Amidst the global outbreak crisis and its high impacted consequence such as port recession and the rising raw material price. We conduct the survey, we were able to maintain our satisfaction at 80%. Delta has tracked the annual customer retention rate of its top 20 clients since 2014. During this reporting period, the company's annual customer retention rate was an impressive 85%

4. Social:

Delta is committed to performing its business operations in accordance with the corporate social responsibility policy, including fair treatment to stakeholders.

The company also supports international standards, such as 1) the International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, 2) the Global Reporting Initiative: GRI, with commitments as follows:

1. Ensure that the employees have a safe and healthy working environment for their well-being as well as proper and beneficial compensations.
2. Support environmental preservation and provide knowledge on energy conservation to employees in a bid to enhance their participation in community activities.
3. Create added value for the company and shareholders.
4. Promote the ideal and practice guidelines of corporate social responsibility to cover the company's supply chains to work together towards better efficiency.
5. Develop environmentally friendly and energy-saving products to reduce impacts on the environment.
6. Invest in innovations and research development on patents and intellectual property, along with self-devotion towards the advancement of human culture and technology for social and economic development, according to the global and environmental sustainability.

7. Encourage the top executives from all departments to cooperate and encourage the employees to successfully work together in accordance with this policy.

This is the corporate social responsibility policy to which the company adheres at all times, resulting in Delta being accepted by the nearby communities, including government sectors, schools, and hospitals, for its participation in social activities through support and promotions to create good relationships with the community.

The company's most important goal is the commitment to the employees' quality of life, including the family within the community where they live.

In 2021, there was a severe COVID-19 epidemic worldwide, resulting from which the company's locations in Samutprakan and Chachoengsao provinces were also affected.

To safeguard the Delta family, a COVID-19 taskforce was established to care for the employees amidst this coronavirus crisis. The company's top executives and the COVID-19 taskforce, including representatives

from all departments, aided all employees during the COVID-19 pandemic as follows:

- Action planning in the event of COVID-19 crisis
- Cleaning the area where an infected person was reported at work
- Doing ATK or RT PCR examination for the employees, including vendor shops within the Company
- Checking for 100% ATK in new employees before working
- Completing a self-questionnaire before working
- Providing vaccination for employees
- Establishing vaccination centers for employees and the general public
- Arranging a shelter area for those infected with COVID-19
- Giving out hygiene masks to employees
- Searching hospitals for the employees infected with COVID-19 to receive treatment

In addition, money was donated by the employees to buy relief bags for those affected by the COVID-19 pandemic within the community, as well as the PPE protective clothing for hospitals. Also, the employees volunteered to help with vaccinations for the general public.



Do the Good Things for Society



Opening a new factory as a center for vaccination and donations to support the National Vaccine Project



Donate used paper boxes to make paper field hospital beds.



Establishing vaccination centers for employees



Donate money to support Samutprakan community



Donate PPE protective clothing for hospitals



Donate relief bags for those affected by the COVID-19 pandemic



Volunteer to help vaccination activities for the general public.

Management's Discussion and Analysis



The following management discussion and analysis should be read in conjunction with the consolidated financial statements and notes to financial statements. If not defined otherwise, all financial information presented in this document are in Thai Baht. The company presents its financial statements in accordance with the Thai Financial Reporting Standards (TFRS), which has been adjusted in accordance with the International Financial Reporting Standards (IFRS). All the financial information discussed herein is for the fiscal year ending at 31 December of 2021, 2020, 2019 and has been prepared on consolidated basis.

| Consolidated Financial Information | | 2021 | 2020 | 2019 |
|------------------------------------|--------------|--------|--------|--------|
| Total Assets | Million Baht | 69,338 | 57,219 | 46,255 |
| Total Liabilities | Million Baht | 27,934 | 19,611 | 13,073 |
| Total Shareholders' Equity | Million Baht | 41,404 | 37,607 | 33,182 |
| Registered Capital | Million Baht | 1,259 | 1,259 | 1,259 |
| Paid-up Capital | Million Baht | 1,247 | 1,247 | 1,247 |
| Key Financial Ratios | | | | |
| Liquidity Ratios | | | | |
| Current Ratio | Times | 2.00 | 2.47 | 2.98 |
| Quick Ratio | Times | 1.11 | 1.62 | 2.04 |
| Cash Ratio | Times | 0.09 | 0.51 | 0.44 |
| Receivable Turnover | Times | 4.88 | 5.30 | 4.75 |
| Average Collection Period | Days | 74 | 68 | 76 |
| Inventory Turnover | Times | 4.15 | 4.44 | 4.45 |
| Average Inventory Turnover Period | Days | 87 | 81 | 81 |
| Account Payable Turnover | Times | 4.37 | 4.62 | 4.80 |

| Consolidated Financial Information | | 2021 | 2020 | 2019 |
|---|--------------|---------|---------|----------|
| Average Payment Period | Days | 82 | 78 | 75 |
| Cash Conversion Cycle | Days | 78 | 71 | 82 |
| Financial Data And Profitability Ratios | | | | |
| Sales Revenues | Times | 84,318 | 63,208 | 52,047 |
| % Change | (%) | 33.4% | 21.4% | (1.9%) |
| Gross Profit | Million Baht | 17,358 | 15,119 | 10,636 |
| Gross Profit Margin | (%) | 20.59% | 23.92% | 20.44% |
| Operating Expense (Including Research and Development) | Million Baht | 11,435 | 8,762 | 8,314 |
| Operating Expenses (Including Research and Development) to Sales | (%) | 13.56% | 13.86% | 15.97% |
| Operating Profit Margin | (%) | 7.02% | 10.06% | 4.46% |
| Other Income to Total Revenues | (%) | 1.70% | 1.42% | 0.89% |
| Net Profit | Million Baht | 6,699 | 7,102 | 2,960 |
| % Change of Net Profit | (%) | (5.67%) | 139.92% | (42.26%) |
| Net Profit Margin | (%) | 7.94% | 11.24% | 5.69% |
| Net Profit To Total Revenues | (%) | 7.81% | 11.08% | 5.64% |
| Return on Equity | (%) | 16.96% | 19.80% | 9.02% |
| Efficiency Ratios | | | | |
| Return on Assets | (%) | 10.59% | 13.77% | 6.42% |
| Return on Fixed Assets | (%) | 57.92% | 76.06% | 46.88% |
| Asset Turnover | Times | 1.36 | 1.24 | 1.12 |
| Financial Policy Ratios | | | | |
| Debt to Equity | Times | 0.67 | 0.52 | 0.39 |
| Interest Coverage | Times | 336 | 4,918 | 2,924 |
| Dividend Payout | (%) | 31.66%* | 57.99% | 75.86% |

* Pending for approval from the 2022 annual shareholders' meeting

Operating Results for the Year 2021, 2020 and 2019

(Unit : Baht Million)

| | 2021 | % | 2020 | % | Increased (Decrease) | % | 2019 | % | Increased (Decrease) | % |
|----------------------------|----------|--------|----------|--------|-------------------------|----------|----------|--------|-------------------------|----------|
| Revenue and Services | 84,318.4 | 100.00 | 63,208.0 | 100.00 | 21,110.4 | 33.40 | 52,046.7 | 100.00 | 32,271.7 | 62.01 |
| Income | | | | | | | | | | |
| Cost of Sales and Services | 66,959.9 | 79.41 | 48,089.1 | 76.08 | 18,870.8 | 39.24 | 41,411.0 | 79.56 | 25,549.0 | 61.70 |
| Gross Profit | 17,358.5 | 20.59 | 15,118.9 | 23.92 | 2,239.6 | 14.81 | 10,635.7 | 20.44 | 6,722.7 | 63.21 |
| Operating Expenses | 11,435.3 | 13.56 | 8,762.4 | 13.86 | 2,672.8 | 30.50 | 8,314.0 | 15.97 | 3,121.3 | 37.54 |
| Operating Profit | 5,923.2 | 7.02 | 6,356.4 | 10.06 | (433.3) | (6.82) | 2,321.7 | 4.46 | 3,601.4 | 155.12 |
| Other Income | 1,459.9 | 1.73 | 895.4 | 1.42 | 564.5 | 63.05 | 460.9 | 0.89 | 999.0 | 216.74 |
| Other Expenses | 636.2 | 0.75 | 164.7 | 0.26 | 471.5 | 286.29 | 48.8 | 0.09 | 587.4 | 1203.88 |
| Finance Income | 54.1 | 0.06 | 111.4 | 0.18 | (57.3) | (51.42) | 238.0 | 0.46 | (183.8) | (77.25) |
| Investment Gain | 0.0 | - | 60.8 | 0.10 | (60.8) | (100.00) | 24.8 | 0.05 | (24.8) | (100.00) |

| | 2021 | % | 2020 | % | Increased (Decrease) | % | 2019 | % | Increased (Decrease) | % |
|---|----------------|-------------|----------------|--------------|-------------------------|---------------|----------------|-------------|-------------------------|---------------|
| Profit Before Income Tax | 6,801.0 | 8.07 | 7,259.4 | 11.48 | (458.4) | (6.31) | 2,996.7 | 5.76 | 3,804.4 | 126.95 |
| Income Tax Expenses | 97.7 | 0.12 | 207.6 | 0.33 | (109.9) | (52.93) | 22.9 | 0.04 | 74.8 | 326.07 |
| Net Profit for The Period | 6,703.3 | 7.95 | 7,051.8 | 11.16 | (348.5) | (4.94) | 2,973.7 | 5.71 | 3,729.6 | 125.42 |
| Non-Controlling Interest of the Subsidiary | (4.3) | (0.01) | 0.4 | 0.00 | (4.7) | (1104.48) | 8.3 | 0.02 | (12.6) | (151.98) |
| Shareholders of Subsidiary before Combination | 0.0 | - | 49.4 | 0.08 | (49.4) | (100.00) | (22.1) | (0.04) | 22.1 | (100.00) |
| Net Profit for Equity Holders of the Company | 6,699.0 | 7.94 | 7,101.6 | 11.24 | (402.6) | (5.67) | 2,960.0 | 5.69 | 3,739.0 | 126.32 |

Breakdown of Sales Revenues by Business Group

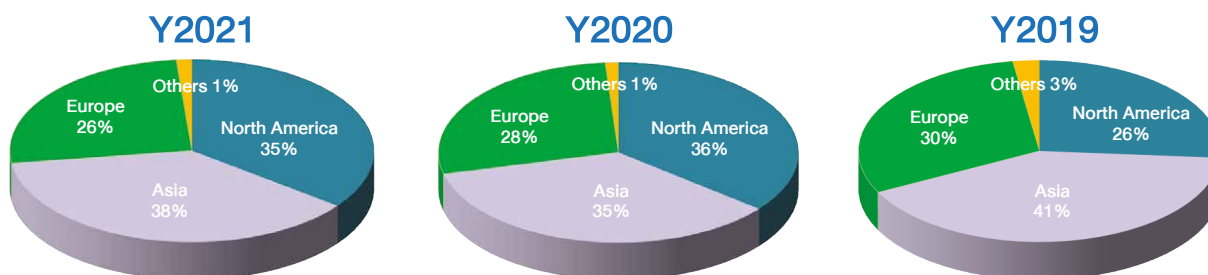
| กลุ่มผลิตภัณฑ์ | 2021 | | 2020 | | 2019 | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Revenue | % | Revenue | % | Revenue | % |
| Power Electronics Group | 61,369 | 72.8% | 45,020 | 71.2% | 32,296 | 62.0% |
| Infrastructure Group | 20,685 | 24.5% | 16,252 | 25.7% | 17,463 | 33.6% |
| Automation Group | 2,098 | 2.5% | 1,811 | 2.9% | 2,120 | 4.1% |
| Others | 166 | 0.2% | 125 | 0.2% | 168 | 0.3% |
| Total Sales Revenues | 84,318 | 100.0% | 63,208 | 100.0% | 52,047 | 100.0% |

Note

- *Power electronics segment* is a business segment which designs, manufactures, and sales of power supplies applied to computer, server, office automation equipment, household electric appliances and electric vehicles. The main products are DC-DC converter, power supply for computer & server, custom design products, powertrain and electronics components for EV, fan and thermal products, adaptor product for industrial and private consumer, solenoid and EMI filters etc.
- *Infrastructure segment* is a business segment which designs, manufactures, and installations of information and communication technology infrastructure and energy system infrastructure. The main products are telecommunication system, renewable energy, energy storage and high power etc.
- *Automation segment* is a business segment which designs, manufactures, and installations of industrial and building automation. The main products are machine automation, industrial motion system, smart sensor system and lighting automation for building etc.

In 2021, consolidated sales revenues were 84,318 million baht an increase of 33.4% and 62.0% from 2020 and 2019 respectively. Main contribution were from the boom in electric vehicle solutions due to the coming of the EV megatrend along with the steady growth of our power electronics business group, especially in cloud computing and data center segment

Sales Revenues Breakdown by Geographic Location

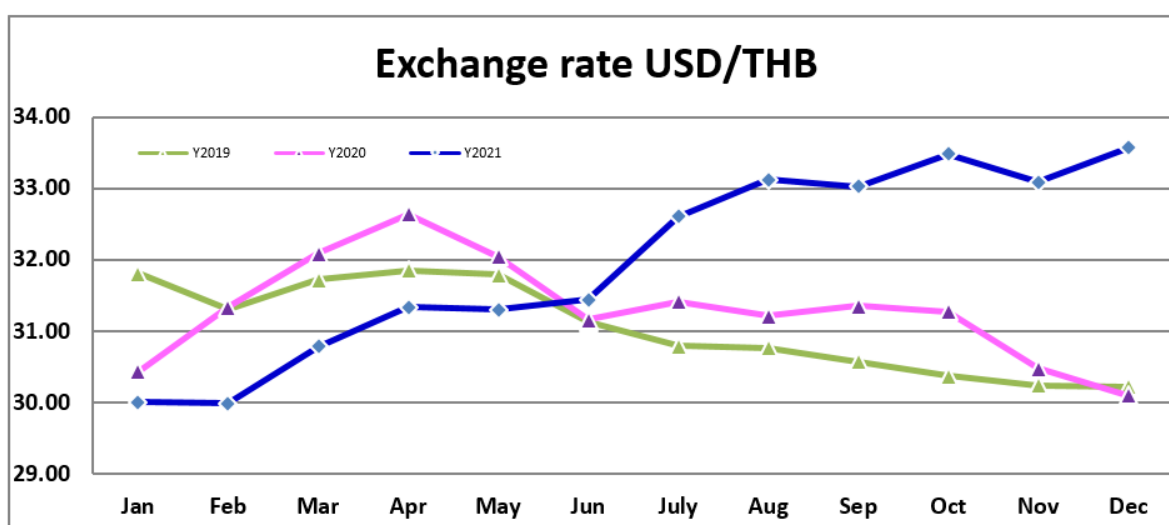


In 2021, sales revenues in Asian markets increased from 35% to be 38% , on the other hand, the North America and Europe market sales slightly decreased from previous years.

Other Income

Other income worth 1,460 million baht in 2021 consists of the following key items;

- Foreign exchange gain of 1,018 million baht, an increase of 630 and 985 million baht from 2020 and 2019 respectively due to strengthening of the USD in 2021 against other major currencies after a drop-down in 2020. However, the company still follows a prudent policy to hedge the net position of each currency to minimize potential impact from exchange rate fluctuation other.



Source : Bank of Thailand

Cost of Sales and Expenses

Cost of Sales

In 2021, cost of sales accounted for 79.4% of total sales, compared to 76.1% and 79.6% in 2020 and 2019 respectively. The significant increase from 2020 is due to rising material prices especially for semiconductor chip sets which reflects the constraints of the global semiconductor supply chain in the second half of 2021 to the present.

Selling and Administrative Expenses

Selling and administrative expenses (including research and development) in 2021, increased 30.5% and 37.5% compared with 2020 and 2019 respectively. This is due to the dramatic increase in shipping cost from ocean transportation bottlenecks along with the remarkable increase of R&D activities in Europe for our EV customers (A significant increase in electric vehicles will be needed to achieve EU targets to cut CO2 emissions from cars by 55% and vans by 50% within 2030)

Net Profit

The company's operating profit in 2021 was 7.0%, compare to 10.1% and 4.5% in 2020 and 2019 respectively. The major decrease from 2020 is due to

the impact from raising material prices along with selling and admin costs as mentioned earlier. Consequently, net profit in 2021 was 8.0% or 6,699 million baht compared to 11.2% and 5.7% in 2020 and 2019. Earnings per share was 5.37 baht in 2021 compared to 5.69 baht in 2020 and 2.37 baht in 2019.

Assets and Liabilities

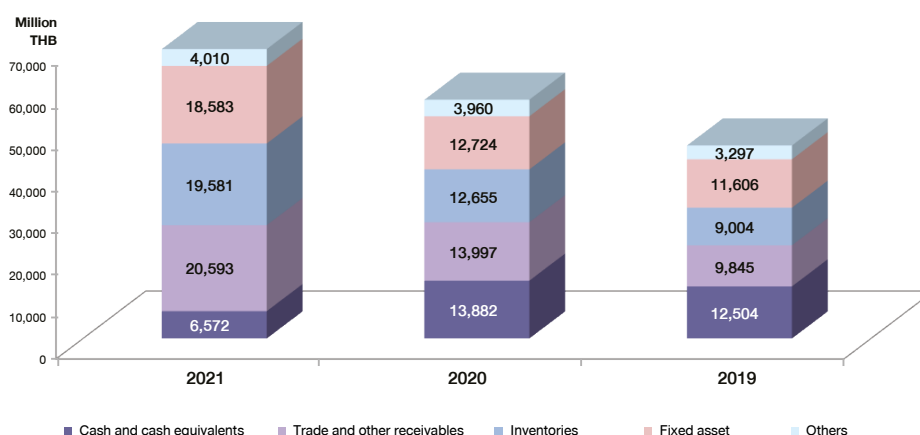
Assets

As at 31 December 2021, the company had total assets worth 69,338 million baht, increase of 21.2% from 2020 and 49.9% from 2019. Return on asset was 10.6% in 2021 compare to 13.8% and 6.3% in 2020 and 2019 respectively. Some of the changes in key assets are summarized below.

Major Assets and Changes in Assets are summarized as follows;

| | 31 December 2021 | 31 December 2020 | 31 December 2019 | 2021 VS 2020 | 2021 VS 2019 |
|-------------------------------------|---------------------|---------------------|---------------------|------------------------|------------------------|
| | | | | Increase (Decrease) | Increase (Decrease) |
| Cash and Cash Equivalents | 6,572 | 13,882 | 12,504 | (52.7%) | (47.4%) |
| Trade and Other Receivables | 20,593 | 13,997 | 9,845 | 47.1% | 109.2% |
| Inventories | 19,581 | 12,655 | 9,004 | 54.7% | 117.5% |
| Other Current Assets | 2,019 | 1,917 | 1,292 | 5.3% | 56.2% |
| Investments in Associated Companies | 0 | 0 | 464 | 0.0% | (100.0%) |
| Consolidation Goodwill | 443 | 437 | 418 | 1.4% | 6.0% |
| Property, Plant and Equipment | 18,583 | 12,724 | 11,606 | 46.0% | 60.1% |
| Other Assets | 1,548 | 1,606 | 1,121 | (3.6%) | 38.1% |
| Total Assets | 69,338 | 57,219 | 46,255 | 21.2% | 49.9% |

Breakdown of Assets in 2021, 2020 and 2019



- **Cash and Bank Deposits** as of 31 December 2021 amounted to 6,572 million baht, a decrease of 52.7% and 47.4% from 2020 and 2019 respectively due to an increase in account receivables, inventories and property plant and equipment.
- **Net Trade Receivables** as of 31 December 2021 was 20,593 million baht an increase of 47.1% and 109.2% from 2020 and 2019 respectively. This was the result of a remarkable increase in sales revenue
- **Inventories** as of 31 December 2021 was 19,581 million baht, an increase of 54.7% and 117.5% from 2020 and 2019 respectively. This reflects strong customer demand and the constraint of the global semiconductor supply chain which caused longer order lead time and longer aging in non-critical items
- **Property, Plant and Equipment** as of 31 December 2021 amounted to 18,583 million baht, an increase of 46.0% and 60.1% from 2020 and 2019 respectively due to investment in R&D centers and new factories in India and Thailand.

Liabilities and Liquidity

- As of 31 December 2021, the company had total liabilities of 27,934 million baht, an increase of 42.4% and 113.7% from 2020 and 2019 respectively due to an increase in raw material purchases and capital expenditure spending.

Breakdown of Major Liabilities

| | 31 December 2021 | 31 December 2020 | 31 December 2019 | 2021 VS 2020 | 2021 VS 2019 |
|--|---------------------|---------------------|---------------------|------------------------|------------------------|
| | | | | Increase (Decrease) | Increase (Decrease) |
| Bank Overdrafts and Short-Term Loans From Financial Institutions" | 1,594 | 0 | 0 | N/A | N/A |
| Trade and Other Payables | 22,049 | 16,181 | 10,255 | 36.3% | 115.0% |
| Liabilities & Provision from Tax Assessment | 258 | 258 | 239 | 0.0% | 7.9% |
| Other Current Liabilities | 835 | 731 | 458 | 14.1% | 82.1% |
| Provision for Long-Term Employee Benefit | 1,596 | 1,542 | 1,427 | 3.5% | 11.8% |
| Other Non-Current Liabilities | 1,603 | 899 | 694 | 78.3% | 131.1% |
| Total Liabilities | 27,934 | 19,611 | 13,073 | 42.4% | 113.7% |

Return on Equity

As of 31 December 2021, shareholders' equity amounted to 41,404 million baht, an increase of 10.1% and 24.8% from 2020 and 2019 respectively with contribution from the current year net profit. At the same time, return on equity in 2021 stood at 17.0%, compare to 20.1% in 2020 and 8.8% in 2019 as a result of the above mentioned issues.

General Information and Other Important Information



Other Important Information

References person information : Details as specified under “Company General Information”

Legal Disputes

The company and its subsidiaries have no legal disputes that may affect more than 5% of the shareholders’ equity at the end of the latest fiscal year.





Part 2

Corporate Governance

- 6. Corporate Governance Policy
- 7. Governance Structure and Key Data on the Board of Directors, Specific Committees, Management, Employees and Others
- 8. Corporate Governance Report
- 9. Internal Control and Connected Transaction

GREENER

Corporate Governance Policy

A photograph showing two men in business suits shaking hands. The man on the left is wearing a dark suit and a red tie, while the man on the right is wearing a light-colored suit. The background is bright and out of focus, suggesting an outdoor setting with sunlight.

The Board of Directors realizes the importance of operating our company business under good corporate governance. The company corporate governance policy has been prepared and implemented since 2007 and review the content at least once a year to be appropriate to the current situation and in accordance with the Corporate Governance Code for listed companies 2017 (CG Code). This Policy has been reviewed by Corporate Governance Committee in detail for the directors, management and all employees to take as a guideline for working. Further details of the company's Corporate Government Policy can be found on the company website and intranet.

Overview on CG Policy and Guidelines

Policy and Guidelines for the Board

The Board of Directors has a duty to supervise the directors and management to perform their duties the best interests of the shareholders (fiduciary duty) and to supervise the company's business practices to be on target according to the principles of good corporate governance.

The Board of Directors consists of people with knowledge, ability and experience. in the performance of duties in accordance with the responsibilities. The Board of Directors will review the structure, proportion of independent directors as well as Board diversity and director qualifications to align with the company business operations that proposed by the Nomination and Compensation Committee on a yearly basis.

Currently, the Chairman of the Board and the President positions are held by two individuals with clearly separated responsibilities. The roles and responsibilities of the Board and management are also clearly defined so as to ensure transparency and independence management.

The Board will arrange an assessment of the performance of the Board of Directors overall and individually as well as the self-assessment of the sub-committees once a year in order to increase the efficiency and better understanding of the directors' working together.

Policy and Guidelines Related to Shareholders and Stakeholders

1) Rights of Shareholders

The company acknowledges and emphasizes our shareholders' rights with a policy to support, promote and facilitate every shareholder, including institutional investors. This policy is to ensure that shareholders are entitled to all basic legal rights and obtain adequate business information, including updated important information, via the SET and the company's website. In addition, all shareholders, including institutional shareholders, are encouraged to participate and vote in the shareholders meeting regarding matters that may affect their rights and interests. The company shall not obstruct or cause obstacles to communication opportunities among shareholders. When a shareholders agreement is to be executed by any shareholder, the company shall endeavor to ensure that such shareholders agreement will not materially affect the company or other shareholders.

The company generally holds an Annual General Meeting of Shareholders (AGM) once a year, within four months from the end of each fiscal year. In 2021, the AGM was held on March 31, 2021 through electronic media (E-AGM) with live broadcasting from the company head office located at Bangpoo Industrial Estate, Samutprakarn province. The meeting was conducted in accordance with good governance principles.

In addition to the above mentioned fundamental rights, the company supports and facilitates the shareholders' rights as follows:

- **Prior to the Meeting**

A Record Date was used to determine the shareholders who were entitled to attend the meeting. The company entrusted Thailand Securities Depository Co., Ltd. (TSD), who acted as registrar, to send out invitations for the meeting in both Thai and English together with other supporting information and documents to all shareholders on March 16, 2021, prior to the AGM date. At the same time, it announced the AGM meeting on a Thai daily

newspaper for three consecutive days and at least three days before the meeting date. All meeting related documents were also made available to the shareholders on the company website for 30 days in advance (from March 1, 2021). All information was made available and easily accessible to provide shareholders adequate time to review the agenda. The meeting invitation clearly indicated the matters to be tabled at the meeting, for acknowledgment, approval or consideration. In addition, it enclosed the Board's opinions and supporting documents to ensure that shareholders had sufficient information to consider all issues. To be well prepared for the meeting day, the company provided a list of necessary documents that attendees were required to present to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate shareholders who could not attend the meeting and thus wished to appoint as proxy an Independent director or another representative.

In addition, the company facilitated institutional investors by arranging proxy and related document collection in the case of nonparticipation.

- **On the Meeting Date**

On the meeting day, attendance registration commenced not less than one hour before the meeting began. Shareholders who arrived late were allowed to vote for the remaining agenda and constituted part of the quorum, starting from the agenda item for which they were in attendance, unless stated otherwise. A barcode system was used to facilitate pre-registration and duty stamps were made available to shareholders without charge.

In the meeting, all nine directors of the Board were in attendance, or 100% of Board of Directors were in attendance including six directors in the meeting room and three directors on abroad join through electronic media due to the covid situation, the Chairman of the Board, Chairman of Audit Committees, the President and other key management members such as Chief Financial Officer (CFO) and the external auditor were present

to listen to the shareholders' opinions or suggestions and also answer any questions. The company implemented DAP e-Shareholder Meeting System for registration and vote count systems which could display results immediately. Before the meeting started, the company announced the number of shareholders who attended the meeting in person and by proxy and clarified the voting procedures and vote count method. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority of votes (except when voting on a special resolution, the meeting must comply with the company's Articles of Association and/or relevant laws). Votes are not allowed for shareholders who have interests related to any particular agenda item. For the election of directors, individual votes are required. In order to expedite the voting process, only the ballots voting for objections and abstentions were collected and deducted from the total votes of shareholders who attended the meeting and were eligible to vote. With regards to the agenda on compensation to directors, the company notified shareholders the amount that each director received in the form of compensation and meeting allowances.

There was no any objection or request for re-inspection from shareholders on such arrangements. The meeting proceeded according to the agenda with no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A Legal Adviser and Representative from, the Hunton Andrews Kurth (Thailand) who monitored the counting of votes in the Meeting joined the meeting through electronic media, no shareholder objected or asked to check the vote results. During the meeting, shareholders were allowed to voice their opinions and raise questions during appropriate times. In fact, shareholders were permitted to submit their questions by e-mail to info@deltathailand.com, mail or fax before the meeting date.

The company disseminated an invitation to shareholders to send their questions or opinions on the company website from 17 November-31 December 2020. Generally, the company secretary will review and gather the questions before submission to the Board of Directors for their consideration. However, in the meeting, the Board principally attends to the questions that relate to the company's operations or are considered to cause material impact on the operating results. There were no questions proposed in the 2021 Annual General Meeting of Shareholders.

- **After the Meeting Date**

Meeting minutes recorded every resolution and showed the number of approval, objection abstention and voided ballot votes for each agenda point. Questions, responses and opinions which arose during the meeting were documented for future examination. A report of the meeting was disclosed on the SET and the company's website within 14 days after the meeting date (Please find further details in the 2021 Minutes of Annual General Meeting of Shareholders posted on the company website)

2) Equitable Treatment of Shareholders

With consideration for all shareholders to equally enjoy basic rights, the company encourages the equitable treatment of shareholders as follows:

- **Appoint a Proxy to Attend and Vote at the Meeting**

If the shareholder is unable to attend the meeting, the shareholder may give a proxy to a person or to the company's nominated independent directors to attend the meeting and vote on his/her behalf. This is done by completing and sending to the company a proxy form enclosed with the invitation for the meeting or by downloading the proxy form from the company website.

- **Proposing Additional Agenda and Nominating Directors**

In addition, the company opened the floor for shareholders to propose additional agenda items and to nominate candidates to be directors of the company in advance. Procedures and details were disclosed on the company website www.deltathailand.com/en/shareholder-meeting during 17 November - 31 December 2020. Generally, the company secretary will review and gather the additional agenda items and director nominations before submission to the Board of Directors for consideration. In 2021, no shareholders exercised their right to propose agenda items or nominate directors. The company provided the opportunity to shareholders to submit proposals for the upcoming 2022 Annual General Meeting of Shareholders during the period of 16 November-31 December 2021.

3) Responsibility to Stakeholders

Delta has contributed extensively to the rights of all stakeholder groups such as shareholders, customers, employees, business partners, competitors, creditors and society in accordance with laws or agreements with the company. The company has opened various channels to accept suggestions or complaints from all stakeholders. The company also has policy and guidelines on how to treat each specific stakeholder group as follows;



Shareholders:

The company aims to bring long-term sustainable growth to its business, thereby enhancing the company's value and ultimately providing favorable returns to its shareholders and consistent paid dividends at a satisfactory rate. In fact, from 2010 to 2021, dividend payout ratio averaged over 50% of net profits per annum.



Customers:

The company is committed to its mission of providing products, services and solutions under short to long-term contracts that fulfill customer's requirements. In addition, the company has a policy to produce quality products in accordance with international standards, fairly, considering impact on health and safety. In order to gain customer's confidence and satisfaction.

The company has established a Customer Satisfaction Procedure Survey and Customer Feedback Process. The results are improved development and satisfaction for our customers in the long term, including keeping customer information confidential.



Employees:

The company treats employees fairly, respects human rights, and allows competitive compensation in line with the labor market's mechanisms. Benefits are also in line with the company's operating results, both short term and long term, such as annual bonus and setting the rate that the company contributes to provident funds according to work length. We take care of employee health and safety at work and provide equal career opportunities on the basis of aptitude and capability. Domestic and international trainings are organized regularly to enhance employees skills. The relevant employee welfare policies have been determined as follows:

- Work Safety, Health, Hygiene & Environment Policy
- Compensation and Welfare Policy
- Labor Relations Policy
- Human Resources Management Policy
- Misconduct, Harassment and Unfair Treatment Policy
- Antitrust Law and Competition Law Policy
- Human Rights Policy
- Employment Policy

(For details of the above policies, please see the company's website: www.deltathailand.com/en/corporate_governance_policy.php, www.deltathailand.com/en/about_human.php and www.deltathailand.com/en/related-documents)



Business Partners:

The company will respect the rights of its business partners and treat them equally and fairly while performing its duties of fair procurement according to agreement or agreed conditions. We commit to provide business partners training, develop their potential, enhance production and service standards in line with applicable law and standards and supervise business partners to respect human rights, social and environmental responsibilities including treat their employees, staff, and workers fairly. Finally, we monitor and evaluate our partners to develop a sustainable business with related guidelines as follows:

- Supplier Management Procedure
- Supplier Social Responsibility Management Measure
- Supplier's RBA Code of Conduct Agreement
- Responsible Minerals Initiatives (RMI) Agreement

(For details of the above policies, please see the company's website: www.deltathailand.com/en/related-documents)

The company has held the Delta Annual Partner Meeting to recognize our vendors for improving quality and maintaining their standard of services and products. The company has a policy to arrange this partner meeting every year.



Competitors:

The company has a policy of promoting free competition under fair rules which are also respected on a professional basis under the rules of sound competition

defined in the company's Code of Conduct and Antitrust Law and Fair Competition Policy published on www.deltathailand.com/en/about-anti-antitrust.



Creditors:

The company will strictly comply with agreements and agreed on conditions. In the case of non-compliance with any conditions, it shall inform creditors promptly in order to jointly solve problems in a reasonable manner. The company will conduct business with efficiency and effectiveness to maintain sustainable growth and financial stability and ensure creditor confidence. During the past year, the company and its subsidiaries have had a good relationship with financial institutions in full compliance with borrowing obligations, both in terms of debt repayment and other agreed conditions.



Society and Environment:

The company is committed to conducting business according to our Corporate Social Responsibility Policy cover to governance, regulator and environment. The policy shall provide guidelines for the directors, management and employees to operate business ethically with transparency, compliance with regulations, accountability and respect for human rights and the fair treatment to all stakeholders. The company shall support promotion and education activities and promote employee participation. This includes building a good relationship with the surrounding communities to promote sustainable quality social and environment.

As a global corporate citizen, we support international standards such as the Responsible Business Alliance (RBA), the Universal Declaration of Human Rights (UDHR), the International Labor Office Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and Global Reporting Initiative (GRI).

Please find further information regarding activities with stakeholders in the Sustainability Development Report published on www.deltathailand.com/en/download-sd-report

4) Disclosure and Transparency

The company has a policy to disclose data and information accurately, adequately and in a timely manner to allow stakeholders the opportunity to know about our operating performance, financial position, key developments and important information such as financial statements, annual report and disclosure Form 56-1, in both Thai and English language. Such information is available on the websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the company's website www.deltathailand.com. Interested persons may telephone or email the company to request for more information at info@deltathailand.com. The company also has an investor relations unit to provide information to shareholders, investors, securities analysts and other parties, which can be reached at investing@deltathailand.com.

The company has organized a quarterly press conference to announce and explain each quarter's consolidated financial data, business performance and future plans to securities analysts, reporters and general investors. The meeting is also a chance for stakeholders to meet with our top management and build confidence in the company. Analyst meetings are arranged every quarter. In addition, private meetings upon investor's requests are also arranged by our Investor Relations unit to establish a better understanding of the company's operation and its business strategies.

The IR manager represents our management in regional conferences several times a year to provide updated information on the company's operation and business outlook. In 2021, the company organized various activities as followed;

| | |
|---|--|
| Meeting with Foreign Investors 14 Times | Meeting with Local Investors 6 Times |
| Meeting with Analyst 12 Times | Opportunity Day organized by SET 4 Times |
| International Conference 4 Times | Domestic Conference 4 Times |

5) Insider Information Policy

Under the company's policy, insider information is restricted to executives from the middle to the top levels. All employees are prohibited from taking the company's documents or information for personal use, or to bring them outside the company. Use of inside information without permission or that leads to any damage is deemed serious wrongful conduct with regards to the equitable treatment and protection of shareholders. The policy and prohibition of usage of inside information for securities trading are formally written in the company's Code of Conduct Guideline to ensure employee's awareness. This also includes the prohibition of trading activity by a director within one month prior to the public announcement of the company's operating results through the SET.

Moreover, The company has a policy that its directors and executives must disclose information on the securities held by themselves (including their spouses and minor children) to the Office of the Securities and Exchange Commission (the Office of the SEC) within 3 days after the change of ownership of securities has taken place and inform the company's secretary to report the Board of Directors accordingly.

6) Prevention of Conflict of Interest Policy

In general practice, decision making by the directors and executives must ultimately be done in a way that benefits the company. In the case of a conflict of interest, the directors or executives shall submit the issue to the Board or the shareholders' meeting to consider the necessity of executing such a transaction and the potential impact on the company if the matter approved. At the time of voting on the issue, a person with a conflict of interest is not allowed to vote. In accordance with

the recent Securities and Exchange Act, the directors and executives of the company have filed both their personal and their related persons' report on personal interests regarding the company, with an extra copy for the Chairman and Audit Committee Chairperson of the company, through the company's secretary. Such reports are required to be updated annually and submitted to the company.

In addition, the company also deals with related party transactions as regulated by the Capital Market Supervisory Board and also disclosed inter-transactions with its affiliates in the company's financial statements and in the annual information disclosure Form 56-1 One Report.

7) Anti-Corruption Policy

The company has established a written Anti-Corruption Policy which has been approved by the Board of Directors to prevent our directors, management and employees from acting or consenting, directly or indirectly, in any form of corruption including not doing business with persons or juristic persons related to corruption. The company was certified in the Collective Action against Corruption on February, 7 2020.

The company has open channels for all stakeholders' suggestions and complaints via whistleblow@deltathailand.com. More details on policy and practice guidelines can be found on the company website: www.deltathailand.com/en/about_anti-corruption

8) Measures for Non-Compliance with Policies and Guidelines

The company shall conduct investigations as to the specifics in the event of discovering or receiving reports about any allegation of employees' dishonest behaviors or non-compliance. In the event that it is proved and confirmed that any employees has violated the regulations, the company may impose penalties based on the severity of the disciplinary violation.

Code of Conduct

The Board of Director has approved the Code of Conduct for all Delta employees to comply with and help uphold the company assets, interests and image and contribute to the sustainable operation and development of the company. Delta employees must comply with the law and the company's policy as well as adhere to the company's mission and honesty are essential. The complete Code of Conduct Manual can be found at https://deltathailand.com/en/Code_of_Conduct.

Milestone development on the CG Policy, Guidelines and System during the year

In 2021, the latest corporate governance policy has been revised on March 31, 2021 in accordance with the resolution of the Board of Directors Meeting No. 2/2021, by appointing the Privileges Committee to enhance the efficiency of corporate governance, promote and support measures about claiming tax privileges and other benefits.

Matters that have not yet complied with the principles of good corporate governance in accordance with the CG Code

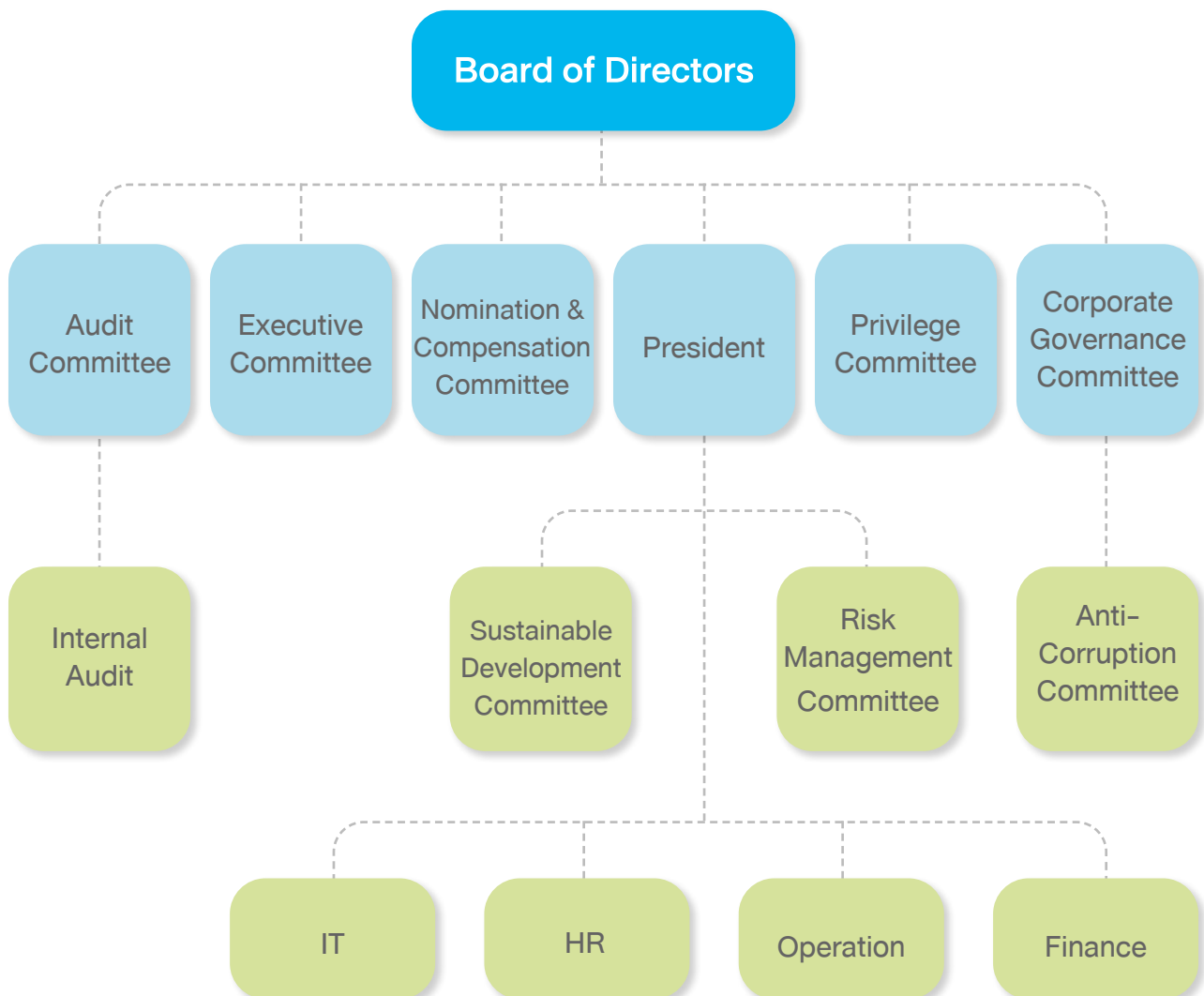
1. The Chairman of the board is not an independent director.
2. The Board of Director consists of less than half of the independent directors.
3. The Chairman of the Nomination and Remuneration Committee is not an independent director due to additional duties that are adjusted for appropriateness.

Governance Structure and Key Data

on the Board of Directors, Specific Committees, Management, Employees and Others

Governance Structure

The Company's Managerial Structure as of 31 December 2021



Board of Directors

Composition of the Board

The company's Board of Directors is now composed of 9 members consisting of

- 6 non-executive directors, representing 66.67% of the total directors.
- 3 executive directors
- 4 independent directors, representing 44.44%, which is more than one-third of all directors.
- 1 female director, representing 11.11% of all directors.

The Current Board of Directors

As reported in the Ministry of Commerce's certification dated 10 January 2022, list of the members of the Board of Director is shown below.

| Name | Position | Appointment Date | Attendance Meeting |
|-----------------------------|-----------------------|------------------|--------------------|
| 1. Mr. Ng Kong Meng | Chairman of the Board | 3 May. 1990 | 5/5 |
| 2. Mr. Cheng Ping* | Director | 24 Jun. 2019 | 4/5 |
| 3. Mr. Ko Tzu-shing* | Director | 24 Jun. 2019 | 5/5 |
| 4. Mr. Chang Tsai-hsing* | Director | 24 Jun. 2019 | 5/5 |
| 5. Mr. Anusorn Muttaraid | Director | 22 Aug. 1994 | 5/5 |
| 6. Mr. Chu Chih-yuan | Independent Director | 30 Apr. 1988 | 5/5 |
| 7. Mr. Boonsak Chiempricha | Independent Director | 5 Apr. 2016 | 5/5 |
| 8. Dr. Witoon Simachokedee | Independent Director | 30 Mar. 2015 | 5/5 |
| 9. Mrs. Tipawan Chayutimand | Independent Director | 2 Apr. 2018 | 5/5 |

Ms. Wilailak Funghanakun is Company Secretary and Secretary to the Board of Directors

** Executive director*

Authorized Directors

The following 5 directors are authorized to act on behalf of the company under following conditions, "Mr. Ng Kong Meng or Mr. Chang Tsai-hsing or Mr. Anusorn Muttaraid or Mr. Cheng Ping or Mr. Ko Tzu-shing, any two of these five directors jointly sign and affixes the Company seal."

Scope of Responsibilities of the Board of Directors

- To supervise the directors and executives to perform their duties in the best interests of the shareholders (fiduciary duty)
- To determine the vision, mission, objectives and target of the company and review them every year.
- To supervise and support the innovation of social and environmental responsibility.
- To consider and approve the main plan for setting

the policy, strategies & annual business plan, the budget of the Company.

- To monitor and supervise the management to implement the company's strategy and follow up on operation results performed.
- To consider and approve the policy on corporate governance, Code of Conduct, the anti-corruption policy has been written in a way.
- To supervise and monitoring IT management.
- To supervise having good internal control system.
- To specifying risk management policies, process, report and overseeing to ensure effective risk management systems together with reviewing and assessing the systems periodically.
- To supervise the company complies with the Securities and Exchange Act and other securities and exchange laws. This includes any law governing the company's business.



- To arrange for the preparation and submission of the audited balance sheet and profit/loss statement to the shareholders' meeting for its consideration and approval.
- To monitor the adequacy and timeliness of the company's disclosure of information.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

Responsibilities of the Chairman of the Board

- To be the leader to oversee, monitor, and ensure that the operations are performed by the Board of Directors, executive committee and sub-committee to ensure the objective and plan achievement.
- To ensure that all directors contribute to the Company's ethical culture and good corporate governance.
- To consider the agenda of the Board of Directors and supervise the important matters to be included in the agenda.
- To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting.
- To have a casting vote in case the Board of Directors' meeting has a tie vote
- To promote a constructive relations between the Board and management.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by law, the company's Articles of Association and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this, is the defining of target operating results, following up and assessing operating results and overseeing capital expenditure, merger and acquisition, corporate spin-off and joint venture deals.

Sub-Committee

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinions on various matters. At present, there are seven sub-committees under the Board of Directors totally five committees including Executive Committee, Audit Committee, Nomination and Compensation Committee Corporate Governance Committee and Privilege Committee, under the President two committees including Risk Management Committee and Sustainable Development Committee with details as described below.

1. Executive Committee

The Executive Committee of the company consists of four members as follows;

| Name | Position |
|--------------------------------|------------------------------|
| 1. Mr. Chang Tsai-hsing | Executive Committee Chairman |
| 2. Mr. Vichai Saksuriya | Executive Committee Member |
| 3. Ms. Nipaporn Jiarajareevong | Executive Committee Member |
| 4. Mr. Sim Kuik Keong | Executive Committee Member |

Scope of Responsibilities of Executive Committee

- To operate and manage the business of the company in compliance with the company's objectives, Memorandum of Association, policies, regulations, notifications, orders as well as the resolution of the Board of Directors and/or shareholders' meeting.
- To establish policies, business plan, directions, strategies, budget and the main organization structure and authority of each department within the company.
- To be eligible to do the following bank transactions.
- To be eligible to approve investment in subsidiary companies for amounts not exceeding USD 5 million per company, per project but will not exceed USD 20 million or equivalent.

- To be eligible to appoint, promote, transfer or discharge directors and/or executives of subsidiary.
- To authorize any one or more persons to perform any action under the supervision of the Executive Committee.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

2. Audit Committee

The Audit Committee of the company consists of three members and all members are independent directors. Term of office shall follow the annual director election and qualifications and responsibilities of the Committee are prescribed by the SET. The list of Audit Committee members is shown below.

| Name | Position |
|-----------------------------|--------------------------|
| 1. Mr. Boonsak Chiempricha | Audit Committee Chairman |
| 2. Mr. Chu Chih-yuan | Audit Committee Member |
| 3. Mrs. Tipawan Chayutimand | Audit Committee Member |

Remark: All Audit Committee member are director who knowledgeable and experienced in reviewing the company's financial statements

Qualifications of the Audit Committee:

1. All members must be independent directors.
2. Not a director who is authorized by the Board of Directors to make decisions relating to the operations of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company or a person with a potential conflict of interest.
3. Not a director of a parent company, subsidiary or parallel subsidiary company which is a listed company.
4. Have duties and responsibilities according to the SET's rules.
5. Have sufficient knowledge and experience to perform his/her duties as a member of the Audit Committee. At least one member of the Audit

Committee must have sufficient knowledge and experience to review the reliability of the financial statements.

6. Be appointed by the Board or shareholders meeting.

Scope of Responsibilities of Audit Committee:

- To review the company's financial reporting to ensure that it is accurate and disclosure is adequate.
- To review that the company employs appropriate and an efficient internal control system and approve the appointment, transfer and dismissal of the chief of the internal audit unit.
- To review that the company complies to the law related to the company business.
- To consider the capability and independence of an external auditor and propose an external auditor to be appointed as the company's auditor with an included audit fee.
- To review any related transactions or transactions that may lead to conflicts of interests.
- To report the governance activities of the Audit Committee in the company annual report.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

3. Nomination and Compensation Committee

The Nomination and Compensation Committee (NCC) consists of three members, two independent directors and one non-executive director. Term of office shall follow the annual director election. The member list is shown below.

| Name | Position |
|----------------------------|---|
| 1. Mr. Anusorn Muttaraid | Nomination and Compensation Committee Chairman |
| 2. Dr. Witoon Simachokedee | Nomination and Compensation Committee Member (Independent Director) |
| 3. Mr. Chu Chih-yuan | Nomination and Compensation Committee Member (Independent Director) |

Scope of Responsibilities of Nomination and Compensation Committee:

- Appraise the performances of the President and Executives in Level 11 and up annually.
- Determine the compensation of the Directors and Sub-committee members.
- Determine the compensation policy of the President and Executives in Level 11 and up. This includes short-term and long-term compensation.
- Review the compensation policy of Directors, Committee, President and Executives in Level 11 and up.
- Define the qualifications and aid in identifying and attracting qualified candidates.
- Assess the structure, size and composition of the Board of Directors/Sub-committee.
- Conduct an annual evaluation of the performance of the Board of Directors, Sub-committee and individual members.
- Assist in the establishment of a succession plan for medium to top key management positions.
- Review the roles and responsibilities of the President and the Executives in Level 11 and up as well as review their Key Performance Indicator (KPI)

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

4. Corporate Governance Committee

The Corporate Governance Committee consists of three members. Term of office shall follow the annual director election. The member list is shown below.

| Name | Position |
|--------------------------|---------------------------------------|
| 1. Mr. Chang Tsai-hsing | Corporate Governance Committee Member |
| 2. Mr. Anusorn Muttaraid | Corporate Governance Committee Member |
| 3. Mr. Vichai Saksuriya | Corporate Governance Committee Member |

Scope of Responsibilities of the Corporate Governance Committee:

- To consider and review whether the company's Corporate Governance policy, Code of Conduct and Anti-corruption policy are appropriate and adequate and to regularly update.
- To promote and supervise Corporate Governance policy, Code of Conduct and Anti-corruption policy to all executives and employees for clear understanding and actual implementation.
- Promotes and provides advice for the company on participating in the Corporate Governance related assessment or rating to continuously develop and enhance the company's Corporate Governance standard.
- Reviews the Corporate Governance Committee Charter regularly.
- Responsible for other tasks assigned by the Board of Directors.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

5. Privilege Committee

The Privilege Committee consists of four members. Term of office shall follow the annual director election. The member list is shown below.

| Name | Position |
|-----------------------------|------------------------------|
| 1. Mr. Anusorn Muttaraid | Privilege Committee Chairman |
| 2. Mr. Boonsak Chiempricha | Privilege Committee Member |
| 3. Dr. Witoon Simachokedee | Privilege Committee Member |
| 4. Mrs. Tipawan Chayutimand | Privilege Committee Member |

Scope of Responsibilities of the Privilege Committee:

To consider, review, promote and supervise the measures for requesting a tax or non-tax privilege from Thai Government, state enterprise or other connected entity.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

6. Risk Management Committee

The Risk Management Committee consists of 12 members as follows;

| Name | Position |
|--------------------------------|------------------------------------|
| 1. Mr. Chang Tsai-hsing | Risk Management Committee Chairman |
| 2. Mr. Vichai Saksuriya | Risk Management Committee Member |
| 3. Mr. Sim Kuik-keong | Risk Management Committee Member |
| 4. Ms. Nipaporn Jiarajareevong | Risk Management Committee Member |
| 5. Mr. Chen Chin-ming | Risk Management Committee Member |
| 6. Mr. Youngyut Pakdounjan | Risk Management Committee Member |
| 7. Mr. See Kai Mun | Risk Management Committee Member |
| 8. Mr. Ku Kuo-hung | Risk Management Committee Member |
| 9. Ms. Xue Li | Risk Management Committee Member |
| 10. Mr. Peter Ide | Risk Management Committee Member |
| 11. Mr. Niranjan Nayak | Risk Management Committee Member |
| 12. Mr. Lai Min-chou | Risk Management Committee Member |

Scope of Responsibilities of the Risk Management Committee:

- Establish risk management procedures.
- Implement risk management and delegate risk management to respective managers.
- Develop and review strategic risk management plans.
- Report the implement risk management to the Board or the Audit Committee.

- Monitor and continuously improve risk management.
- The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

7. Sustainable Development Committee

The Sustainable Development Committee consists of four members as follows

| Name | Position |
|--------------------------------|--|
| 1. Mr. Chang Tsai-hsing | Sustainable Development Committee Chairman |
| 2. Mr. Vichai Saksuriya | Sustainable Development Committee Member |
| 3. Ms. Nipaporn Jiarajareevong | Sustainable Development Committee Member |
| 4. Mr. Chen Chin-ming | Sustainable Development Committee Member |

Scope of Responsibilities of the Sustainable Development Committee:

- Review the Sustainable Development Policy and associated frameworks, processes and practices.
- To ensure that the company is taking the appropriate measures and monitor the policy from time to time.
- Coordinate with the company for implementing programs and executing initiatives as per Sustainable Development policy.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

Management Team

Management Team Members

The management team of the company consists of 4 members as follows;

| Name | Position |
|--------------------------------|---------------------------|
| 1. Mr. Chang Tsai-hsing | President |
| 2. Mr. Vichai Saksuriya | Operation Vice President |
| 3. Ms. Nipaporn Jiarajareevong | Chief Financial Officer |
| 4. Mr. Chen Chin-ming | Chief Information Officer |

Scope of Responsibilities of the President:

- To manage, control and responsible for the operation of the company.
- To propose policies, strategy of the company to the Board of Directors for acknowledgement and approval and to be responsible for applying such strategy with its operation.
- To be jointly responsible with the executive committee for preparation of the annual budget and the operational plan of the company.
- To report the operational result to the Board of Directors quarterly.
- To have the authorization to approve the payment in accordance with the Approval Authorization Instruction of the company.
- Undertakes its duties and responsibilities to ensure that systems are established, supports are provided and supervision of good corporate governance and anti-corruption.
- To be eligible in appointing and managing any working groups or any persons.

The full roles and responsibilities can be find from <https://deltathailand.com/en/committee-charter>

Management's Remuneration Policy

Policy and Guidelines for Top Executive's Remuneration as follows;

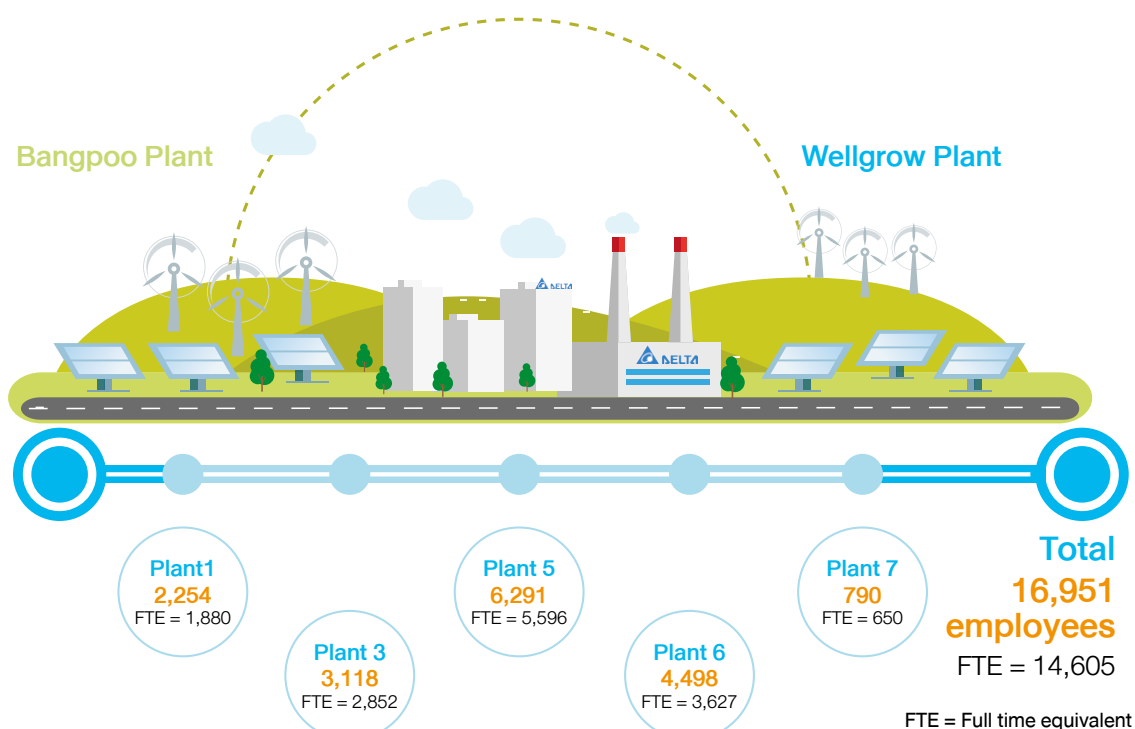
1. The nomination & compensation committee is assigned to determine that the compensation principle and structure for the President and the Executive level (11 and up) is in accordance with policies made by the Board of Directors and in line with the Company's operating result and individual performance.
2. Remuneration packages must be reasonable in order to attract, retain and motivate executives to do their best at work.
3. The nomination & compensation committee must define and propose Key Performance Indicators (KPI), to assess performance of the executives, to the Board for approval before the end of each fiscal year.
4. Compensation including annual salary increment, bonus and other compensation (if any) of the management is to be considered by the President based on each individual KPI achievement.
5. Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments. Determination of remuneration should take into account the current market rate. Company sponsored market survey or consultancy from human resource professionals may be used for the committee's consideration.

Management's Remuneration

Remuneration of the 4 members of the management team including salary and bonus in 2021 amounted to 41,721,661 baht as compared to that of last year (2020) of 32,428,050 baht to 4 members.

Human Resource

In 2021, the company and its subsidiaries had a total number of employees of 21,437 and the total remuneration including salary, bonus and provident fund paid to employees was Baht 11,168 million. In Thailand, there were 16,951 employees with Baht 7,230 million paid for remuneration including salary, bonus and provident fund. Employees in Thailand are divided by plant as follows



The company and its subsidiaries

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|--------|--------|--------|--------|--------|
| No. of Employee (person) | 12,965 | 15,630 | 15,247 | 17,968 | 21,437 |
| Remuneration (million Baht) | 7,501 | 7,984 | 8,447 | 9,343 | 11,168 |

The company only

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|--------|--------|--------|--------|--------|
| No. of Employee (person) | 10,691 | 11,314 | 11,297 | 13,852 | 16,951 |
| Remuneration (million Baht) | 4,521 | 4,869 | 5,375 | 5,983 | 7,230 |

With great awareness of the importance of human resources, the company employs sufficient people to support our business growth. At the same time, the company commit to continually develop skills and abilities of our people to support future business opportunities. The company recruit and develop employees based on their abilities and treat them equally regardless of ethnic origin, creed, race, age, gender, sexual orientation, marital status, political viewpoint or physical disability.

Other Information

Company Secretary

The Board of Directors appointed Ms. Wilailak Funghanakun the Company Secretary. The main responsibilities are: to prepare meetings, inform and advise on relevant law and regulations, take care of the Board's activities, and coordinate to ensure that the Board's resolutions are put into practice. All are to facilitate efficiency of the Board's administration in order to comply with good corporate governance principle and other responsibilities as required by law.

In the year 2021, the Company Secretary attended the work related training courses as follows:

- Company Secretary Program (CSP 123/2021) by Thai Institute of Directors Association
- Ethical Leadership Program (ELP 24/2021) by Thai Institute of Directors Association

More profile details appear in Attachment 1.

The Person Supervising Accounting

The company has appointed Mr. Somsak Kajornritdech, a Financial Report Manager to be directly responsible for the company's accounting. He is a qualified as an accountant under the criteria set by the Department of Business Development. More profile details appear in Attachment 1.

Internal Audit Manager

The Company set up its Internal Audit Department under the supervision of the Audit Committee to handle internal audit matters and review its own performance. The Internal Audit has been supporting by and reporting to Audit Committee. Presently, the internal audit function leads by Ms. Neythiya Peethong. More profile details appear in Attachment 3.

Investor Relations

The company has appointed Ms. Kulwadee Kawayawong to be the Company's investor relations. Responsible for taking care of the company's information to shareholders, investors, analysts and other relevant agencies and can be contacted at investing@deltathailand.com

Audit Fee

Fee for Audit

The audit fee paid in the year 2021 to the company auditor was Baht 4,910,000 and review of group reporting package amount Baht 500,000, excluding all actual out of pocket expenses (the Audit fee in 2020 was Baht 4,910,000, review of group reporting package amount Baht 500,000 and actual out of pocket amount Baht 38,026). In addition, audit fees for 4 subsidiaries a total amount of Baht 1,485,000

The company and some of its subsidiaries hire the same international audit firm and the rest of our subsidiaries employ alternative audit firms. Selection criteria of Delta auditors are principally based on the auditor's service quality and charge rate.

Other Fee

- None -



Corporate Governance Report



Performance of the Board of Directors for 2021

Nomination, Development and Performance Assessment of the Board

(1) Selection of Directors and Independent Directors

The Board of Directors assigned the Nomination and Compensation Committee to search, select and nominate qualified candidates to be a director or member of any committee. The committee selections are considered on the basis of whether that person is knowledgeable and experienced in areas (Board Matrix) such as accounting, finance, management, strategy and possess individual skill and expertise in line with the company's business and strategies without restrictions on gender, race or nationality. This is in order to have board diversity and a solid company structure to achieve business objectives under management according to the principles of good corporate governance standards. Currently, the company has provided the opportunity to the shareholders to nominate candidates to be company directors with basic qualifications set forth

on the company website. The Board will consider and approve the selected candidate by majority votes of the board meeting. After selection, the Board shall nominate such candidate to the shareholders' meeting for approval.

Qualifications of a Director

1. A director shall have qualifications and shall not have characteristics prohibited in the law on public limited companies, or characteristics indicating a lack of appropriateness in respect to trust in managing a business with public shares as specified in the notification of the SEC.
2. Professional ethics and excellent career profile.
3. Knowledge or experience in business administration, especially in electronics; telecommunications, finance and accounting or any other areas, as the board deems appropriate.
4. Able to participate in all Board meetings and shareholders' meetings (except in the case of an emergency).
5. Other qualifications that the Board may later consider appropriate or are required by law.

Qualifications of Independent Director

Independent directors must be independent from the management and major shareholders. Qualifications of the company's independent directors (ID) have been consistent and stricter than the requirements set by the Office of Securities and Exchange Commission as follows:

1. Not holding shares exceeding 0.5% of the total voting right shares of the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest with any shares held by Related Persons taken into account.
2. Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company. A person with a potential conflict of interest with the company. An exception would be if he/she has no such status for at least two years before becoming an independent director.
3. Not a person related by blood or by registration under the law as father, mother, spouse, sibling or child. This includes the spouse of a child of an executive, major shareholder, controlling person, or person who will be nominated to be an executive or controlling person of the company or its subsidiary.
4. Not having nor having had any business relationship with the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest that may interfere with his/her use of independent discretion. This includes not being nor having been a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest. An exception would be if he/she has no such status for at least two years before becoming an independent director. Details of business relations are summarized as follows:

4.1 Professional advisor

- 4.1.1 An auditor for any related case.
- 4.1.2 Advisor (such as legal advisor, financial advisor, appraiser) for transactions with a value of over 2 million Baht per year.

4.2 Other business relationship

4.2.1 Scope of business covers normal business transactions, rental or lease of immovable property transactions, asset or service transactions, and financial assistance transactions.

4.2.2 Having business relationships with either the transaction value of 20 million Baht or more, or 3% or more of its net tangible assets, whichever is lower (including transactions with the same person within 6 months).

4.2.3 The Board of Directors may exempt any transaction by an independent director with a unanimous resolution which exceeds the above value if the case is deemed to be necessary, appropriate and irregular. In such a case, the business transaction is required to be disclosed in the registration statement (Form 56-1) and the annual report. If the independent director will be re-appointed for another term, such relationship or transaction must also be disclosed in the notice of meetings.

5. Not a director who is not appointed as a representative to safeguard the interests of the company's directors, majority shareholders or shareholders who are related to the company's major shareholders.
6. Having any other characteristics which make it impossible to express an independent opinion with regards to the company's operations.
7. An independent director who satisfies the qualifications specified in 1 to 6 above may be empowered by the Board to make decisions in normal business operations, provided that the decision process is collective.

Appointment of Directors

After the Nomination and Compensation Committee considers and selects a qualified director, they will propose the candidate to the Board of Directors. After that, the Board of Directors will nominate the candidate to the shareholders' meeting for approval based on the Article of Association of the company. An appointment

of a director is made through a majority of the votes of the shareholders attending the meeting and casting their votes. One share shall count for one vote and each shareholder shall exercise all the votes he has to appoint the nominated person or nominated persons to be a director on a person-by-person basis or en-bloc basis. Shareholders cannot divide votes for any person. The person obtaining the most votes in descending order shall be elected as directors equal to the number of directors required. In the event that persons receiving votes in respective order receive equal votes and the number of position exceed the positions required, the Chairman of the meeting shall have a casting vote.

Dismissal of Directors

The meeting of shareholders may pass a resolution to remove any director, prior to retirement by rotation, by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting with voting rights and who hold shares in aggregation of over half of total shares held by attending shareholders with voting rights.

Director's Term of Office

At the annual general meeting of shareholders, one-third of the directors or close to one-third must vacate their office. A director who vacates their office by rotation is eligible for re-election. The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation with a vote by no less than three-fourths (3/4) of the number of shareholders attending the meeting who have the right to vote and hold shares in aggregate of no less than half of the total voting shares held by attending shareholders. The limit of terms which an individual may serve as an independent director to a maximum of three consecutive terms or 9 years

Directorship in other Companies

To ensure the director's efficient performance and compliance with Corporate Governance Principles, the Board of Directors requires that

1. Apart from the company, each director may retain the office of director in a maximum of three other listed companies.

2. The President is not permitted to be the director of other listed companies except the director of subsidiaries. Moreover, before participating as a board director of any other company the President must first seek approval from the Board of Directors.

The company's executive directors and top management are encouraged to be the directors of subsidiaries to ensure the group's work efficiency and policy consistency

(2) Director development

Training for the Board and Management

The company has a policy to encourage directors, executives and the company secretary to continuously train on good corporate governance. Training is both organized internally or externally by relevant institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD).

In 2021, Mr. Chang Tsai-hsing attended Director Certification Program (DCP 313/2021) by Thai Institute of Directors Association (IOD) and Mr. Boonsak Chiempricha join the meeting "Roles and Duties of the Audit Committee in good corporate governance" by SEC.

The Orientation for New Director

The company set up an orientation for new directors which includes a briefing on the company business, on top of its operations, and plant visits conducted by Management. Subsequently, the summary of the Board of Directors' roles and responsibilities, the listed company director's handbook and the company's information will be presented in detail by the Corporate Secretary.

Succession plan/ Talent Pool Management

The company adopts Talent Pool Management for succession planning as it not only offers flexibility in recruiting suitable personnel but also supports a dynamic business strategy rather than a traditional plan that tends to be more biased towards specific individuals. With

talent pool management, candidates can be selected from both internal and external sources. This project has continued to show progress in obtaining sufficient qualified candidates.

(3) Assessment of the Board of Director and Sub-Committee

The Board generally arranges assessment forms once a year, namely; Assessment of the Board, Assessment of Individual Directors (self-assessment), Executive Committee's self-assessment, Audit Committee's self-assessment, Nomination and Compensation Committee's self-assessment, Corporate Governance Committee's self-assessment and Privilege Committee's self-assessment. Upon completion of the mentioned assessments, the Evaluation Forms will be submitted to the Company Secretary team for tabulation and the results will be presented to the Nomination and Compensation Committee together with agreed action plans to address the gaps, if any, for deliberation and onward submission to the Board.

The assessments forms stipulate the percentages that correspond to the level of performance achieved as detailed below.

Board of Director Self-Assessment

- Overall Board Self-Assessment consists of 6 items as below;
 - 1) Board structure and qualifications
 - 2) Roles, duties and responsibilities of the board
 - 3) Board meetings
 - 4) Duties of directors
 - 5) Relationship with management
 - 6) Director's self-improvement and management training

The results indicated excellent/ most suitable overall performance, with an average score of 97.8%.

- Individual Board Self-Assessment consists of 3 items as below;

- 1) Board structure and qualifications
- 2) Board meetings
- 3) Roles, duties and responsibilities of the board

The results indicated excellent/ most suitable overall performance, with an average score of 98.3%.

Sub-Committee Self-Assessment

- Executive Committee consists of 2 items as below;
 - 1) Committee structure and qualifications
 - 2) The committee meeting

The results indicated excellent/ most suitable overall performance, with an average score of 86.8%.

- Audit Committee Assessment consists of 5 items as below;
 - 1) Understanding
 - 2) Work Performance
 - 3) Meeting
 - 4) Self-development
 - 5) Performance evaluation

The results indicated excellent/ most suitable overall performance, with an average score of 97.8%.

- Other Sub-Committee Self-Assessment consists of 4 items as below;
 - 1) Committee structure and qualifications
 - 2) The committee meeting
 - 3) Assumption of responsibility for content of the published report
 - 4) Gives priority and devotes sufficient time

In summary, the assessment results of the other sub-committees were excellent as follows:

- Nomination and Compensation Committee: assessment average score of 100%.
- Corporate Governance Committee: assessment average score of 99.3%.
- Privilege Committee: assessment average score of 100%.

Performance Assessment of the President

The Board assigns the Nomination and Compensation Committee to determine and propose Key Performance Indicators (KPI) of the President. The evaluation criteria is divided into 4 parts: 1. Corporate Governance Indicators (CG) 2. Environment Indicators 3. Social Indicators and 4. Production Management Indicators. The KPIs must be approved by the Board and be reviewed annually.

Meeting Attendance and Individual Directors' Remuneration

(1) The Board's Meeting

The company schedules the Board meeting at least four times a year or on a quarterly basis (middle of February and the end of April, July and October) with at least 90%

minimum attendance for all members of the Board of Director. An extraordinary meeting may be arranged when there is an issue to consider. Regular meeting dates will be set in advance for the entire year at least seven days prior to the meeting date (not less than five days). The company will send out invitation letters with the agenda to all directors. In case of emergency, the invitation letters may be sent less than seven days prior to the meeting. Each director is free to propose items for the agenda. The company secretary has the duty to ensure that the meeting is in compliance with all relevant laws and regulations. Minutes of the meeting will be put in writing and those endorsed by the Board will be kept as evidence at the company's office.

Meeting Attendance of Directors in 2021 was as follows;

(Unit : Times)

| Name | Board of Directors | Audit Committee | Nomination & Compensation Committee | Corporate Governance Committee | Privilege Committee | AGM |
|-----------------------------------|--------------------|-----------------|-------------------------------------|--------------------------------|---------------------|----------|
| No. of total meetings held | 5 | 4 | 5 | 2 | 9 | 1 |
| Mr. Ng Kong Meng | 5/5 | | | | | 1/1 |
| Mr. Cheng Ping | 4/5 | | | | | 1/1 |
| Mr. Ko Tzu-shing | 5/5 | | | | | 1/1 |
| Mr. Chang Tsai-hsing | 5/5 | | | 2/2 | | 1/1 |
| Mr. Anusorn Muttaraid | 5/5 | | 5/5 | 2/2 | 9/9 | 1/1 |
| Mr. Boonsak Chiempricha | 5/5 | 4/4 | | | 9/9 | 1/1 |
| Mr. Chu Chih-yuan | 5/5 | 4/4 | 5/5 | | | 1/1 |
| Dr. Witoon Simachokedee | 5/5 | | 5/5 | | 9/9 | 1/1 |
| Mrs. Tipawan Chayutimand | 5/5 | 4/4 | | | 9/9 | 1/1 |

The Quorum for Voting

The Board of Directors considered additional policy concerning the quorum for voting at the Board of Director's meeting by requiring the quorum be not less than two-thirds of the total number of directors. However, the meeting quorum is still required to comply with the company's Articles of Association that state that at the meeting of the Board of Directors there shall be not less than one half of the total number of directors attending in order to constitute a quorum.

The Meeting without Attendance of Management

The independent directors may hold a meeting without the attendance of management as it sees appropriate. Normally, meetings of the Audit Committee is held without executive participation. The company's auditor generally attends the Audit Committee meeting on a quarterly basis when reviewing financial statements. In some circumstances, the Audit Committee may request an executive to clarify an issue as it sees fit.

(2) Directors' Compensation

The Board of Directors has assigned the Nomination and compensation Committee to determine and propose the compensation of directors and sub-committee members to ensure that the compensation is transparent, in line with the strategic plan and long-term goals of the company. The compensation for directors and sub-committee, requires approval from the shareholders' meeting. The following are some key guidelines:

1. Compensation package must be reasonable in order to attract and retain competent directors. Major factors to determine director remuneration include:
 - Scope of work and responsibilities
 - Current market rate
 - The company's overall performance
 - Others factors specified by the Compensation Committee or the Board
2. Chairman of the Board and Chairman of sub-committees would receive higher compensation in accordance with their responsibilities
3. Non-executive directors would receive a competitive compensation which would be higher than that of executive director. This is to attract knowledgeable and capable persons to be non-executive director or independent director
4. Compensation may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives

Compensation of Directors in 2021 are listed as follows;

1. Compensation

The Annual General Meeting of Shareholders approved the remuneration of the directors for the year 2021 with details shown below;

1. The Compensation of the Directors

| Position | Year 2021 | Year 2022 |
|---|-----------|-----------|
| Chairman of the Board | 2,475,000 | 1,650,000 |
| Independent director/ Non-Executive Director | 1,495,000 | 1,150,000 |
| Executive Director | 650,000 | 500,000 |
| Independent director/ Chairman of the Audit Committee | 1,750,000 | 1,250,000 |
| Director/ Chairman of the Nomination & Compensation Committee | 1,750,000 | 1,250,000 |

2. The Meeting Fee

| Position | Meeting Fee/Meeting | |
|---|---------------------|-----------|
| Board of Director | Year 2021 | Year 2022 |
| Chairman of the Board | 25,000 | 10,000 |
| Independent director/ Non-Executive Director | 20,000 | 10,000 |
| Executive Director | - | - |
| Sub-Committee | | |
| Chairman | 22,000 | 10,000 |
| Member | 20,000 | 10,000 |

3. Annual Bonus

The bonus for the year 2021 is proposed to pay 25% of the 2020 compensation to directors.

Remarks

1. Meeting attendance fee are for Chairman of the Board, Non-Executive Director and Independent Director for their participation in every committee meeting and Shareholders' meeting
2. Others compensation of directors : None of other compensation and benefit

The Compensation of the Directors for the year 2021 as follow;

(Unit : Baht)

| Name of Director | Compensation | | Meeting fee | | Bonus | | Other | | Total Amount | |
|--------------------------|-------------------|------------------|------------------|----------------|------------------|----------|----------|----------|-------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Unit : Baht | | | | | | | | | | |
| Mr. Ng Kong Meng | 2,475,000 | 1,650,000 | 135,000 | 60,000 | 618,750 | - | - | - | 3,228,750 | 1,710,000 |
| Mr. Cheng Ping | 650,000 | 500,000 | - | - | 162,500 | - | - | - | 812,500 | 500,000 |
| Mr. Ko Tzu-shing | 650,000 | 500,000 | - | - | 162,500 | - | - | - | 812,500 | 500,000 |
| Mr. Chang Tsai-hsing | 650,000 | 500,000 | - | - | 162,500 | - | - | - | 812,500 | 500,000 |
| Mr. Anusorn Muttaraid | 1,750,000 | 1,150,000 | 434,000 | 130,000 | 437,500 | - | - | - | 2,621,500 | 1,280,000 |
| Mr. Chu Chih-yuan | 1,495,000 | 1,150,000 | 260,000 | 120,000 | 373,750 | - | - | - | 2,128,750 | 1,270,000 |
| Mr. Boonsak Chiempricha | 1,750,000 | 1,250,000 | 366,000 | 100,000 | 437,500 | - | - | - | 2,553,500 | 1,350,000 |
| Dr. Witoon Simachokedee | 1,495,000 | 1,250,000 | 370,000 | 110,000 | 373,750 | - | - | - | 2,238,750 | 1,360,000 |
| Mrs. Tipawan Chayutimand | 1,495,000 | 1,150,000 | 360,000 | 100,000 | 373,750 | - | - | - | 2,228,750 | 1,250,000 |
| Total | 12,410,000 | 9,100,000 | 1,925,000 | 620,000 | 3,102,500 | - | - | - | 17,437,500 | 9,720,000 |

2. Other Compensation

- None -

Share/Warrant holdings of Directors and Management

| Name of Director | Holding DELTA (Shares) | | | | | | | |
|-----------------------------|------------------------|-----------|-----------|-----------|----------------------|-----------|-----------|-----------|
| | Self | | | | Spouse & Minor child | | | |
| | 31 Dec 21 | % holding | 31 Dec 20 | Inc (Dec) | 31 Dec 21 | % holding | 31 Dec 20 | Inc (Dec) |
| Mr. Ng Kong Meng | - | - | 56,000 | (56,000) | - | - | - | - |
| Mr. Cheng Ping | - | - | - | - | - | - | - | - |
| Mr. Ko Tzu-shing | - | - | - | - | - | - | - | - |
| Mr. Chang Tsai-hsing | - | - | - | - | - | - | - | - |
| Mr. Anusorn Muttaraid | - | - | - | - | - | - | - | - |
| Mr. Chu Chih-yuan | - | - | - | - | - | - | - | - |
| Mr. Boonsak Chiempricha | - | - | - | - | - | - | - | - |
| Dr. Witoon Simachokedee | - | - | - | - | - | - | - | - |
| Mrs. Tipawan Chayutimand | - | - | - | - | - | - | - | - |
| Mr. Vichai Saksuriya | - | - | - | - | - | - | - | - |
| Ms. Nipaporn Jiarajareevong | - | - | - | - | - | - | - | - |
| Mr.Chen Chin-ming | - | - | - | - | - | - | - | - |

Supervision of Subsidiary and Associated companies

The Board of Directors has assigned the Executive committee to supervise the operations of subsidiary and associated companies. The Executive Committee has a certain authority to make investments in subsidiaries and associates and may assign some directors or top executives of the companies and/or appoint some local personnel to participate in the Board of Directors or management of its subsidiaries or associates to support management and determine business policies and direction. After appointment, the Executive Committee will report such appointment to the Board of Directors for their acknowledgment. However, if the investment amount exceeds the granted authority, the Executive Committee is required to seek for Board's approval.

Further supervision and monitoring are done through the implementation of Enterprise resource planning (ERP) solutions, which effectively gathers and provides important information including finance, accounting and other data, to support the management, controlling and monitoring of subsidiaries and associates operations. Furthermore, the Treasury and Investment Section of the company also actively participates in monitoring and supporting the sourcing of funds, capital increase and reduction. It seeks approval from the Executive Committee or Board of Directors for these transactions. Almost all of the companies in the Delta Group are wholly-owned subsidiaries so there would be no connected transactions occurring. In the case that there might be some transactions with other related companies in Delta Group, the subsidiaries have been instructed that prior approval from the company's Executive Committee or Board of Directors is required and relevant SET or SEC's requirements must also be complied with.

Corporate Governance Policy and Guideline Compliance Control

(1) Prevention of Conflict of Interest

In order to avoid conflicts of interests in accordance with the Code of Conduct, the employees are required to make a self-declaration in your conflicts of interest with

the company to ensure that they will perform their duties fairly and impartially in accordance with the Company's Code of Conduct in the self-declaration form as follows:

- Avoidance of family conflict of interest
- Avoidance of conflict of interest in personal business/investment activities
- Avoidance of conflict of interest by having relatives involved in company business transactions

(2) Insider Information Policy

The company's policy, insider information is restricted to executives. This also includes the prohibition of trading activity by a director within one month prior to the public announcement of the company's operating results through the SET.

Moreover, The company has a policy that its directors and executives must disclose information on the securities held by themselves (including their spouses and minor children) to the Office of the Securities and Exchange Commission (the Office of the SEC) within 3 days after the change of ownership of securities has taken place.

In 2021, there was no offense by directors, management or employees concerning insider information.

(3) Anti-Corruption

• **Announcement Policy:**

The Board of Directors has approved the adoption of an Anti-Corruption Policy in order to establish principles, set practice guidelines, arrange communication and provide training in the area of anti-corruption and signed on declaration of intent in establishing Thailand's Private Sector Collective Action against Corruption (CAC) on 16 July 2018 and was certified in the Collective Action against Corruption on February 7, 2020.

• **Operations:**

The company established an Anti-Corruption Procedure to guidelines to work against corruption and announced it on the Company's internal website. Our Anti-Corruption commitment program ensures employees are aware of their duties and responsibilities and perform their jobs with honesty and integrity.

- **Supervision :**

- The Anti-Corruption Committee is in charge of offering guidance, following up and evaluating our performance to be in accordance with established policies. Meetings will be held at least twice a year for these tasks.
- The Audit Committee is responsible for supervising internal control. The committee ensures Anti-corruption measures are adequate and effective, reviews risk assessment and makes recommendations to the Board.
- Management is responsible for setting guidelines and for assessing risks in the operating process that may cause corruption, reviewing the appropriateness of processes and measures and communicating to employees and all stakeholders.

- **Other Operations:**

- The company initiated an agreement between the purchasing department and suppliers named The Procurement and Supplier Covenants in 2001 and later changed it to Integrity Undertaking to build a healthy procurement system and avoid the negative influence of human factors and reduce the risk on normal business. The agreement is an acknowledgment by both parties to do business with integrity and without bribery or any unwarranted returns.
- The company has issued a letter to its suppliers and partners requesting their cooperation in complying with the Company's anti-corruption guidelines. in the following aspects
 1. Avoid conflicts of interest by submitting a self-report to the Company if relatives are involved in a business transaction with Delta.
 2. Whistleblowing through complaint channels
 3. No gift policy



- The company seeks cooperation from suppliers not to send any gift/gratuity to company management, employees or their family member during New Year and other festival occasions.
- We regularly organize training and campaigns for employees to realize the importance of our efforts. In the year 2021, we organized an online training on “8-min Delta’s Essential Code of Conduct (Integrity/RBA/CoC)”. that requires all employees to attend the training and passing score at least 90 points.

(4) Whistleblowing and Complaints

The company has a Whistle Blowing Policy to support and encourage employees and stakeholders to make complaints about misconduct. With the policy, complainants can provide information concerning wrongful acts including any unlawful activity or any behavior against the company rules and/or Code of Conduct to the management or Board of Directors. This is to ensure the company's transparent and efficient operations. The company has established the following communication channels to allow all employees and stakeholders to provide feedback or file complaints concerning this issue.

- Communication channel for Delta employees
 - (1) Head of the unit where the employee belongs to
 - (2) Email: HR.GRIEVANCE.SEA@deltaww.com
 - (3) Line ID : @DeltaTH
 - (4) Suggestion box

- Communication channel for other stakeholders
 - (1) Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280);
 - (2) Email: whistleblow@deltathailand.com

Depending on the relevance of the complaints, the Board's Secretary will gather and submit the complaints to the Anti-corruption Committee, Corporate Governance Committee, the Audit Committee or the Board. The company has established a policy to protect the complainant, the details of the complaint will be kept confidential and get appropriate protection in order to avoid an infringement of privacy.

At the Board of Directors Meeting No. 1/2022, the company secretary informed the meeting that in the year 2021, the company found one case of supplier breached the business code of conduct by doing business without integrity. Finally, we ended business with the supplier and put him in blacklist. The company did not receive any complaint on anti-corruption, anti-trust and fair competition.

Report of the Audit Committee for 2021

Details can be found in the Audit Committee Report in Attachment 6.

Report of the other Sub-Committee for 2021

Nomination and Compensation Committee

Details can be found in the Nomination and Compensation Report in Attachment 6.

Corporate Governance Committee

Details can be found in the Corporate Governance Committee Report in Attachment 6.

Privilege Committee

Details can be found in the Privilege Committee Report in Attachment 6.



Internal Control and Connected Transaction



Internal Control

The company set up its Internal Audit Department under the supervision of the Audit Committee since 1999 to handle internal audit matters and review its own performance. The Internal Audit has been supporting by and reporting to Audit Committee whom was assigned by the Board of directors to take account of internal audit in order to evaluate company's sufficiency and efficiency of its internal control systems including managing any possible risk which may affect the firm. The effectiveness of the company's internal control system, using guidelines from the Office of the Securities and Exchange Commission of Thailand (SEC) and COSO - Internal Control Integrated Framework. The Audit Committee also reviewed the results of internal audits conducted on various key business processes every quarter, along with the issues and recommendations to management. Presently, the internal audit function leads by Ms. Neythiya Peethong. For the time being, the Company's internal control system is up to a satisfactory level.

The company realizes the importance of the risk management which may influence to the business operations, from the organization's both internal and external factors. Since 2010 the company has organized

the Risk Management Committee (RMC) to monitor the organization's risk management to achieve goals according to the organization's acceptance level. RMC then sets a policy on risk management in order the company can operate well in the long term for the benefit of all stakeholders.

For better Corporate Governance, the Audit Committee proposed "Whistle - Blow Misconduct Claim Process" to the Board of Director in 2012 and proposed to set up Anti - Corruption policy and include specified terms/ procedures in the Company's Code of Conduct in 2013. The policy and regulation has been implemented continuously. The follow-up system is implemented to control the corrections in order to operate properly according including the subsidiaries. It is to prevent the assets of the company and the subsidiaries from being misused. The policy and regulation has updated to in line with the regulation of the Securities and Exchange Commission of Thailand (SEC).

According to the Board of Director Meeting No.1/2022 held on 15 February 2022, the Audit committee reported the audit result and evaluation that current company's internal control system is sufficient and efficient.

Connected Transactions

Policy for the Related Party Transactions

The company and its subsidiaries still need to do the business with the related parties in the future as it is considered normal course of business. Moreover, supports from the group's network help strengthen the company's business and improve its competitiveness in the world market and will utmost benefit the company. However, the company has stipulated that any significant related party transactions must be considered and approved by the Board of Directors to considering that the connected transactions are fair and have a reasonable pricing policy which can be compared with transactions with third parties for the maximum benefit of the company. The company shall comply with rules, regulations and notifications of the Capital Market Supervisory Board and other relevant authorities re Connected Transactions and also adequately disclose the transaction in the company's quarterly and annual financial statements.

Procedures for Related Party Transactions

Procedures for related party transactions are principally based on the notification of the Capital Market Supervisory Board re Connected Transactions. According to the said notification, business transactions are generally classified into 6 major categories:

1. Normal business transactions
2. Supporting normal business transactions
3. Rent or lease of immovable property (< 3 years)
4. Sale/purchase of asset or service
5. Offer or receipt of financial assistance
6. Transactions other than 1-5

Procedures for Each Business Category

are established and summarized as follows;

1. In case of normal business and supporting normal business transactions, the Board of Directors has approved in principle that such transactions can be done under normal/general business terms and conditions which the company and/or its subsidiaries performs with other general parties without any control or influences from the related parties.

2. In case of other business categories, the related party transactions shall be classified by its transaction size and are required to follow below procedures.

- Small sized transaction, being the transaction with the size of not more than THB 1 million or 0.03% of net tangible assets (NTA), whichever is higher, requires the management's approval.
- Medium sized transaction, being the transaction with the size of greater than THB 1 million but less than THB 20 million, or greater than 0.03% but less than 3% of NTA, whichever is higher (except Item 5: Financial assistance that its size is less than THB 100 million or 3% of NTA, whichever is lower), requires board of directors' approval and information disclosure.
- Large sized transaction, being the transaction with the size of THB 20 million and higher or 3% of NTA and higher, whichever is higher (except Item 5: Financial assistance that its size is equal to THB 100 million and higher or 3% of NTA or higher, whichever is lower), requires board of directors' approval, shareholders' approval and information disclosure.

For other details and definitions, the company will perform according to the relevant notification as mentioned above.

Related Party Transaction Control

For regular transaction which most of transactions are among the company's group, the company's management will set pricing policy to ensure buying and selling price based on market price or normal trading conditions. In case, of any irregular transaction, the company's Chief Financial Officer (CFO), for the company's management, will conduct the transactions with the company secretary's collaboration to ensure the implementation of transaction in line with related policies and regulations.

However, the connected transaction which is not based on the general trade conditions may lead to conflict of interest and must be reviewed and considered by the Audit Committee prior to being proposed to the Board or shareholders for approval.

In addition, the Audit Committee generally reviews and discusses about the related party transactions with the company's external auditor in order to help protect conflicts of interest and see if the related party transactions are adequately and properly disclosed.

The Need for Related Transactions

The company and its subsidiaries have engaged into business transactions with their related companies in Delta group. The major transactions and reasons for having such related party transactions can be summarized as follows.

1. Sales of Goods/Raw Materials

In order to manage trade constraints in certain countries for either the company or its customers e.g. local content requirements, Delta group has established its trade network in local area for better service to customers as well as to enhance its business opportunities in those countries. The transactions are made based on certain trade agreement or with reference to market price.

Sales of raw material are normally due to the urgent need of some raw materials from the related companies and the selling prices are based on the market price or cost of the materials sold.

2. Purchase of Goods/Raw Materials

Currently Delta Thailand has also expanded its trade network through its subsidiaries which are located in major regions. To offer a full range of products, those subsidiaries may have to purchase some products from related companies to serve their clients. However, the transactions are made based on certain trade agreement which may also include their operating costs, or with reference to market price.

Delta group has set up material network in order to create bargaining power for better price and availability for the group members. Purchase price of raw material is generally charged based on cost plus other actual out of pocket expenses such as insurance, freight and others. Handling fee is charged based on value of purchase/sale transaction and considered general business condition.

3. Commissions

Since various services are generally required to serve the global clients, the company needs to offer such services to customers in the area where they are located in. This makes Delta group to establish business network which enables the company to have customer relations offices worldwide to provide effective marketing and after sales services to its clients at the competitive costs. Commissions are normally charged based on transaction size (e.g. sales or purchase amount) and considered general business condition.

4. Service Fee

Currently the operations of the company's subsidiaries have covered in several regions, especially Europe. Some related companies, therefore, occasionally request for supports to provide some services such as reworking, tooling service and others. Service fees are generally based on the estimated man hour used for each service.

5. Design and Engineering Cost

To support its expanding operations, Delta entered into research and development service agreements with subsidiaries and associated companies that provide design and engineering services for some of the company's products and technical support for customers. These companies have specific expertise in designing Delta products and charge service fees equal to the local operational costs incurred on product research and development plus margin on the arm's length basis.

In addition, the Company has entered into an agreement to apply for intellectual property and technology

License Agreement with related companies by allowing the company to produce and sell patented products and technologies including related improvements in which the exercise of such rights The Company agrees to pay royalties at a percentage of revenue from sales of products under this agreement. The percentage rate is based on the market price (Arm's length basis) and the parties will review the percentage on an annual basis prior to the contract expiration date.

During the years, the Group has significant business transactions with related parties. Such business transactions are in accordance with commercial terms and criteria as agreed between the companies and those related parties which is in the normal business transactions which can be summarized as follows

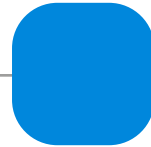
Details of Important Related Transactions with Associated Companies and Related Parties

| No | Type of Transaction | Related Company | Nature of Business | Transfer Pricing Policy | Amount | | |
|-------|----------------------------------|--|--|--------------------------------|---------|---------|---------|
| | | | | | 2021 | 2020 | 2019 |
| 1 | Sales of Goods and Raw Materials | 1. Delta Electronics (Japan), Inc. | Manufacture and trading of electronic products | With reference to market price | 233.6 | 238.1 | 250.9 |
| | | 2. Delta Electronics (Korea), Inc. | Trading of electronic products | | 44.5 | 38.6 | 26.1 |
| | | 3. Delta Electronics (Shanghai) Co., Ltd. | Manufacture and trading of electronic products | | 20.1 | 14.9 | 137.1 |
| | | 4. Delta Electronics, Inc. | Manufacture and trading of electronic products | | 177.4 | 98.0 | 119.7 |
| | | 5. Delta Electronics Int'l (Singapore) Pte. Ltd. | Manufacture and trading of electronic products | | 3,800.9 | 2,784.9 | 2,026.5 |
| | | 6. Delta Greentech (Brasil) S.A. | Trading of electronic products | | 25.8 | 17.9 | 36.0 |
| | | 7. Delta Electronics (Americas) Ltd. | Trading of electronic products | | 1,912.2 | 2,584.4 | 758.4 |
| | | 8. Delta Networks, Inc. | Trading of electronic products | | - | - | 15.3 |
| | | 9. Delta Electronics (Netherlands) B.V. | Trading of electronic products | | 657.3 | 451.4 | 588.4 |
| | | 10. Delta Electronics (Switzerland) AG Group | Trading of electronic products | | 57.3 | 58.9 | 14.7 |
| | | 11. Eltek Group | Manufacture and trading of electronic products | | 2,506.9 | 2,191.7 | 2,186.4 |
| | | 12. Others | | | 7.0 | 9.2 | 1.8 |
| Total | | | | | 9,443.0 | 8,488.0 | 6,161.4 |

| No | Type of Transaction | Related Company | Nature of Business | Transfer Pricing Policy | Amount | | |
|-------|-------------------------------------|--|--|--------------------------------|---------|---------|---------|
| | | | | | 2021 | 2020 | 2019 |
| 2 | Purchase of Goods and Raw Materials | 1. Delta Electronics, Inc | Manufacture and trading of electronic products | With reference to market price | 427.9 | 358.0 | 437.8 |
| | | 2. Delta Electronics Int'l (Singapore) Pte. Ltd. | Manufacture and trading of electronic products | | 5,433.6 | 2,568.3 | 2,927.8 |
| | | 3. Delta Electronics (Netherlands) B.V. | Trading of electronic products | | 27.6 | 4.7 | 19.6 |
| | | 4. Eltek Group | Manufacture and trading of electronic products | | 727.6 | 725.6 | 681.7 |
| | | 5. Delta Electronics (Switzerland) AG Group | Trading of electronic products | | 1.4 | 2.3 | 4.8 |
| | | 6. Delta Electronics (Japan), Inc. | Trading of electronic products | | 43.6 | 26.3 | 44.9 |
| | | 7. Delta Electronics (Americas) Ltd. | Trading of electronic products | | 165.8 | 82.0 | 18.5 |
| | | 8. Delta Networks, Inc. | Manufacture and trading of electronic products | | - | - | 14.1 |
| | | 9. Power Forest Technology Inc. | Trading of electronic products | | 31.4 | - | - |
| | | 10. Loy Tec Electronics GmbH | Trading of electronic products | | 3.1 | 2.1 | - |
| | | 11. Digital Projection Ltd | Trading of electronic products | | 3.4 | 0.0 | |
| | | 12. Delta Controls Inc. | Trading of electronic products | | 3.0 | 0.2 | |
| | | 13. Others | | | 2.2 | 6.9 | 4.9 |
| Total | | | | | 6,870.6 | 3,776.5 | 4,153.9 |
| 3 | Service Paid | 1. Delta Electronics, Inc. | Manufacture and trading of electronic Products | Contract price | 133.1 | 122.0 | 92.9 |
| Total | | | | | 133.1 | 122.0 | 92.9 |
| 4 | Service Income | 1. Delta Electronics (Netherlands) B.V. | Trading of electronic products | Contract price | 21.6 | 13.6 | 22.8 |
| | | 2. Delta Electronics Int'l (Singapore) Pte. Ltd. | Manufacture and trading of electronic products | | 18.4 | 24.0 | 6.6 |
| | | 3. Eltek Group | Manufacture and trading of electronic products | | 153.9 | 170.6 | 99.6 |
| | | 4. Delta Electronics (Switzerland) AG Group | Trading of electronic products | | 2.8 | - | - |
| | | 5. Others | | | 0.9 | 0.0 | 0.6 |
| Total | | | | | 197.6 | 208.1 | 129.7 |

| No | Type of Transaction | Related Company | Nature of Business | Transfer Pricing Policy | Amount | | |
|----|---------------------|--|--|-------------------------|----------------|----------------|----------------|
| | | | | | 2021 | 2020 | 2019 |
| 5 | Commission Received | 1. Delta Electronics (Netherlands) B.V. | Trading of electronic products | Contract price | 72.7 | 70.7 | 47.5 |
| | | 2. Delta Electronics Int'l (Singapore) Pte. Ltd. | Manufacture and trading of electronic products | | 33.2 | 29.1 | 24.2 |
| | | 3. Others | | | 1.6 | 7.3 | 5.0 |
| | | Total | | | 107.5 | 107.1 | 76.8 |
| 6 | Commission Paid | 1. Delta Electronics (Japan), Inc. | Trading of electronic products | Contract price | 68.2 | 36.9 | 47.4 |
| | | 2. Delta Electronics Europe Ltd. | Manufacture and trading of electronic products | | 14.1 | 11.1 | 9.8 |
| | | 3. Delta Electronics (Americas) Ltd. | Trading of electronic products | | 339.5 | 524.1 | 449.5 |
| | | 4. Delta Electronics (Korea), Inc | Trading of electronic products | | 11.0 | 12.6 | 9.9 |
| | | 5. Delta Electronics (Switzerland) AG Group | Trading of electronic products | | 43.1 | 90.2 | 45.5 |
| | | 6. Delta Electronics (Netherlands) B.V. | Trading of electronic products | | 109.6 | 111.3 | - |
| | | 7. Others | | | 0.8 | 12.6 | 7.5 |
| | | Total | | | 586.4 | 798.9 | 569.5 |
| 7 | Royalty Paid | 1. Delta Electronics, Inc. | Manufacture and trading of electronic products | Contract price | 2,888.0 | 1,698.0 | 1,215.3 |
| | | Total | | | 2,888.0 | 1,698.0 | 1,215.3 |





Part 3

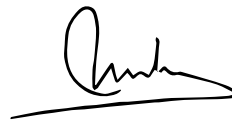
Financial Statements

TOGETHER

Responsibility of the Board of Directors to the Financial Statements

The Board of Directors of Delta Electronics Public Company Limited is responsible for the financial statements of the Company and its subsidiaries which have been prepared in accordance with Thailand's generally accepted accounting standards. The appropriate accounting policies are applied consistently with adequate disclosure of material information in the notes to the financial statements.

The Board of Directors has assigned the Audit Committee which is composed of all independent directors to review the quality of financial statements and the effectiveness of the internal control system to ensure that accounting records are booked properly and accurately in order to safeguard the Company's assets. The opinions of the Audit Committee have been reported in the annual report. Furthermore, the Company's external auditor has also provided their opinions on the financial statements of the Company and its subsidiaries in the auditor's report which has also been disclosed in the annual report.



Ng Kong Meng (James)
Chairman of the Board
On behalf of Board of Directors

Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition from sales of goods

Revenue from sales of goods is one of the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. Moreover, the Company has a large number of customers with a variety of different commercial terms. There are therefore risks with respect to the amount and timing of revenue recognition. For this reason, I have paid particular attention to the Company's recognition of revenue from sales of goods in order to ensure that the revenue is recorded correctly and in accordance with the relevant accounting standards.

I have examined the Company's revenue recognition by gaining an understanding and evaluating the effectiveness of the Company's internal controls with respect to revenue cycle. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes issued by the Company to its customers after the period-end and performed analytical review procedures on the sales account to identify possible irregularities in sales transactions throughout the period.

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in the Note 9 to the financial statements, is an area of significant management judgement, and the inventories of the Company are high technology products, which become obsolete faster than some other products. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the Company's internal controls relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls and I also assessed the method and the assumption applied by management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory, and reviewing the consistency of the application of that basis. In addition, I compared the data on inventory aging and inventory movement to identify product lines with indicators of lower than normal inventory turnover. I also compared details of net amount that an entity expects to realise from the sale of inventory after the date of the financial statements with the cost of inventory for each product line.

Impairment of goodwill

As at 31 December 2021, the Group had goodwill amounting to Baht 443 million. I have focused on the consideration of the impairment of the goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate. There is thus a risks with respect to the amounts of goodwill.

In auditing the impairment of goodwill, I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Group and the industry.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

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

I am responsible for the audit resulting in this independent auditor's report.



Preecha Arunnara

Certified Public Accountant (Thailand) No. 5800

EY Office Limited

Bangkok: 15 February 2022

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of Financial Position

As at 31 December 2021

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|------|-----------------------------------|----------------|-------------------------------|----------------|
| | Note | 2021 | 2020 | 2021 | 2020 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 6,571,565,489 | 13,881,848,304 | 1,535,902,864 | 8,405,730,877 |
| Trade and other receivables | 8 | 20,593,484,448 | 13,997,068,882 | 21,200,264,903 | 14,147,453,559 |
| Inventories | 9 | 19,580,654,831 | 12,655,361,505 | 13,639,515,139 | 8,536,087,510 |
| Other current financial assets | 10 | 32,388,017 | 354,397,180 | 32,308,160 | 148,964,927 |
| Other current assets | 11 | 1,986,360,007 | 1,563,053,284 | 641,326,119 | 403,684,552 |
| Total current assets | | 48,764,452,792 | 42,451,729,155 | 37,049,317,185 | 31,641,921,425 |
| Non-current assets | | | | | |
| Deposits at bank with restrictions | | 37,344,378 | 51,051,970 | - | - |
| Investments in subsidiary companies | 13 | - | - | 13,909,472,987 | 14,088,146,222 |
| Investment properties | 14 | 230,593,048 | 233,116,145 | - | - |
| Property, plant and equipment | 15 | 18,583,129,233 | 12,724,465,674 | 10,836,225,623 | 6,895,756,473 |
| Right-of-use assets | 21 | 529,524,076 | 376,638,347 | 4,592,131 | - |
| Goodwill | 16 | 443,050,522 | 436,913,946 | - | - |
| Other intangible assets | 17 | 249,799,250 | 495,955,145 | 58,292,129 | 61,711,479 |
| Deferred tax assets | 27 | 347,609,776 | 289,012,579 | - | - |
| Other non-current assets | | 152,871,180 | 160,044,829 | 10,239,416 | 3,279,842 |
| Total non-current assets | | 20,573,921,463 | 14,767,198,635 | 24,818,822,286 | 21,048,894,016 |
| Total assets | | 69,338,374,255 | 57,218,927,790 | 61,868,139,471 | 52,690,815,441 |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of Financial Position (continued)

As at 31 December 2021

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------------|-----------------------------------|----------------|-------------------------------|----------------|
| | <u>Note</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 18 | 1,593,668,577 | - | 1,497,407,000 | - |
| Trade and other payables | 19 | 22,049,338,415 | 16,181,006,985 | 18,626,852,047 | 13,744,597,031 |
| Current portion of lease liabilities | 21 | 74,957,587 | 72,788,807 | 3,677,604 | - |
| Income tax payable | | 124,668,457 | 188,697,947 | 37,072,112 | 49,174,299 |
| Short-term provisions | 23 | 98,421,661 | 76,372,926 | - | - |
| Liabilities and provision from tax assessments | 33.4.1 | 258,172,754 | 258,172,754 | 258,172,754 | 258,172,754 |
| Derivative liabilities | 35.1 | 18,481,011 | 674,961 | 15,533,142 | - |
| Other current liabilities | 20 | 518,024,714 | 392,650,219 | 162,855,766 | 168,819,218 |
| Total current liabilities | | 24,735,733,176 | 17,170,364,599 | 20,601,570,425 | 14,220,763,302 |
| Non-current liabilities | | | | | |
| Long-term loans from related party | 6 | 367,570,073 | - | - | - |
| Lease liabilities, net of current portion | 21 | 144,124,542 | 107,791,790 | 967,779 | - |
| Deferred tax liabilities | 27 | 130,696,198 | 114,184,020 | - | - |
| Provision for long-term employee benefits | 22 | 1,595,747,372 | 1,542,246,168 | 528,556,818 | 465,244,322 |
| Long-term provisions | 23 | 545,004,367 | 420,587,558 | 428,743,548 | 302,036,053 |
| Other non-current liabilities | | 415,195,830 | 256,325,004 | 1,450,093 | 1,356,203 |
| Total non-current liabilities | | 3,198,338,382 | 2,441,134,540 | 959,718,238 | 768,636,578 |
| Total liabilities | | 27,934,071,558 | 19,611,499,139 | 21,561,288,663 | 14,989,399,880 |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of Financial Position (continued)

As at 31 December 2021

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------------|-----------------------------------|------------------------|-------------------------------|-----------------------|
| | <u>Note</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 1,259,000,000 ordinary shares of Baht 1 each | | <u>1,259,000,000</u> | <u>1,259,000,000</u> | <u>1,259,000,000</u> | <u>1,259,000,000</u> |
| Issued and fully paid | | | | | |
| 1,247,381,614 ordinary shares of Baht 1 each | | 1,247,381,614 | 1,247,381,614 | 1,247,381,614 | 1,247,381,614 |
| Share premium | | 1,491,912,500 | 1,491,912,500 | 1,491,912,500 | 1,491,912,500 |
| Difference from business combination under | | | | | |
| common control | | (1,339,694,088) | (1,339,694,088) | - | - |
| Retained earnings | | | | | |
| Appropriated - Statutory reserve | 24 | 125,900,000 | 125,900,000 | 125,900,000 | 125,900,000 |
| Unappropriated | | 41,776,387,503 | 39,216,330,187 | 37,441,656,694 | 34,836,221,447 |
| Other components of shareholders' equity | | <u>(1,897,584,832)</u> | <u>(3,130,090,313)</u> | - | - |
| Equity attributable to owners of the Company | | 41,404,302,697 | 37,611,739,900 | 40,306,850,808 | 37,701,415,561 |
| Non-controlling interests of the subsidiary | | - | (4,311,249) | - | - |
| Total shareholders' equity | | <u>41,404,302,697</u> | <u>37,607,428,651</u> | <u>40,306,850,808</u> | <u>37,701,415,561</u> |
| Total liabilities and shareholders' equity | | <u>69,338,374,255</u> | <u>57,218,927,790</u> | <u>61,868,139,471</u> | <u>52,690,815,441</u> |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of Comprehensive Income

For the year ended 31 December 2021

(Unit: Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|--------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Profit or loss: | | | | | |
| Revenues | | | | | |
| Sales | | 82,994,057,065 | 62,341,159,107 | 70,909,543,246 | 53,700,304,852 |
| Service income | | 1,324,303,410 | 866,851,060 | 72,594,708 | 61,451,065 |
| Other income | | | | | |
| Gain on exchange | | 1,017,817,765 | 387,979,698 | 1,025,174,653 | 367,520,440 |
| Others | | 442,123,356 | 507,435,992 | 361,476,931 | 229,066,406 |
| Total revenues | | 85,778,301,596 | 64,103,425,857 | 72,368,789,538 | 54,358,342,763 |
| Expenses | | | | | |
| Cost of sales | | 66,039,930,968 | 47,244,199,937 | 55,155,928,142 | 39,680,428,319 |
| Cost of services | | 919,975,586 | 844,937,682 | 43,246,713 | 50,640,046 |
| Selling and distribution expenses | 33.2.1 | 6,280,790,115 | 4,281,288,560 | 5,343,945,848 | 3,494,046,696 |
| Administrative expenses | | 1,989,107,082 | 1,860,600,002 | 1,316,377,257 | 1,248,709,043 |
| Research and development expenses | 33.2.2 | 3,165,382,766 | 2,620,546,923 | 3,185,830,153 | 2,784,848,226 |
| Loss on sales of investments in associated companies | 12 | - | 95,125,078 | - | - |
| Losses due to flooding | 29 | 393,386,986 | - | 393,386,986 | - |
| Loss from impairment of investments in subsidiary company | 13 | - | - | 179,133,057 | - |
| Other expenses | | 238,795,385 | 68,405,643 | 21,100,525 | 56,721,720 |
| Total expenses | | 79,027,368,888 | 57,015,103,825 | 65,638,948,681 | 47,315,394,050 |
| Operating profit | | 6,750,932,708 | 7,088,322,032 | 6,729,840,857 | 7,042,948,713 |
| Share of profit from investments in associated companies | 12 | - | 60,845,793 | - | - |
| Finance income | | 54,139,848 | 111,437,887 | 13,788,705 | 39,084,114 |
| Finance cost | | (4,027,724) | (1,167,766) | (332,869) | (13,330) |
| Profit before tax income (expenses) | | 6,801,044,832 | 7,259,437,946 | 6,743,296,693 | 7,082,019,497 |
| Tax income (expenses) | 27 | (97,723,239) | (188,809,535) | 12,102,187 | (49,174,299) |
| Income tax expenses resulting from tax assessments | | - | (18,804,888) | - | (18,804,888) |
| Profit for the year | | 6,703,321,593 | 7,051,823,523 | 6,755,398,880 | 7,014,040,310 |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries
Statement of Comprehensive Income (continued)
For the year ended 31 December 2021

(Unit: Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Note | 2021 | 2020 | 2021 | 2020 |
| 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 | | 1,232,503,466 | 111,515,519 | - | - |
| Share of other comprehensive income from investments in associated companies | 12 | - | (4,120,121) | - | - |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | 1,232,503,466 | 107,395,398 | - | - |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Actuarial losses - net of income tax | | (22,591,687) | (19,467,721) | (33,604,307) | - |
| Share of other comprehensive income from investments in associated companies | 12 | - | (6,358,191) | - | - |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | (22,591,687) | (25,825,912) | (33,604,307) | - |
| Other comprehensive income for the year | | 1,209,911,779 | 81,569,486 | (33,604,307) | - |
| Total comprehensive income for the year | | 7,913,233,372 | 7,133,393,009 | 6,721,794,573 | 7,014,040,310 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 6,699,008,329 | 7,101,638,109 | 6,755,398,880 | 7,014,040,310 |
| Non-controlling interests of the subsidiary | | 4,313,264 | (429,404) | | |
| Shareholders of subsidiary before business combination under common control | | - | (49,385,182) | | |
| | | 6,703,321,593 | 7,051,823,523 | | |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 7,908,922,123 | 7,182,469,565 | 6,721,794,573 | 7,014,040,310 |
| Non-controlling interests of the subsidiary | | 4,311,249 | (429,404) | | |
| Shareholders of subsidiary before business combination under common control | | - | (48,647,152) | | |
| | | 7,913,233,372 | 7,133,393,009 | | |
| Earnings per share | | | | | |
| Basic earnings per share | 30 | | | | |
| Profit attributable to equity holders of the Company | | 5.37 | 5.69 | 5.42 | 5.62 |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021

| | Consolidated financial statements | | | | | | | | | | | (Unit: Baht) |
|--|--|---|-------------------|-----------------|---|--|----------------------|--|--|--|----------------------------|--------------|
| | Equity attributable to shareholders of the Company | | | | | | | | | | | |
| | Other components of shareholders' equity | | | | | | | | | | | |
| | Other comprehensive income | | | | | | | | | | | |
| Issued and fully paid share capital | Share premium | Difference from business combination under common control | Retained earnings | Unappropriated | Exchange differences on translation of financial statements in foreign currency | Share of other comprehensive income from investments in associated companies | shareholders' equity | Total equity attributable to owners of the Company | Equity attributable to non-controlling interests of the subsidiary | Equity attributable to shareholders of subsidiary before business combination under common control | Total shareholders' equity | |
| 1,247,381,614 | 1,491,912,500 | (1,004,027,399) | 125,900,000 | 34,359,240,011 | (3,240,867,802) | 30,685,005 | (3,210,182,797) | 33,010,223,929 | (3,881,845) | - | 33,006,342,084 | |
| Balance as at 1 January 2020 | | | | | | | | | | | | |
| Cumulative effect of business combination under common control | - | - | - | - | - | - | - | - | - | - | 175,818,961 | |
| Balance as at 1 January 2020 - as restated | | | | | | | | | | | | |
| 1,247,381,614 | 1,491,912,500 | (1,004,027,399) | 125,900,000 | 34,359,240,011 | (3,240,867,802) | 30,685,005 | (3,210,182,797) | 33,010,223,929 | (3,881,845) | 175,818,961 | 33,182,161,045 | |
| Profit for the year | - | - | - | 7,101,638,109 | - | - | - | 7,101,638,109 | (429,404) | (49,385,182) | 7,051,823,523 | |
| Other comprehensive income for the year | - | - | - | (19,467,721) | 110,777,489 | (10,478,312) | 100,299,177 | 80,831,456 | - | 738,030 | 81,569,486 | |
| Total comprehensive income for the year | - | - | - | 7,082,170,388 | 110,777,489 | (10,478,312) | 100,299,177 | 7,182,469,565 | (429,404) | (48,647,152) | 7,133,393,009 | |
| Acquisition cost of business combination under common control (Note 13) | - | - | (462,838,498) | - | - | - | - | (462,838,498) | - | - | (462,838,498) | |
| Attributable net book value from business combination under common control (Note 13) | - | - | 127,171,809 | - | - | - | - | 127,171,809 | - | (127,171,809) | - | |
| Effect of change from sales of investment in associated companies | - | - | - | 20,206,693 | - | (20,206,693) | (20,206,693) | - | - | - | - | |
| Dividend paid (Note 25) | - | - | - | (2,245,286,905) | - | - | - | (2,245,286,905) | - | - | (2,245,286,905) | |
| Balance as at 31 December 2020 | 1,247,381,614 | 1,491,912,500 | (1,339,694,088) | 125,900,000 | 39,216,330,187 | (3,130,090,313) | (3,130,090,313) | 37,611,739,900 | (4,311,249) | - | 37,607,428,651 | |
| Balance as at 1 January 2021 | | | | | | | | | | | | |
| 1,247,381,614 | 1,491,912,500 | (1,339,694,088) | 125,900,000 | 39,216,330,187 | (3,130,090,313) | - | (3,130,090,313) | 37,611,739,900 | (4,311,249) | - | 37,607,428,651 | |
| Profit for the year | - | - | - | - | 6,699,008,329 | - | - | 6,699,008,329 | 4,313,264 | - | 6,703,321,593 | |
| Other comprehensive income for the year | - | - | - | (22,591,687) | 1,232,505,481 | - | 1,232,505,481 | 1,209,913,794 | (2,015) | - | 1,209,911,779 | |
| Total comprehensive income for the year | - | - | - | 6,676,416,642 | 1,232,505,481 | - | 1,232,505,481 | 7,908,922,123 | 4,311,249 | - | 7,913,233,372 | |
| Dividend paid (Note 25) | - | - | - | (4,116,359,326) | - | - | - | (4,116,359,326) | - | - | (4,116,359,326) | |
| Balance as at 31 December 2021 | 1,247,381,614 | 1,491,912,500 | (1,339,694,088) | 125,900,000 | 41,776,387,503 | (1,897,584,832) | (1,897,584,832) | 41,404,302,697 | - | - | 41,404,302,697 | |

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

Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2021

| | Separate financial statements | | | | (Unit: Baht) |
|---|-------------------------------------|----------------------|--------------------|----------------------------|-----------------------|
| | Issued and fully paid share capital | Share premium | Retained earnings | Total shareholders' equity | |
| | | Appropriated | Unappropriated | | |
| Balance as at 1 January 2020 | 1,247,381,614 | 1,491,912,500 | 125,900,000 | 30,067,468,042 | 32,932,662,156 |
| Profit for the year | - | - | - | 7,014,040,310 | 7,014,040,310 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 7,014,040,310 | 7,014,040,310 |
| Dividend paid (Note 25) | - | - | - | (2,245,286,905) | (2,245,286,905) |
| Balance as at 31 December 2020 | <u>1,247,381,614</u> | <u>1,491,912,500</u> | <u>125,900,000</u> | <u>34,836,221,447</u> | <u>37,701,415,561</u> |
| Balance as at 1 January 2021 | 1,247,381,614 | 1,491,912,500 | 125,900,000 | 34,836,221,447 | 37,701,415,561 |
| Profit for the year | - | - | - | 6,755,398,880 | 6,755,398,880 |
| Other comprehensive income for the year | - | - | - | (33,604,307) | (33,604,307) |
| Total comprehensive income for the year | - | - | - | 6,721,794,573 | 6,721,794,573 |
| Dividend paid (Note 25) | - | - | - | (4,116,359,326) | (4,116,359,326) |
| Balance as at 31 December 2021 | <u>1,247,381,614</u> | <u>1,491,912,500</u> | <u>125,900,000</u> | <u>37,441,656,694</u> | <u>40,306,850,808</u> |
| | | | | | - |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash Flow Statement

For the year ended 31 December 2021

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash flows from operating activities: | | | | |
| Profit before tax | 6,801,044,832 | 7,259,437,946 | 6,743,296,693 | 7,082,019,497 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 2,368,453,335 | 2,074,517,773 | 1,828,271,533 | 1,598,359,426 |
| Amortisation | 139,398,206 | 131,801,134 | 6,405,747 | 1,662,867 |
| Recording of allowance for expected credit losses (reversal) | 20,233,707 | (65,506,435) | 6,302,570 | 27,702,114 |
| Reduction of inventory to net realisable value (reversal) | 961,491,370 | 8,199,938 | 730,896,286 | (121,606,571) |
| Reversal of the reduction to net realisable value of the obsolete and damaged inventories | (247,036,392) | (185,762,765) | (142,054,149) | (148,543,957) |
| Increase in provision for long-term employee benefits | 97,548,502 | 84,131,368 | 67,284,483 | 53,539,033 |
| Recording of the increase in provisions | 138,443,006 | 38,316,878 | 125,407,221 | 34,869,958 |
| Share of profit from investments in associated companies | - | (60,845,793) | - | - |
| Loss on sales of investments in associated companies | - | 95,125,078 | - | - |
| (Gain) loss from disposal/write-off of property, plant and equipment | 15,782,638 | (2,232,111) | 2,787,913 | (2,529,852) |
| Loss from write-off of other intangible assets | 184,068,694 | 272,305 | 2 | - |
| Impairment loss on property, plant and equipment | - | 388,091 | - | - |
| Unrealised gain on exchange | (7,084,209) | (35,744,272) | (24,070,123) | (95,955,115) |
| Losses due to flooding | 393,386,986 | - | 393,386,986 | - |
| Loss from impairment of investments in subsidiary company | - | - | 179,133,057 | - |
| Interest income | (54,139,848) | (111,437,887) | (13,788,705) | (39,084,114) |
| Interest expenses | 4,027,724 | 1,167,766 | 332,869 | 13,330 |
| Profit from operating activities before changes in operating assets and liabilities | 10,815,618,551 | 9,231,829,014 | 9,903,592,383 | 8,390,446,616 |
| Decrease (increase) in operating assets: | | | | |
| Trade and other receivables | (6,145,192,291) | (4,343,980,196) | (6,592,776,980) | (4,958,900,207) |
| Inventories | (8,027,682,402) | (3,481,361,503) | (6,023,365,072) | (2,520,152,204) |
| Other current assets | (447,218,026) | (293,524,835) | (252,679,364) | (127,703,710) |
| Other non-current assets | 11,119,922 | 15,105,222 | (6,959,574) | 137,269 |
| Increase (decrease) in operating liabilities: | | | | |
| Trade and other payables | 5,557,237,932 | 6,056,588,355 | 4,582,652,057 | 5,389,054,400 |
| Other current liabilities | 124,492,673 | 82,355,659 | (5,780,652) | 60,437,065 |
| Provision for long-term employee benefits | (97,284,688) | (87,543,418) | (37,576,294) | (33,002,121) |
| Provisions | (44,052,584) | (27,317,914) | (37,900,534) | (22,447,248) |
| Other non-current liabilities | 158,785,028 | 65,572,118 | 93,890 | 271,203 |
| Cash flows from operating activities | 1,905,824,115 | 7,217,722,502 | 1,529,299,860 | 6,178,141,063 |
| Cash received from interest income | 71,738,056 | 99,608,269 | 13,788,705 | 39,084,114 |
| Cash paid for interest expenses | (5,891,911) | (1,489,555) | (332,869) | (13,330) |
| Cash paid for corporate income tax | (189,460,761) | (90,909,440) | (1,187,143) | (1,123,617) |
| Net cash flows from operating activities | 1,782,209,499 | 7,224,931,776 | 1,541,568,553 | 6,216,088,230 |

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash Flow Statement (continued)

For the year ended 31 December 2021

(Unit: Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------------|-------------------------------|------------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash flows from investing activities: | | | | |
| Decrease (increase) in deposits at bank with restrictions | 13,707,592 | (1,338,417) | - | - |
| Decrease (increase) in fixed deposits with maturity over 3 months | 205,249,560 | (203,733,962) | - | - |
| Increase in investments in subsidiary company | - | - | (459,822) | (3,030,590) |
| Cash received for sales of investment in associated companies | - | 457,140,076 | - | - |
| Cash paid for purchase of investment in subsidiary under common control | - | (462,838,498) | - | - |
| Acquisition of property, plant and equipment | (7,780,423,542) | (3,208,365,736) | (5,813,141,510) | (1,845,978,742) |
| Proceeds from disposal of property, plant and equipment | 28,950,205 | 14,676,366 | 24,583,544 | 7,290,782 |
| Increase in investment properties | (451,367) | (5,207,699) | - | - |
| Increase in land-use rights | (110,131,963) | - | - | - |
| Increase in other intangible assets | (48,440,554) | (199,966,000) | (2,986,399) | (62,741,200) |
| Net cash flows used in investing activities | (7,691,540,069) | (3,609,633,870) | (5,792,004,187) | (1,904,459,750) |
| Cash flows from financing activities: | | | | |
| Cash receipt from short-term loans from financial institutions | 2,109,615,036 | - | 2,013,241,000 | - |
| Repayment of short-term loans from financial institutions | (500,000,000) | - | (500,000,000) | - |
| Cash receipt from long-term loans from related party | 362,635,955 | - | - | - |
| Payment of lease liabilities | (86,482,633) | (85,162,488) | (1,482,748) | (5,375,966) |
| Dividend paid | (4,116,359,326) | (2,245,286,905) | (4,116,359,326) | (2,245,286,905) |
| Net cash flows used in financing activities | (2,230,590,968) | (2,330,449,393) | (2,604,601,074) | (2,250,662,871) |
| Increase in translation adjustments | 863,373,009 | 49,705,564 | - | - |
| Net increase (decrease) in cash and cash equivalents before effect from currency translation | (7,276,548,529) | 1,334,554,077 | (6,855,036,708) | 2,060,965,609 |
| Effect from currency translation of cash and cash equivalents | (33,734,286) | 43,743,721 | (14,791,305) | 111,668,516 |
| Net increase (decrease) in cash and cash equivalents | (7,310,282,815) | 1,378,297,798 | (6,869,828,013) | 2,172,634,125 |
| Cash and cash equivalents at beginning of year | 13,881,848,304 | 12,503,550,506 | 8,405,730,877 | 6,233,096,752 |
| Cash and cash equivalents at end of year | 6,571,565,489 | 13,881,848,304 | 1,535,902,864 | 8,405,730,877 |
| | - | - | - | - |
| Supplemental disclosures of cash flows information | | | | |
| Non-cash transaction | | | | |
| Right-of-use assets increase under lease agreements | 110,631,928 | 148,440,661 | 6,128,131 | - |

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

Delta Electronics (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Delta Electronics Inc., which is incorporated in Taiwan. The registered office of the Company is at 714 Moo 4, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn.

The Group is principally engaged in the manufacture and distribution of electronic products, together with related research and development.

1.2 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.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- 2.2.1 The consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|---|--------------------------|----------------------------|-------------|
| | | | <u>2021</u> | <u>2020</u> |
| | | | Percent | Percent |
| DET International Holding Limited | Holding business | The Cayman Islands | 100 | 100 |
| Delta Green Industrial (Thailand) Company Limited | Manufacture and trading of electronic products | Thailand | 100 | 100 |
| Delta Energy Systems (Singapore) Pte. Ltd. | Holding business and trading of electronic products | Singapore | 100 | 100 |
| Delta Electronics (Vietnam) Company Limited | Trading of electronic products | Vietnam | 100 | 100 |
| Delta Electronics India Manufacturing Private Limited | Manufacture and trading of electronic products | India | 100 | - |

The subsidiaries which the Company owns through DET International Holding Limited are as follows:

| Company's name | Nature of business | Country of incorporation | Percentage of indirect shareholding | |
|---|---|--------------------------|-------------------------------------|-------------|
| | | | <u>2021</u> | <u>2020</u> |
| | | | Percent | Percent |
| DET Logistics (USA) Corporation | Trading of electronic products | USA | 100 | 100 |
| Delta Electronics (Slovakia) s.r.o. | Manufacture and trading of electronic products | Slovakia | 100 | 100 |
| Delta Energy Systems (Germany) GmbH | Research, development, marketing and trading of electronic products | Germany | 100 | 100 |
| Delta Energy Systems Property (Germany) GmbH (owned by Delta Energy Systems (Germany) GmbH) | Property rental | Germany | 100 | 100 |
| Delta Energy Systems (India) Pvt. Ltd. | Manufacture and trading of electronic products | India | 100 | 100 |
| Delta Energy Systems (Romania) S.R.L. | Research and development of electronic products | Romania | 100 | 100 |

The subsidiaries which the Company owns through Delta Energy Systems (Singapore) Pte. Ltd. are as follows:

| Company's name | Nature of business | Country of incorporation | Percentage of indirect shareholding | |
|---|--|--------------------------|-------------------------------------|-------------|
| | | | <u>2021</u> | <u>2020</u> |
| | | | Percent | Percent |
| Delta Electronics (Holdings) Australia Pty. Ltd. (formerly known as "Delta Electronics (Australia) Pty. Ltd.")* | Marketing and after sales services | Australia | - | 100 |
| Delta Electronics (Australia) Pty. Ltd. (formerly known as "Eltek Australia Pty. Ltd.") | Trading of electronic products | Australia | 100 | 100 |
| Delta Greentech (Netherlands) Cooperaties UA | Holding business | The Netherlands | 100 | 100 |
| Delta Greentech (Netherlands) B.V. (owned by Delta Greentech (Netherlands) Cooperaties UA) | Holding business | The Netherlands | 100 | 100 |
| Delta Energy Systems LLC (owned by Delta Greentech (Netherlands) B.V.) | Trading of electronic products | Russia | 100 | 100 |
| Eltek s.r.o. (owned by Delta Greentech (Netherlands) B.V.) | Manufacture and trading of electronic products | Slovakia | 100 | 100 |

| Company's name | Nature of business | Country of incorporation | Percentage of indirect shareholding | |
|---|--|--------------------------|-------------------------------------|------------------------|
| | | | <u>2021</u> Percent | <u>2020</u> Percent |
| Delta Electronics (Automotive) Americas Inc. (owned by Delta Greentech (Netherlands) B.V.) | Research and development of electronic products | USA | 100 | 100 |
| Delta Electronics India Pvt. Ltd. | Manufacture, research and development and trading of electronic products | India | 100 | 100 |
| Delta Electronics (Myanmar) Co., Ltd. | Manufacture and trading of electronic products | Myanmar | 100 | 100 |
| Delta PBA Engineering Solutions Co., Ltd.** | Manufacture, assembly and provision of automation | Thailand | - | 51 |
| Delta Energy Systems (UK) Limited | Research and development of electronic products | Scotland | 100 | 100 |

* Completely merge to another subsidiary in Australia, Delta Electronics (Australia) Pty. Ltd. (formerly known as "Eltek Australia Pty. Ltd."), on 1 April 2021 and in the process of dissolution.

** Dissolved and liquidated

2.2.2 The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

2.2.3 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

2.2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

2.2.5 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

2.2.6 Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.2.7 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Revenue from installation, repair and other services are recognised at a point in time upon completion of the service.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed. The cost of inventories is measured using the standard cost method, which approximates actual cost.

4.4 Investments in subsidiaries and associates

- a) Investments in associated companies are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiary companies are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

4.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 2-32 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

| | |
|--|---------------|
| Buildings | 10 - 50 years |
| Land improvement | 5 - 10 years |
| Machinery and equipment | 3 - 7 years |
| Molds | 2 - 5 years |
| Installation | 5 - 15 years |
| Furniture, fixtures and office equipment | 5 - 7 years |
| Computer | 3 - 5 years |
| Motor vehicles | 5 years |

Depreciation is included in determining income.

No depreciation is provided for land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follow:

| | <u>Useful lives</u> |
|-----------------------|---------------------|
| Patents | 10 years |
| Computer software | 3 years |
| Customer relationship | 10 years |

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Leases

At inception of 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.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, 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.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

| | | |
|-------------------------|-------|-------|
| Land | 99 | years |
| Buildings | 1 - 6 | years |
| Machinery and equipment | 1 - 5 | years |
| Motor vehicles | 1 - 3 | years |

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel and directors, and officers with authority in the planning and direction of the Company's operations.

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established the provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the contributions of the Company are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments, it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

The liabilities under the defined benefit plan consist of the present value of the defined benefit obligation less fair value of plan assets.

Net interest recognised in profit or loss consists of the interest cost on the defined benefit obligation net with the interest income on plan assets which calculated using the same rate as the discount rate applying for the post-employment benefit obligation.

Actuarial gains and losses from defined benefit plans and return of plan assets net from interest income on plan assets are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Research and development expenses

The Group records research and development costs as expenses when incurred.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.17 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Reduction of inventory cost to net realisable value

In determining the reduction of inventory cost to net realisable value, the management exercises judgement in estimating the net realisable value of inventory based on the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. The management also exercises judgement in estimating the expected losses from stock obsolescence based on the approximate aging profile of each type of inventory.

Allowance for impairment loss of investments

The Company treats investment in subsidiaries in the sperate financial statements as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which these deferred tax assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Tax assessments

The Group has contingent liabilities as the result of tax assessments. The management was required to exercise judgement to assess the results of the tax assessments and estimate the liabilities that might be incurred as at the end of the reporting period.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

| | Consolidated | | Separate | | Transfer pricing policy |
|--|----------------------|-------------|----------------------|-------------|--------------------------------|
| | financial statements | | financial statements | | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | |
| <u>Transactions with the parent company</u> | | | | | |
| Sales of goods and raw materials | 177 | 98 | 153 | 94 | With reference to market price |
| Purchase of goods and raw materials | 428 | 358 | 136 | 65 | With reference to market price |
| Royalty paid (Note 33.2.1) | 2,888 | 1,698 | 2,888 | 1,698 | Contract price |
| Services paid | 133 | 122 | 133 | 122 | Contract price |

(Unit: Million Baht)

| | Consolidated | | Separate | | Transfer pricing policy |
|---|----------------------|-------|----------------------|--------|--------------------------------|
| | financial statements | | financial statements | | |
| | 2021 | 2020 | 2021 | 2020 | |
| Transactions with subsidiary companies | | | | | |
| (eliminated from the consolidated financial statements) | | | | | |
| Sales of goods and raw materials | - | - | 25,825 | 20,539 | With reference to market price |
| Purchase of goods and raw materials | - | - | 1,458 | 1,282 | With reference to market price |
| Commission paid | - | - | 233 | 220 | Contract price |
| Design and engineering fee paid (Note 33.2.2) | - | - | 2,112 | 1,934 | Contract price |
| Distribution fee paid | - | - | 20 | 43 | Contract price |
| Administrative expenses | - | - | 116 | 88 | Contract price |
| Transactions with associates* | | | | | |
| Sales of goods and raw materials | - | 43 | - | 39 | With reference to market price |
| Commission paid | - | 53 | - | 43 | Contract price |
| Transactions with related companies | | | | | |
| Sales of goods and raw materials | 9,266 | 8,347 | 3,814 | 4,113 | With reference to market price |
| Purchase of goods and raw materials | 6,443 | 3,419 | 2,461 | 1,387 | With reference to market price |
| Commission paid | 586 | 746 | 572 | 737 | Contract price |
| Commission received | 107 | 107 | - | - | Contract price |
| Services income | 198 | 208 | - | - | Contract price |
| Design and engineering fee paid | 54 | 11 | 39 | - | Contract price |

* The Group sold investments in associated companies on 1 October 2020.

The balances of the accounts as at 31 December 2021 and 2020 between the Group and those related companies are as follows:

| | (Unit: Million Baht) | | | |
|--|----------------------|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| Trade receivables, related parties (Note 8) | | | | |
| Parent company | 40 | 26 | 36 | 21 |
| Subsidiary companies | - | - | 10,030 | 6,407 |
| Other related companies (under common control) | 2,196 | 1,660 | 951 | 777 |
| Total trade receivables, related parties | 2,236 | 1,686 | 11,017 | 7,205 |
| Other receivables, related parties (Note 8) | | | | |
| Parent company | - | - | - | - |
| Subsidiary companies | - | - | 7 | 49 |
| Other related companies (under common control) | 16 | 3 | 2 | 3 |
| Total other receivables, related parties | 16 | 3 | 9 | 52 |
| Amounts due from related parties (Note 8) | | | | |
| Subsidiary companies | - | - | 4 | 1 |
| Total amounts due from related parties | - | - | 4 | 1 |

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------|----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Trade payables, related parties (Note 19)</u> | | | | |
| Parent company | 48 | 74 | 5 | 41 |
| Subsidiary companies | - | - | 296 | 370 |
| Other related companies (under common control) | 1,736 | 1,298 | 506 | 328 |
| Total trade payables, related parties | 1,784 | 1,372 | 807 | 739 |
| <u>Other payables, related parties (Note 19)</u> | | | | |
| Parent company | 588 | 210 | 586 | 208 |
| Subsidiary companies | - | - | 159 | 195 |
| Other related companies (under common control) | 619 | 367 | 397 | 366 |
| Total other payables, related parties | 1,207 | 577 | 1,142 | 769 |
| <u>Accrued expenses, related parties (Note 19)</u> | | | | |
| Parent company | 264 | 166 | 264 | 166 |
| Subsidiary companies | - | - | - | 1 |
| Other related companies (under common control) | 170 | 118 | 170 | 118 |
| Total accrued expenses, related parties | 434 | 284 | 434 | 285 |
| <u>Advance received, related parties (Note 19)</u> | | | | |
| Parent company | - | - | 55 | 19 |
| Total advance received, related parties | - | - | 55 | 19 |

Long-term loans from related party

As at 31 December 2021 and 2020, the balances of long-term loans from related party and the movement in long-term loans are as follows:

(Unit: Million Baht)

| | | Consolidated financial statements | | | |
|--|--|--------------------------------------|--------------------------------|---------------------------|--------------------------------------|
| | | Balance as at 31 December 2020 | Increase during the year | Translation adjustment | Balance as at 31 December 2021 |
| Long-term loans from related party | Related by | | | | |
| | Other related company (under common control) | | | | |
| Eltek AS | | - | 363 | 5 | 368 |
| Total long-term loans from related party | | - | 363 | 5 | 368 |

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|--------------------------------------|------|----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Short-term employee benefits | 114 | 86 | 58 | 39 |
| Post-employment benefits | 14 | 9 | 11 | 8 |
| Total | 128 | 95 | 69 | 47 |

7. Cash and cash equivalents

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------|----------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Cash in hand | - | 1 | - | - |
| Bank deposits in current accounts | 2,320 | 1,544 | 2 | 2 |
| Bank deposits in saving accounts | 3,588 | 9,415 | 1,534 | 8,404 |
| Fixed deposits with maturity not over 3 months | 664 | 2,922 | - | - |
| Total | 6,572 | 13,882 | 1,536 | 8,406 |

As at 31 December 2021, the above bank deposits in saving accounts and fixed deposits carried interests between 0.00 and 8.00 percent per annum (2020: between 0.00 and 8.00 percent per annum) (The Company only: between 0.00 and 0.45 percent per annum, 2020: between 0.00 and 0.55 percent per annum).

8. Trade and other receivables

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------|----------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Trade receivables, related parties</u> (Note 6) | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 2,181 | 1,669 | 9,268 | 6,964 |
| Past due | | | | |
| Up to 3 months | 54 | 17 | 1,746 | 230 |
| 3 - 6 months | 1 | - | 3 | - |
| Over 12 months | - | - | - | 11 |
| Total | 2,236 | 1,686 | 11,017 | 7,205 |
| <u>Trade receivables, unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 15,209 | 10,546 | 8,174 | 5,593 |
| Past due | | | | |
| Up to 3 months | 2,281 | 872 | 1,277 | 475 |
| 3 - 6 months | 132 | 57 | 39 | 39 |
| 6 - 12 months | 24 | 29 | 3 | - |
| Over 12 months | 61 | 70 | 9 | 8 |
| Total | 17,707 | 11,574 | 9,502 | 6,115 |
| Total trade receivables | 19,943 | 13,260 | 20,519 | 13,320 |
| Less: Allowance for expected credit losses | (156) | (129) | (38) | (32) |
| Total trade receivables - net | 19,787 | 13,131 | 20,481 | 13,288 |
| <u>Other receivables</u> | | | | |
| Amounts due from related parties (Note 6) | - | - | 4 | 1 |
| Other receivables - related parties (Note 6) | 16 | 3 | 9 | 52 |
| Other receivables - unrelated parties | 790 | 863 | 706 | 806 |
| Total other receivables | 806 | 866 | 719 | 859 |
| Trade and other receivables - net | 20,593 | 13,997 | 21,200 | 14,147 |

The normal credit term is 30 to 150 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|-----------------------------------|-------|-------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Beginning balance | (129) | (194) | (32) | (4) |
| Provision for expected credit losses | (30) | (32) | (17) | (28) |
| Amount written off | - | - | 11 | - |
| Reversal | 10 | 98 | - | - |
| Translation adjustment | (7) | (1) | - | - |
| Ending balance | (156) | (129) | (38) | (32) |

9. Inventories

(Unit: Million Baht)

| | Consolidated financial statements | | | | | |
|------------------|-----------------------------------|--------|-------------------------------------|---------|-----------------|--------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Finished goods | 7,409 | 5,581 | (729) | (471) | 6,680 | 5,110 |
| Work in process | 2,665 | 1,834 | - | - | 2,665 | 1,834 |
| Raw materials | 10,590 | 5,570 | (1,621) | (776) | 8,969 | 4,794 |
| Goods in transit | 1,267 | 917 | - | - | 1,267 | 917 |
| Total | 21,931 | 13,902 | (2,350) | (1,247) | 19,581 | 12,655 |

(Unit: Million Baht)

| | Separate financial statements | | | | | |
|------------------|-------------------------------|-------|-------------------------------------|-------|-----------------|-------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Finished goods | 3,972 | 2,756 | (238) | (83) | 3,734 | 2,673 |
| Work in process | 2,167 | 1,417 | - | - | 2,167 | 1,417 |
| Raw materials | 8,031 | 4,145 | (1,165) | (400) | 6,866 | 3,745 |
| Goods in transit | 873 | 701 | - | - | 873 | 701 |
| Total | 15,043 | 9,019 | (1,403) | (483) | 13,640 | 8,536 |

Details movement of the reduction of inventory cost to net realisable value are as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------|-------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | (1,247) | (1,417) | (483) | (754) |
| Increase during the year | (988) | (152) | (731) | - |
| Increase during the year due to flooding (Note 29) | (331) | - | (331) | - |
| Reversal of the reduction to net realisable value of the obsolete and damaged inventories written off during the year | 247 | 186 | 142 | 149 |
| Reversal during the year | 27 | 144 | - | 122 |
| Translation adjustment | (58) | (8) | - | - |
| Balance at end of year | (2,350) | (1,247) | (1,403) | (483) |

The Group reduced cost of inventories to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories and reduced the amount of inventories recognised as expenses during the year.

10. Other current financial assets

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------|----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Debt instruments at amortised cost</u> | | | | |
| Fixed deposits with maturity over 3 months | - | 205 | - | - |
| Total debt instruments at amortised cost | - | 205 | - | - |
| <u>Financial assets at FVTPL</u> | | | | |
| Derivative assets (Note 35.1) | 32 | 149 | 32 | 149 |
| Total financial assets at FVTPL | 32 | 149 | 32 | 149 |
| Total other current financial assets | 32 | 354 | 32 | 149 |

11. Other current assets

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--------------------------------------|-------|----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Input tax refundable | 474 | 358 | 241 | 205 |
| Advance payments | 1,181 | 846 | 331 | 163 |
| Prepaid expenses | 250 | 271 | 54 | 28 |
| Prepaid tax | 23 | 26 | - | - |
| Others | 58 | 62 | 15 | 8 |
| Total other current assets | 1,986 | 1,563 | 641 | 404 |

12. Investments in associated companies

12.1 Sales of investments in associated companies

On 24 July 2020, a meeting of the Company's Board of Directors passed a resolution approving a subsidiary of the Company, Delta Greentech (Netherlands) B.V., entering into an agreement to sell 49 percent interests in Delta Electronics (Switzerland) AG and Delta Greentech Electronics Industry LLC to related companies. On 28 September 2020, the subsidiary received payment for the sale of these investments in associated companies, amounting to approximately USD 14.44 million or approximately Baht 457 million, and agreed to transfer those shares to the buyers on 1 October 2020. A loss on the sale of these investments under the equity method, amounting to approximately USD 3 million or approximately Baht 95 million, was recorded in the consolidated statement of comprehensive income.

12.2 Share of comprehensive income and dividend received

During the year 2020, the Company has recognised its share of profit (loss) and share of other comprehensive income from investments in associated companies in the consolidated financial statements as follows:

(Unit: Million Baht)

| Associates | Consolidated financial statements | | | |
|--|---|-----------|--|-------------|
| | For the year ended 31 December | | | |
| | Share of profit (loss) from investments in associated companies | | Share of other comprehensive income from investments in associated companies | |
| | 2021 | 2020 | 2021 | 2020 |
| Delta Electronics (Switzerland) AG | - | 89 | - | (10) |
| Delta Greentech Electronics Industry LLC | - | (28) | - | - |
| Total | - | 61 | - | (10) |

No dividend was received from the above associated companies during the year ended 31 December 2020.

13. Investments in subsidiary companies

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

(Unit: Million Baht)

| Company's name | Paid-up capital | | | Cost | |
|--|------------------|-----------|-----------|----------------|----------------|
| | Foreign currency | 2021 | 2020 | 2021 | 2020 |
| | | (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 | - |
| Subtotal | | | | 15,233 | 15,232 |
| Less: Allowance for impairment loss of investments in subsidiary companies | | | | (1,324) | (1,144) |
| Investments in subsidiary companies - net | | | | 13,909 | 14,088 |

No dividend was received from the above subsidiary companies during the year ended 31 December 2021 and 2020.

13.2 Significant events during the year

13.2.1 Subsidiaries directly owned by the Company

a) Establishment of new subsidiary

On 31 March 2020, a meeting of the Board of Directors of the Company passed a resolution to proceed with the incorporation of a subsidiary, Delta Electronics India Manufacturing Private Limited, to engage in the manufacturing and trading of electronics products. The subsidiary was incorporated in India with a registered capital of INR 1.1 million and the Company having a 100% shareholding.

In January 2021, Delta Electronics India Manufacturing Private Limited called up 100 percent of the par value of the shares and received payment of share capital of INR 1.1 million, or approximately Baht 0.5 million, on 15 January 2021.

b) Allowance for impairment loss of investment in subsidiary company

During the current year, the Company recognised allowance for impairment loss on investment in subsidiary company, DET International Holding Limited, amounting to approximately Baht 179 million and presented under “Loss from impairment of investments in subsidiary company” in the statement of comprehensive income.

13.2.2 Subsidiaries indirectly owned by the Company

a) The merger of subsidiaries in Australia

On 24 July 2020, a meeting of the Company’s Board of Directors passed a resolution to merge two subsidiaries in Australia, Delta Electronics (Australia) Pty. Ltd. and Eltek Australia Pty. Ltd., with the merged business to belong to Eltek Australia Pty. Ltd. The subsidiaries’ merger was completed on 1 April 2021.

On 22 April 2021, Delta Electronics (Australia) Pty. Ltd., which is now in the process of dissolution, changed its name to “Delta Electronics (Holdings) Australia Pty. Ltd.” and Eltek Australia Pty Ltd. changed its name to “Delta Electronics (Australia) Pty. Ltd.”.

The merger had no impact on the consolidated financial statements because it was a merger of subsidiaries within a group of companies under common control.

b) Dissolution of subsidiary company

On 31 March 2021, a meeting of the Company’s Board of Directors passed a resolution to dissolve Delta PBA Engineering Solutions Company Limited, which is a subsidiary company of Delta Energy Systems (Singapore) Pte. Ltd. This subsidiary registered its dissolution with the Ministry of Commerce on 5 May 2021 and registered the completion of its liquidation with the Ministry of Commerce on 20 September 2021.

The dissolution of this subsidiary does not have any significant impact on the Group’s operations.

c) Purchase of investment in the subsidiary

On 24 July 2020, a meeting of the Company’s Board of Directors passed a resolution approving the acquisition by a subsidiary of the Company, Delta Energy Systems (Singapore) Pte. Ltd., of all ordinary shares of Delta Electronics (Australia) Pty. Ltd. (formerly known as “Eltek Australia Pty. Ltd.”) at a price of approximately USD 14.62 million, or approximately Baht 463 million, from Eltek AS, which is a subsidiary of the parent company. On 30 September 2020, the subsidiary made payment for these ordinary shares and it received the shares on 1 October 2020 as agreed.

The above purchase of investment in the subsidiary was considered to be a business combination under common control, and the difference between the cost of this business combination under common control and the net book value of the equity of Delta Electronics (Australia) Pty. Ltd. (formerly known as “Eltek Australia Pty. Ltd.”), amounting to approximately USD 10.6 million, or approximately Baht 336 million, was therefore recorded as “Difference from business combination under common control” and separately presented in the consolidated statements of changes in shareholders’ equity.

The net book values of assets and liabilities as at 1 October 2020 (acquisition date) and the cash payment made to purchase the investment in Delta Electronics (Australia) Pty. Ltd. (formerly known as “Eltek Australia Pty. Ltd.”) are as follows:

| | (Unit: Million Baht) |
|--|--------------------------------------|
| | Consolidated financial statements |
| Net book values of assets and liabilities as at the acquisition date | |
| Cash and cash equivalents | 97 |
| Trade and other receivables | 54 |
| Inventories | 104 |
| Other current assets | 14 |
| Property, plant and equipment | 2 |
| Deferred tax assets | 23 |
| Trade and other payables | (142) |
| Other current liabilities | (13) |
| Long-term provisions | (12) |
| Total net assets | 127 |
| Plus: Difference from business combination under common control | 336 |
| Cash payment for purchase of investment in subsidiary | 463 |

Because this acquisition was a business combination under common control, the Company has treated Delta Electronics (Australia) Pty. Ltd. (formerly known as “Eltek Australia Pty. Ltd.”) as if it had been a subsidiary of the Company since it was established. Therefore, the consolidated statements of comprehensive income for the year ended 31 December 2020 included the operating results of Delta Electronics (Australia) Pty. Ltd. (formerly known as “Eltek Australia Pty. Ltd.”) as from 1 January 2020, ignoring the actual date of the business combination under common control (the date the shares of the subsidiary were acquired).

14. Investment properties

The net book value of investment properties as at 31 December 2021 and 2020 is presented below.

| | (Unit: Million Baht) | | |
|--------------------------------|-----------------------------------|-----------------------------|-------|
| | Consolidated financial statements | | |
| | Land for rent | Office building for rent | Total |
| 31 December 2021: | | | |
| Cost | 44 | 323 | 367 |
| Less: Accumulated depreciation | - | (79) | (79) |
| Translation adjustment | (10) | (47) | (57) |
| Net book value | 34 | 197 | 231 |
| 31 December 2020: | | | |
| Cost | 44 | 322 | 366 |
| Less: Accumulated depreciation | - | (69) | (69) |
| Translation adjustment | (11) | (53) | (64) |
| Net book value | 33 | 200 | 233 |

A reconciliation of the net book value of investment properties for the years 2021 and 2020 is presented below.

| (Unit: Million Baht) | | |
|-------------------------------------|--------------------------------------|-------------|
| | Consolidated financial statements | |
| | <u>2021</u> | <u>2020</u> |
| Net book value at beginning of year | 233 | 218 |
| Acquisition of assets | 1 | 5 |
| Depreciation charged | (10) | (10) |
| Translation adjustment | 7 | 20 |
| Net book value at end of year | <u>231</u> | <u>233</u> |

The additional information of the investment properties as at 31 December 2021 and 2020 stated below:

| (Unit: Million Baht) | | |
|----------------------|--------------------------------------|-------------|
| | Consolidated financial statements | |
| | <u>2021</u> | <u>2020</u> |
| The fair value | 241 | 261 |

The fair value of the land and office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, long-term vacancy rate and long-term growth in real rental rates.

15. Property, plant and equipment

(Unit: Million Baht)

| Consolidated financial statements | | | | | | | | | |
|-----------------------------------|-------|-----------|-------------------------|-------|--------------|--|----------|--------|---------|
| | Land | Buildings | Machinery and equipment | Mold | Installation | Assets under installation and under construction | Computer | Others | Total |
| Cost: | | | | | | | | | |
| 1 January 2020 | 1,030 | 3,735 | 9,102 | 1,451 | 2,165 | 2,389 | 584 | 483 | 20,939 |
| Purchase/transfer in | - | 136 | 1,209 | 150 | 143 | 1,967 | 51 | 24 | 3,680 |
| Disposal/write-off/transfer out | - | - | (206) | (170) | (7) | (483) | (60) | (22) | (948) |
| Translation adjustment | (10) | 121 | 112 | 1 | 30 | (51) | 10 | 7 | 220 |
| 31 December 2020 | 1,020 | 3,992 | 10,217 | 1,432 | 2,331 | 3,822 | 585 | 492 | 23,891 |
| Purchase/transfer in | 670 | 687 | 3,434 | 167 | 773 | 4,050 | 157 | 29 | 9,967 |
| Disposal/write-off/transfer out | - | - | (483) | (12) | (34) | (2,196) | (56) | (76) | (2,857) |
| Translation adjustment | 53 | 96 | 82 | - | 11 | 239 | 13 | 22 | 516 |
| 31 December 2021 | 1,743 | 4,775 | 13,250 | 1,587 | 3,081 | 5,915 | 699 | 467 | 31,517 |
| Accumulated depreciation: | | | | | | | | | |
| 1 January 2020 | - | 944 | 5,495 | 1,233 | 1,094 | - | 398 | 348 | 9,512 |
| Depreciation for the year | - | 93 | 1,261 | 200 | 268 | - | 99 | 46 | 1,967 |
| Depreciation - disposal/write-off | - | - | (198) | (179) | (5) | - | (59) | (20) | (461) |
| Translation adjustment | - | 19 | 84 | (1) | 12 | - | 7 | 9 | 130 |
| 31 December 2020 | - | 1,056 | 6,642 | 1,253 | 1,369 | - | 445 | 383 | 11,148 |
| Depreciation for the year | - | 108 | 1,558 | 182 | 270 | - | 110 | 34 | 2,262 |
| Depreciation - disposal/write-off | - | - | (459) | (14) | (34) | - | (55) | (63) | (625) |
| Translation adjustment | - | 24 | 50 | - | 5 | - | 12 | 20 | 111 |
| 31 December 2021 | - | 1,188 | 7,791 | 1,421 | 1,610 | - | 512 | 374 | 12,896 |

15. Property, plant and equipment (continued)

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | | | |
|--|-----------------------------------|-----------|-------------------------|------|--------------|--|----------|--------|--------|
| | Land | Buildings | Machinery and equipment | Mold | Installation | Assets under installation and under construction | Computer | Others | Total |
| Allowance for impairment loss: | | | | | | | | | |
| 1 January 2020 | - | 17 | - | - | 2 | - | - | - | 19 |
| 31 December 2020 | - | 17 | - | - | 2 | - | - | - | 19 |
| Increase during the year | - | - | 5 | - | - | 14 | - | - | 19 |
| 31 December 2021 | - | 17 | 5 | - | 2 | 14 | - | - | 38 |
| Net book value: | | | | | | | | | |
| As at 31 December 2020 | 1,020 | 2,919 | 3,575 | 179 | 960 | 3,822 | 140 | 109 | 12,724 |
| As at 31 December 2021 | 1,743 | 3,570 | 5,454 | 166 | 1,469 | 5,901 | 187 | 93 | 18,583 |
| Depreciation for the year | | | | | | | | | |
| Year 2020 (Baht 1,570 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses) | | | | | | | | | 1,967 |
| Year 2021 (Baht 1,819 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses) | | | | | | | | | 2,262 |

15. Property, plant and equipment (continued)

(Unit: Million Baht)

| | | Separate financial statements | | | | | | |
|-----------------------------------|-------|-------------------------------|--------|-------|--|----------|--------|---------|
| | | Machinery and equipment | | | Assets under installation and under construction | | | |
| | Land | Buildings | | Mold | Installation | Computer | Others | Total |
| Cost: | | | | | | | | |
| 1 January 2020 | 414 | 1,806 | 7,430 | 1,444 | 1,811 | 659 | 110 | 14,034 |
| Purchase/transfer in | - | 18 | 785 | 149 | 121 | 1,071 | 1 | 2,177 |
| Disposal/write-off/transfer out | - | - | (182) | (170) | (3) | (341) | (2) | (738) |
| 31 December 2020 | 414 | 1,824 | 8,033 | 1,423 | 1,929 | 1,389 | 109 | 15,473 |
| Purchase/transfer in | 670 | 664 | 3,036 | 166 | 769 | 2,518 | 18 | 7,975 |
| Disposal/write-off/transfer out | - | - | (330) | (12) | (34) | (2,171) | (5) | (2,588) |
| 31 December 2021 | 1,084 | 2,488 | 10,739 | 1,577 | 2,664 | 1,736 | 122 | 20,860 |
| Accumulated depreciation: | | | | | | | | |
| 1 January 2020 | - | 541 | 4,343 | 1,226 | 944 | - | 79 | 7,367 |
| Depreciation for the year | - | 37 | 1,055 | 199 | 230 | - | 6 | 1,593 |
| Depreciation - disposal/write-off | - | - | (178) | (180) | (3) | - | (1) | (402) |
| 31 December 2020 | - | 578 | 5,220 | 1,245 | 1,171 | - | 84 | 8,558 |
| Depreciation for the year | - | 48 | 1,284 | 181 | 231 | - | 8 | 1,827 |
| Depreciation - disposal/write-off | - | - | (310) | (13) | (34) | - | (5) | (399) |
| 31 December 2021 | - | 626 | 6,194 | 1,413 | 1,368 | - | 87 | 9,986 |

15. Property, plant and equipment (continued)

(Unit: Million Baht)

| | Separate financial statements | | | | | | | | |
|--|-------------------------------|-----------|-------------------------|------|--------------|--|----------|--------|--------|
| | Land | Buildings | Machinery and equipment | Mold | Installation | Assets under installation and under construction | Computer | Others | Total |
| Allowance for impairment loss: | | | | | | | | | |
| 1 January 2020 | - | 17 | - | - | 2 | - | - | - | 19 |
| 31 December 2020 | - | 17 | - | - | 2 | - | - | - | 19 |
| Increase during the year | - | - | 5 | - | - | 14 | - | - | 19 |
| 31 December 2021 | - | 17 | 5 | - | 2 | 14 | - | - | 38 |
| Net book value: | | | | | | | | | |
| As at 31 December 2020 | 414 | 1,229 | 2,813 | 178 | 756 | 1,389 | 92 | 25 | 6,896 |
| As at 31 December 2021 | 1,084 | 1,845 | 4,540 | 164 | 1,294 | 1,722 | 152 | 35 | 10,836 |
| Depreciation for the year | | | | | | | | | |
| Year 2020 (Baht 1,389 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses) | | | | | | | | | 1,593 |
| Year 2021 (Baht 1,596 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses) | | | | | | | | | 1,827 |

As at 31 December 2021, certain items of building, machinery and equipment of the Group were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately of Baht 7,407 million (2020: Baht 6,413 million) (The Company only: Baht 5,664 million, 2020: Baht 4,719 million).

16. Goodwill

The net book value of goodwill as at 31 December 2021 and 2020 is presented below.

(Unit: Million Baht)

| | Consolidated financial statements |
|--|--------------------------------------|
| Net book value as at 1 January 2020 | 418 |
| Translation adjustment | 19 |
| Net book value as at 31 December 2020 | 437 |
| Translation adjustment | 6 |
| Net book value as at 31 December 2021 | 443 |

As at 31 December 2021, the net book value of the goodwill as above included the goodwill of approximately Baht 215 million from Power electronics segment related to DES products and the goodwill of approximately Baht 228 million from Delta Greentech (Netherlands) B.V.'s acquisition of Eltek s.r.o. ("Eltek SK") in 2017.

The Group determined the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period.

Key assumptions used in the value in use calculation of each group of the cash generating units are summarised below:

(Unit: Percent per annum)

| | Power electronics segment related to DES products | Eltek s.r.o. |
|------------------------|---|--------------|
| Growth rate | 2% | 2% |
| Pre-tax discount rates | 13.2% | 12.1% |

The management of the Group determined growth rates based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to each cash generating units.

The Group performed impairment tested on goodwill by comparing the recoverable amount of the cash generating units (calculated by independent appraiser) with their carrying value and found that the recoverable amount of the cash generating units was higher than the carrying value. The management of the Group thus believes that goodwill is not impaired.

17. Other intangible assets

The net book value of intangible assets as at 31 December 2021 and 2020 is presented below.

(Unit: Million Baht)

| | Consolidated financial statements | | | | |
|----------------------------------|-----------------------------------|-------------------|-----------------------|--------|---------|
| | Patent rights | Computer software | Customer relationship | Others | Total |
| Cost: | | | | | |
| 1 January 2020 | 990 | 344 | 119 | 2 | 1,455 |
| Purchase | 63 | 137 | - | - | 200 |
| Disposal/write-off | - | (3) | - | - | (3) |
| Translation adjustment | (4) | 21 | 11 | - | 28 |
| 31 December 2020 | 1,049 | 499 | 130 | 2 | 1,680 |
| Purchase | - | 48 | - | - | 48 |
| Disposal/write-off | (1,097) | (15) | - | - | (1,112) |
| Translation adjustment | 111 | 14 | 4 | 1 | 130 |
| 31 December 2021 | 63 | 546 | 134 | 3 | 746 |
| Accumulated amortisation: | | | | | |
| 1 January 2020 | 745 | 261 | 33 | 2 | 1,041 |
| Amortisation for the year | 53 | 66 | 13 | - | 132 |
| Disposal/write-off | - | (2) | - | - | (2) |
| Translation adjustment | (5) | 16 | 2 | - | 13 |
| 31 December 2020 | 793 | 341 | 48 | 2 | 1,184 |
| Amortisation for the year | 37 | 89 | 13 | - | 139 |
| Disposal/write-off | (913) | (15) | - | - | (928) |
| Translation adjustment | 90 | 8 | 2 | 1 | 101 |
| 31 December 2021 | 7 | 423 | 63 | 3 | 496 |
| Net book value: | | | | | |
| 31 December 2020 | 256 | 158 | 82 | - | 496 |
| 31 December 2021 | 56 | 123 | 71 | - | 250 |

(Unit: Million Baht)

| | Separate financial statements | | |
|----------------------------------|-------------------------------|-------------------|-------|
| | Patent rights | Computer software | Total |
| Cost: | | | |
| 1 January 2020 | - | 85 | 85 |
| Purchase | 63 | - | 63 |
| Disposal/write-off | - | (1) | (1) |
| 31 December 2020 | 63 | 84 | 147 |
| Purchase | - | 3 | 3 |
| Disposal/write-off | - | (1) | (1) |
| 31 December 2021 | 63 | 86 | 149 |
| Accumulated amortisation: | | | |
| 1 January 2020 | - | 84 | 84 |
| Amortisation for the year | 1 | 1 | 2 |
| Disposal/write-off | - | (1) | (1) |
| 31 December 2020 | 1 | 84 | 85 |
| Amortisation for the year | 7 | - | 7 |
| Disposal/write-off | - | (1) | (1) |
| 31 December 2021 | 8 | 83 | 91 |
| Net book value: | | | |
| 31 December 2020 | 62 | - | 62 |
| 31 December 2021 | 55 | 3 | 58 |

During the current year, DET International Holding Limited, a subsidiary of the Company, wrote off patents of approximately USD 5.5 million, or approximately Baht 187 million, and this was presented under the caption of “Other expenses” in the consolidated statements of comprehensive income.

18. Short-term loans from financial institutions

(Unit: Million Baht)

| | Interest rate (percent per annum) | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------------------|------|----------------------------------|------|
| | | 2021 | 2020 | 2021 | 2020 |
| Short-term loans from financial institutions | 0.88-5.45 | 1,594 | - | 1,497 | - |
| Total | | 1,594 | - | 1,497 | - |

19. Trade and other payables

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------|----------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| Trade payables - related parties (Note 6) | 1,784 | 1,372 | 807 | 739 |
| Trade payables - unrelated parties | 12,227 | 9,940 | 11,042 | 8,981 |
| Other payables - related parties (Note 6) | 1,207 | 577 | 1,142 | 769 |
| Other payables - unrelated parties | 2,062 | 1,084 | 1,965 | 1,003 |
| Accrued expenses - related parties (Note 6) | 434 | 284 | 434 | 285 |
| Accrued expenses - unrelated parties | 3,386 | 2,352 | 2,644 | 1,592 |
| Advance received - related parties (Note 6) | - | - | 55 | 19 |
| Advance received - unrelated parties | 949 | 572 | 538 | 357 |
| Total trade and other payables | 22,049 | 16,181 | 18,627 | 13,745 |

20. Other current liabilities

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|--------------------------------------|------|----------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Withholding tax payable | 165 | 189 | 131 | 133 |
| Value added tax payable | 140 | 103 | 10 | 8 |
| Others | 213 | 101 | 22 | 28 |
| Total other current liabilities | 518 | 393 | 163 | 169 |

21. Leases

The Group as a lessee

The Group has lease contracts for assets used in its operations. Leases have lease terms between 1 - 99 years.

a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Million Baht)

| | Consolidated financial statements | | | | | Separate financial statements |
|---------------------------|-----------------------------------|-----------|-------------------------|----------------|-------|-------------------------------|
| | Land | Buildings | Machinery and equipment | Motor Vehicles | Total | Buildings |
| 1 January 2020 | 198 | 90 | 1 | 25 | 314 | 5 |
| Additions | - | 134 | 9 | 5 | 148 | - |
| Depreciation for the year | (2) | (78) | (3) | (15) | (98) | (5) |
| Translation adjustment | (6) | 18 | 2 | (1) | 13 | - |
| 31 December 2020 | 190 | 164 | 9 | 14 | 377 | - |
| Additions | 110 | 97 | - | 14 | 221 | 6 |
| Depreciation for the year | (3) | (79) | (3) | (11) | (96) | (1) |
| Translation adjustment | 18 | 8 | 1 | 1 | 28 | - |
| 31 December 2021 | 315 | 190 | 7 | 18 | 530 | 5 |

b) Lease liabilities

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Lease payments | 222 | 184 | 5 | - |
| Less: Deferred interest expenses | (3) | (3) | - | - |
| Total | 219 | 181 | 5 | - |
| Less: Portion due within one year | (75) | (73) | (4) | - |
| Lease liabilities - net of current portion | 144 | 108 | 1 | - |

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------|-----------------------------------|------|-------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Balance at beginning of year | 181 | 116 | - | 5 |
| Additions | 111 | 148 | 6 | - |
| Accretion of interest | 2 | 2 | - | - |
| Repayments | (88) | (87) | (1) | (5) |
| Translation adjustment | 13 | 2 | - | - |
| Balance at end of year | 219 | 181 | 5 | - |

A maturity analysis of lease payments is disclosed in Note 35.2 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Depreciation expense of right-of-use assets | 96 | 98 | 1 | 5 |
| Interest expense on lease liabilities | 2 | 2 | - | - |
| Expense relating to short-term leases and leases of low-value assets | 82 | 69 | 41 | 14 |

d) Other

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 175 million (2020: Baht 150 million) (the Company only: Baht 39 million, 2020: Baht 13 million), including the cash outflow related to short-term lease and leases of low-value assets.

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Defined benefit obligation | (1,675) | (1,602) | (529) | (465) |
| Fair value of plan assets | 79 | 60 | - | - |
| Provisions for long-term employee benefits as at 31 December | (1,596) | (1,542) | (529) | (465) |

The change in the defined benefit obligation is as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------|----------------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 |
| Defined benefit obligation at beginning of year | (1,602) | (1,474) | (465) | (445) |
| Included in profit or loss: | | | | |
| Current service cost | (76) | (64) | (53) | (42) |
| Interest cost | (26) | (23) | (14) | (11) |
| Included in other comprehensive income: | | | | |
| Actuarial gain (loss) arising from | | | | |
| Demographic assumptions changes | (24) | (17) | (25) | - |
| Financial assumptions changes | 11 | - | 11 | - |
| Experience adjustments | (10) | (2) | (20) | - |
| Benefits paid during the year | 85 | 77 | 37 | 33 |
| Translation adjustments | (33) | (99) | - | - |
| Defined benefit obligation at end of year | (1,675) | (1,602) | (529) | (465) |

The change in the fair value of plan assets is as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-----------|----------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Fair value of plan assets at beginning of year | 60 | 47 | - | - |
| Included in profit or loss: | | | | |
| Interest income on plan assets | 4 | 3 | - | - |
| Contributions by employer | 15 | 14 | - | - |
| Benefits paid during the year | (3) | (3) | - | - |
| Translation adjustments | 3 | (1) | - | - |
| Fair value of plan assets at end of year | 79 | 60 | - | - |

The amount of each major category constitutes of the fair value of the total plan assets are as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Government bonds | 47 | 35 | - | - |
| Debentures | 27 | 20 | - | - |
| Others | 5 | 5 | - | - |

The Group expects to pay Baht 75 million of long-term employee benefits during the next year (The Company only: Baht 10 million) (2020: Baht 92 million, the Company only: Baht 24 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit of the Group is 9 - 22 years (The Company only: 14 years) (2020: 9 - 21 years, the Company only: 14 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------|----------------------------------|-------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Discount rate | 0.7 - 6.5 | 0.7 - 6.7 | 2.2 | 2.5 |
| Future salary increase rates (depending on age) | 2.0 - 8.5 | 2.3 - 9.0 | 2.0 - 8.0 | 2.3 - 9.0 |
| Pension increase rate | 1.5 | 1.5 | - | - |
| Turnover rate | 0.8 - 14.0 | 0.8 - 15.0 | 3.5 - 14.0 | 3.5 - 15.0 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

(Unit: Million Baht)

| | As at 31 December 2021 | | | |
|---|--------------------------------------|----------------------|----------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | Increase 0.5%-10% | Decrease 0.5%-10% | Increase 1%-10% | Decrease 1%-10% |
| Discount rate | Decrease 123 | Increase 139 | Decrease 49 | Increase 57 |
| Future salary increase rates (depending on age) | Increase 60 | Decrease 54 | Increase 54 | Decrease 48 |
| Pension increase rate | Increase 64 | Decrease 59 | - | - |
| Turnover rate | Decrease 22 | Increase 25 | Decrease 19 | Increase 20 |

(Unit: Million Baht)

| | As at 31 December 2020 | | | |
|---|-----------------------------------|----------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | Increase 0.5%-10% | Decrease 0.5%-10% | Increase 1%-10% | Decrease 1%-10% |
| Discount rate | Decrease 122 | Increase 138 | Decrease 46 | Increase 54 |
| Future salary increase rates (depending on age) | Increase 61 | Decrease 54 | Increase 56 | Decrease 50 |
| Pension increase rate | Increase 67 | Decrease 61 | - | - |
| Turnover rate | Decrease 24 | Increase 27 | Decrease 20 | Increase 21 |

23. Provisions

(Unit: Million Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|------------------|-------|-------------------------------|------------------|-------|
| | Warranty | Other provisions | Total | Warranty | Other provisions | Total |
| Balance as at 1 January 2020 | 439 | 42 | 481 | 274 | 15 | 289 |
| Recognition during year | 209 | 75 | 284 | 103 | - | 103 |
| Decrease during year | (8) | (19) | (27) | (8) | (15) | (23) |
| Reversal during year | (168) | (78) | (246) | (68) | - | (68) |
| Translation adjustment/unrealised loss on exchange rate | 3 | 2 | 5 | 1 | - | 1 |
| Balance as at 31 December 2020 | 475 | 22 | 497 | 302 | - | 302 |
| Recognition during year | 259 | 56 | 315 | 155 | - | 155 |
| Decrease during year | (39) | (5) | (44) | (38) | - | (38) |
| Reversal during year | (137) | (40) | (177) | (30) | - | (30) |
| Translation adjustment/unrealised loss on exchange rate | 51 | 1 | 52 | 40 | - | 40 |
| Balance as at 31 December 2021 | 609 | 34 | 643 | 429 | - | 429 |
| Short-term provisions | 57 | 19 | 76 | - | - | - |
| Long-term provisions | 418 | 3 | 421 | 302 | - | 302 |
| Balance as at 31 December 2020 | 475 | 22 | 497 | 302 | - | 302 |
| Short-term provisions | 67 | 31 | 98 | - | - | - |
| Long-term provisions | 542 | 3 | 545 | 429 | - | 429 |
| Balance as at 31 December 2021 | 609 | 34 | 643 | 429 | - | 429 |

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.

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting

accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

25. Dividends

Dividends declared in 2021 and 2020 consisted of the followings:

| <u>Dividends</u> | <u>Approved by</u> | <u>Total dividends</u> (Million Baht) | <u>Dividend per share</u> (Baht) |
|------------------------------|---|--|-------------------------------------|
| Final dividend for year 2020 | Annual General Meeting of the shareholders on 31 March 2021 | 4,116 | 3.30 |
| Final dividend for year 2019 | Annual General Meeting of the shareholders on 31 March 2020 | 2,245 | 1.80 |

26. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Million Baht) | | | |
|---|----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Salaries, wages and other employee benefits | 11,168 | 9,343 | 7,230 | 5,983 |
| Raw materials used and purchase of finished goods | 56,277 | 40,230 | 46,055 | 32,918 |
| Changes in finished goods and work in progress | (2,659) | (1,815) | (1,966) | (406) |
| Depreciation | 2,368 | 2,075 | 1,828 | 1,598 |
| Amortisation | 139 | 132 | 6 | 2 |
| Commission expenses | 614 | 843 | 861 | 1,058 |
| Marketing fee | 139 | 48 | 255 | 125 |
| Design and engineering fee | 131 | 11 | 2,168 | 1,943 |
| Services paid | 133 | 122 | 133 | 122 |
| Royalty paid | 2,888 | 1,698 | 2,888 | 1,698 |

27. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

| | (Unit: Million Baht) | | | |
|---|----------------------|--------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current income tax: | | | | |
| Current income tax charge | (158) | (230) | (17) | (49) |
| Adjustment in respect of income tax of previous year | 36 | 26 | 29 | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 42 | 6 | - | - |
| Translation adjustment | (18) | 9 | - | - |
| Tax income (expenses) reported in profit or loss | <u>(98)</u> | <u>(189)</u> | <u>12</u> | <u>(49)</u> |

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------------|-------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Accounting profit before tax | 6,801 | 7,259 | 6,743 | 7,082 |
| Income tax at Thai corporate income tax rate of 20% | (1,360) | (1,452) | (1,349) | (1,416) |
| Adjust in respect of income tax of previous years | 36 | 26 | 29 | - |
| Effect of elimination entries on the consolidated financial statements | (159) | (161) | - | - |
| Tax effect of: | | | | |
| Difference in tax rates of overseas subsidiaries | (56) | (35) | - | - |
| Tax savings from the tax privileges granted by the government | 1,488 | 1,336 | 1,480 | 1,335 |
| Loss for the current year | (3) | (17) | - | - |
| Non-deductible expenses | (4) | (4) | - | - |
| Unrecognised deferred tax assets on temporary differences | (113) | (48) | (118) | (7) |
| Utilisation of previously unrecognised deferred tax asset on tax losses | 36 | 80 | - | 38 |
| Exemption of income | - | 75 | - | - |
| Others | 37 | 11 | (30) | 1 |
| Total | 1,385 | 1,398 | 1,332 | 1,367 |
| Tax income (expenses) reported in profit or loss | (98) | (189) | 12 | (49) |

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries are 0.00% to 34.94%.

As at 31 December 2021 and 2020, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Deferred tax assets | | | | |
| Allowance for expected credit losses | 26 | 24 | - | - |
| Allowance for diminution in value of inventories | 230 | 190 | - | - |
| Provision for warranty | 7 | 10 | - | - |
| Tax loss brought forward | 6 | 2 | - | - |
| Others | 79 | 63 | - | - |
| Total | 348 | 289 | - | - |
| Deferred tax liabilities | | | | |
| Difference depreciation for tax purpose | 131 | 114 | - | - |
| Total | 131 | 114 | - | - |

As at 31 December 2021 the Group has deductible temporary differences and unused tax losses totaling Baht 5,183 million, INR 194 million or approximately Baht 87 million and EUR 41 million or approximately Baht 1,544 million (2020: Baht 3,628 million, INR 276 million or approximately Baht 112 million and EUR 38 million or approximately Baht 1,404 million). No deferred tax assets have been recognised on these amounts as the Company has been granted tax privileges by the Board of Investment and the subsidiaries have determined that they may not be able to utilise the deductible temporary difference and unused tax losses because they do not yet have any taxable profits and they are unable to estimate the benefit they would generate from utilisation of such deductible temporary difference and unused tax losses.

Detail of expiry date of unused tax losses are summarised as below:

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--------------------------------------|---------------------|----------------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| The five-year limitation period | | | | |
| 31 December 2021 | 2 | 5 | - | - |
| 31 December 2022 | 12 | 193 | - | 177 |
| 31 December 2023 | 2 | 22 | - | - |
| 31 December 2024 | 156 | 24 | - | 14 |
| The eight-year limitation period | | | | |
| 31 March 2021 | - | 33 | - | - |
| 31 March 2022 | 23 | 21 | - | - |
| 31 March 2023 | 14 | 13 | - | - |
| 31 March 2024 | 16 | 15 | - | - |
| No expiry date | <u>1,422</u> | <u>1,435</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>1,647</u></u> | <u><u>1,761</u></u> | <u><u>-</u></u> | <u><u>191</u></u> |

As at 31 December 2021, the total amount of temporary differences associated with investments in subsidiaries for which deferred tax liability has not been recognised, is Baht 370 million (2020: Baht 309 million).

28. Promotional privileges

The Company was granted promotional privileges by the Board of Investment subject to certain significant conditions. Significant privileges of the Company are as follows:

| Details | The Company | | | | | | | | |
|--|---|---|---|---|--|-----------------------------------|--|---|---|
| 1. Certificate No. | 2061(1)/2553 | 1732(2)/2557 | 1158(2)/2558 | 1688(2)/2558 | 61-1505-1-00-1-0 | 62-0076-1-00-0-0 | 63-0114-1-00-1-0 | 63-0340-1-00-1-0 | 64-1295-1-20-1-0 |
| 2. Promotional privileges for | Manufacturing of telecommunication equipment and electronics products for vehicle | Manufacturing of electro - magnetic products | Manufacturing of electro - magnetic products | Manufacturing of DC FAN | Manufacturing of electro - magnetic products | Manufacturing of Ventilation Fan. | Manufacturing of telecommunication equipment | Manufacturing of electric vehicle equipment | Manufacturing of Ventilation Fan. |
| 3. The significant privileges are | 8 years | 8 years (Maximum amount Baht 124,000,000) | 7 years (Maximum amount Baht 155,000,000) | 7 years (Maximum amount Baht 538,898,005) | 4 years (Maximum amount Baht 1,572,170,000) | Non-granted | 6 years (Maximum amount Baht 397,000,000) | 8 years (Maximum amount Baht 1,547,250,000) | 3 years (Maximum amount Baht 1,320,000) |
| 3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted. | Granted | Granted | Granted | Granted | Granted | Granted | Granted | Granted | - |
| 3.2 Exemption from import duty on machinery as approved by the board. | - | Granted | Granted | Granted | Granted | Granted | Granted | Granted | Granted |
| 3.3 Exemption from import duty on raw materials and significant supplies used in export production. | Granted | - | - | - | - | - | - | - | - |
| 3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period. | Granted | - | - | - | - | - | - | - | - |
| 3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income. | Granted | - | - | - | - | - | - | - | - |
| 3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges. | Granted | - | - | - | - | - | - | - | - |
| 4. Date of first earning operating income | 10 January 2015 | 5 January 2018 | 5 January 2017 | 1 December 2017 | Not yet commenced operation | 27 July 2019 | 8 January 2020 | Not yet commenced operation | 27 July 2019 |
| 5. Additional right and benefit | - | Granted the additional tax incentive under the Skill, Technology and Innovation | Granted the additional tax incentive under the Skill, Technology and Innovation | - | - | - | - | - | - |

The Company's operating revenues for the years ended 31 December 2021 and 2020, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

| | Promoted operations | | Non-promoted operations | | Total | |
|--------------------------------------|---------------------|---------------|-------------------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| <u>Separate financial statements</u> | | | | | | |
| Sales and service income | | | | | | |
| Domestic sales | 425 | 337 | 440 | 337 | 865 | 674 |
| Export sales | 67,973 | 51,085 | 2,072 | 1,942 | 70,045 | 53,027 |
| Service income | - | - | 73 | 61 | 73 | 61 |
| Total Sales and service income | <u>68,398</u> | <u>51,422</u> | <u>2,585</u> | <u>2,340</u> | <u>70,983</u> | <u>53,762</u> |

Significant tax privileges which were granted to other subsidiaries of the Company are as follows:

- On 20 March 2019, Delta Electronics India Pvt. Ltd. was granted tax privileges by the Government of India for operations in a special economic zone at Krishnagiri. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 15 years from the year in which the promoted operations commenced, ending on 31 March 2034.

29. Losses due to flooding

In August 2021, some of the Company's warehouses located in Bangpoo Industrial Estate in Samutprakarn province were affected by flooded, 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 current period. 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.

However, the Company has all risk insurance coverage and the Company is in the process of claiming compensation for the flood damage from its insurance companies.

30. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|-------|----------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Profit attributable to equity holders of the Company (Million Baht) | 6,699 | 7,101 | 6,755 | 7,014 |
| Weighted average number of ordinary shares (Million shares) | 1,247 | 1,247 | 1,247 | 1,247 |
| Basic earnings per share (Baht) | 5.37 | 5.69 | 5.42 | 5.62 |

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as president of the Group.

For management purposes, the Group is organised into business units based on its products and services and have 3 reportable segments such as: Power electronics segment, Infrastructure segment and Automation segment.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Group's operating segments for the years ended 31 December 2021 and 2020.

(Unit: Million Baht)

| | Power electronics segment ¹⁾ | | Infrastructure segment ²⁾ | | Automation segment ³⁾ | | Others | | Consolidated financial statements | |
|--|---|---------------|--------------------------------------|---------------|----------------------------------|--------------|------------|------------|-----------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue | | | | | | | | | | |
| Sales from external customers | 61,350 | 44,912 | 19,727 | 15,660 | 1,868 | 1,718 | 49 | 51 | 82,994 | 62,341 |
| Service income from external customers | 19 | 108 | 958 | 592 | 230 | 93 | 117 | 74 | 1,324 | 867 |
| Total revenue | <u>61,369</u> | <u>45,020</u> | <u>20,685</u> | <u>16,252</u> | <u>2,098</u> | <u>1,811</u> | <u>166</u> | <u>125</u> | <u>84,318</u> | <u>63,208</u> |
| Segment profit (loss) | 5,339 | 5,776 | 1,537 | 1,710 | (81) | (11) | (872) | (1,118) | 5,923 | 6,357 |
| Unallocated income (expenses): | | | | | | | | | | |
| Gain on exchange rate | | | | | | | | | 1,018 | 388 |
| Other income | | | | | | | | | 442 | 507 |
| Losses due to flooding | | | | | | | | | (393) | - |
| Loss on sales of investments in associated companies | | | | | | | | | - | (95) |
| Other expenses | | | | | | | | | (239) | (68) |
| Share of profit from investments in associated companies | | | | | | | | | - | 61 |
| Finance income | | | | | | | | | 54 | 111 |
| Finance cost | | | | | | | | | (4) | (1) |
| Profit before income tax expenses | | | | | | | | | 6,801 | 7,260 |
| Income tax expenses for the year | | | | | | | | | (98) | (189) |
| Income tax expenses resulting from tax assessments | | | | | | | | | - | (19) |
| Profit for the year | <u>6,703</u> | <u>7,052</u> | | | | | | | <u>6,703</u> | <u>7,052</u> |

- 1) The power electronics segment is a business segment which designs, manufactures, and sales of power supplies applied to computer, server, office automation equipment, household electric appliances and automotive electronic products. The main products are DC-DC Converter, Power supply for Computer & Server, DES product, Automotive electronic product, Fan and thermal product, Adaptor product for industrial and private consumer, Solenoid and EMI filters etc.
- 2) Infrastructure segment is a business segment which designs, manufactures, and installations of information and communication technology infrastructure and energy system infrastructure. The main products are Telecommunication system, Renewable energy, Energy storage and High power etc.
- 3) Automation segment is a business segment which designs, manufactures, and installations of industrial and building automation. The main products are Machine automation, Industrial motion system, Smart sensor system and Lighting automation for building etc.

Geographic information:

Revenue from external customers is based on locations of the customers

| | (Unit: Million Baht) | |
|---------------|----------------------|---------------|
| | <u>2021</u> | <u>2020</u> |
| United States | 29,044 | 22,041 |
| China | 12,869 | 8,722 |
| India | 7,257 | 4,641 |
| Germany | 6,873 | 5,705 |
| Ireland | 5,391 | 3,947 |
| Singapore | 5,336 | 3,640 |
| Taiwan | 2,475 | 1,850 |
| Norway | 2,177 | 1,952 |
| Netherlands | 1,938 | 1,367 |
| Others | 10,958 | 9,343 |
| Total | <u>84,318</u> | <u>63,208</u> |

Non-current assets (Other than financial instruments, deferred tax assets and net defined benefit assets)

| | (Unit: Million Baht) | |
|----------|----------------------|---------------|
| | <u>2021</u> | <u>2020</u> |
| Thailand | 10,903 | 6,958 |
| Slovakia | 1,735 | 1,559 |
| India | 5,816 | 3,986 |
| Germany | 983 | 989 |
| Others | 156 | 338 |
| Total | <u>19,593</u> | <u>13,830</u> |

Major customer

For the years 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at rates of 5 - 10 percent of basic salary (2020: 7 percent of basic salary). The fund, which is managed by TMBThanachart Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 132 million (2020: Baht 121 million) were recognised as expenses.

The provident funds of the subsidiaries and their employees have been established in accordance with each subsidiary's policies and the law of its country of domicile.

33. Commitments and contingent liabilities

33.1 Significant capital commitments

As at 31 December 2021, the Group had significant capital commitments amounting to Baht 314 million, EUR 5 million or approximately Baht 190 million and INR 3,890 million or approximately Baht 1,738 million in respect of the building construction, purchase of machinery and equipment (2020: Baht 113 million, EUR 2 million or approximately Baht 78 million and INR 5,679 million or approximately Baht 2,314 million) (The Company only: Baht 313 million, 2020: Baht 113 million).

33.2 Significant long-term service commitments

33.2.1 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.

33.2.2 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.

33.3 Guarantee obligations

As at 31 December 2021, the Group had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

- 33.3.1 Outstanding letters of guarantee totaling approximately Baht 380 million (2020: Baht 373 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 335 million (2020: Baht 335 million) issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 33.4.1 to the financial statements).
- 33.3.2 Outstanding letters of guarantee for totals of approximately INR 1,410 million or approximately Baht 630 million, EUR 0.3 million or approximately Baht 13 million, AUD 1 million or approximately Baht 24 million have been issued by banks to meet requirements of the subsidiaries (2020: INR 1,249 million or approximately Baht 509 million, EUR 0.4 million or approximately Baht 13 million, AUD 2 million or approximately Baht 38 million).

33.4 Tax assessment

- 33.4.1 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.

The Company has recorded provisions totaling approximately Baht 258 million (including penalties and surcharges) for the tax assessments under the caption of "Liabilities and provision from tax assessments" in the statement of financial position.

- 33.4.2 The Indian tax authorities assessed corporate income tax of approximately INR 229 million or approximately Baht 102 million, covering the years 2006 - 2018, and sales tax and excise duties of approximately INR 200 million or approximately Baht 89 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.

34. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had certain assets and liabilities that were measured at fair value or for which fair value were disclosed using different levels of inputs (as mentioned in Note 4.19 to the financial statements) as follows:

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|---------|---------|-------|
| | As at 31 December 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Foreign currency forward contracts | - | 32 | - | 32 |
| Liabilities measured at fair value | | | | |
| Foreign currency forward contracts | - | 18 | - | 18 |
| Assets for which fair value are disclosed | | | | |
| Investment properties (Note 14) | - | - | 241 | 241 |

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|---------|---------|-------|
| | As at 31 December 2020 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Foreign currency forward contracts | - | 149 | - | 149 |
| Liabilities measured at fair value | | | | |
| Foreign currency forward contracts | - | 1 | - | 1 |
| Assets for which fair value are disclosed | | | | |
| Investment properties (Note 14) | - | - | 261 | 261 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|---|-------------------------------|---------|---------|-------|
| | As at 31 December 2021 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Foreign currency forward contracts | - | 32 | - | 32 |
| Liabilities measured at fair value | | | | |
| Foreign currency forward contracts | - | 16 | - | 16 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|--------------------------------------|-------------------------------|---------|---------|-------|
| | As at 31 December 2020 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Foreign currency forward contracts | - | 149 | - | 149 |

35. Financial instruments

35.1 Derivatives

(Unit: Million Baht)

| | Consolidated | | Separate | |
|---|----------------------|------------|----------------------|------------|
| | financial statements | | financial statements | |
| | 2021 | 2020 | 2021 | 2020 |
| Derivative assets | | | | |
| Derivative assets not designated as hedging instruments | | | | |
| - Foreign currency forward contracts | 32 | 149 | 32 | 149 |
| Total derivative assets (Note 10) | <u>32</u> | <u>149</u> | <u>32</u> | <u>149</u> |
| Derivative liabilities | | | | |
| Derivatives liabilities not designated as hedging instruments | | | | |
| - Foreign currency forward contracts | 18 | 1 | 16 | - |
| Total derivative liabilities | <u>18</u> | <u>1</u> | <u>16</u> | <u>-</u> |

Derivatives not designated as hedging instruments

The Group uses foreign currency forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 - 4 months.

35.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, other accounts receivable, investments, short-term loans from financial institutions and long-term loans from related party. The financial risks associated with these financial instruments and how they are managed is described below.

Credit Risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, other accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments, customer type and rating, and coverage by letters of credit and other forms of credit insurance.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising foreign currency risk and interest rate risk. The Group enters into derivatives, in the form of foreign currency forward contracts, in order to hedge the foreign currency risk arising on the export or import of goods.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. Mostly the Group seeks to reduce this risk by entering into foreign currency forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2021 and 2020, the balances of the financial assets and financial liabilities denominated in foreign currencies are summarised below:

(Unit: Million foreign currency unit)

| Foreign currency | As at 31 December | | | | | | | |
|------------------|-----------------------------------|------|-----------------------|------|-------------------------------|------|-----------------------|------|
| | Consolidated financial statements | | | | Separate financial statements | | | |
| | Financial assets | | Financial liabilities | | Financial assets | | Financial liabilities | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| US dollar | 339 | 263 | 432 | 324 | 628 | 466 | 426 | 326 |
| Euro | 9 | 6 | 6 | 2 | 9 | 6 | 8 | 11 |
| Japanese yen | 206 | 177 | 448 | 379 | 206 | 177 | 437 | 367 |

(Unit: Baht per 1 foreign currency unit)

| Foreign currency | Average exchange rate as at 31 December | |
|------------------|---|---------|
| | 2021 | 2020 |
| US dollar | 33.4199 | 30.0371 |
| Euro | 37.8948 | 36.8764 |
| Japanese yen | 0.2906 | 0.2907 |

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar, Euro and Japanese yen exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

| Currency | 2021 | | 2020 | |
|--------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | Change in FX rate | Effect on profit before tax | Change in FX rate | Effect on profit before tax |
| | (%) | (Million Baht) | (%) | (Million Baht) |
| US dollar | +6 | 187 | +3 | 141 |
| | - 6 | (187) | - 3 | (141) |
| Euro | +5 | 6 | +4 | 6 |
| | -5 | (6) | -4 | (6) |
| Japanese yen | +2 | 1 | +2 | 0.3 |
| | -2 | (1) | -2 | (0.3) |

This information is not a forecast or prediction of future market conditions and should be used with care.

As at 31 December 2021 and 2020, the outstanding forward contracts are summarised below.

| | Consolidated financial statements | | | | | |
|-----------------------------|-----------------------------------|-----|---------|-------------------|---------|-------------------------|
| | As at 31 December 2021 | | | | | |
| | Amount | | | Forward rate | | Maturity date |
| Forward contracts to “Sell” | | | | | | |
| USD/THB | USD | 174 | million | 32.7230 - 33.9830 | THB/USD | January - April 2022 |
| Forward contracts to “Buy” | | | | | | |
| USD/INR | USD | 10 | million | 74.5350 - 76.2950 | INR/USD | January - February 2022 |
| JPY/THB | JPY | 90 | million | 0.2883 - 0.2975 | THB/JPY | January - February 2022 |

| | Consolidated financial statements | | | | | |
|-----------------------------|-----------------------------------|-----|---------|-------------------|---------|-------------------------|
| | As at 31 December 2020 | | | | | |
| | Amount | | | Forward rate | | Maturity date |
| | | | | | | |
| Forward contracts to “Sell” | | | | | | |
| USD/THB | USD | 170 | million | 29.9800 - 31.6900 | THB/USD | January - April 2021 |
| Forward contracts to “Buy” | | | | | | |
| USD/INR | USD | 6 | million | 73.7350 - 73.8625 | INR/USD | January 2021 |
| JPY/THB | JPY | 90 | million | 0.2892 - 0.2916 | THB/JPY | January - March 2021 |
| | Separate financial statements | | | | | |
| | As at 31 December 2021 | | | | | |
| | Amount | | | Forward rate | | Maturity date |
| | | | | | | |
| Forward contracts to “Sell” | | | | | | |
| USD/THB | USD | 174 | million | 32.7230 - 33.9830 | THB/USD | January - April 2022 |
| Forward contracts to “Buy” | | | | | | |
| JPY/THB | JPY | 90 | million | 0.2883 - 0.2975 | THB/JPY | January - February 2022 |

| | Separate financial statements | | | | | |
|------------------------------------|-------------------------------|-----|---------|-------------------|---------|----------------------|
| | As at 31 December 2020 | | | | | |
| | Amount | | | Forward rate | | Maturity date |
| | | | | | | |
| Forward contracts to “Sell” | | | | | | |
| USD/THB | USD | 170 | million | 29.9800 - 31.6900 | THB/USD | January - April 2021 |
| Forward contracts to “Buy” | | | | | | |
| JPY/THB | JPY | 90 | million | 0.2892 - 0.2916 | THB/JPY | January - March 2021 |

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash deposits with financial institutions, short-term loans from financial institutions and long-term loans from related party. Most of the Group's financial assets and financial liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2021 and 2020, significant financial assets and financial liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

| (Unit: Million Baht) | | | | | | | |
|------------------------------------|----------------------|-------------|--------------|------------------------|----------------------|--------|------------------------|
| Consolidated financial statements | | | | | | | |
| As at 31 December 2021 | | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 664 | - | - | 3,587 | 2,321 | 6,572 | 0.00 - 8.00 |
| Trade and other receivables | - | - | - | - | 20,593 | 20,593 | - |
| Other financial assets | - | - | - | - | 32 | 32 | - |
| Deposits at bank with restrictions | - | 35 | - | 1 | 1 | 37 | 0.00 - 6.50 |
| Total | 664 | 35 | - | 3,588 | 22,947 | 27,234 | |

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|--|-----------------------------------|-------------|-----------------|------------------------------|-------------------------|---------------|---------------------------|
| | As at 31 December 2021 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial liabilities | | | | | | | |
| Short-term loans from financial institutions | 1,594 | - | - | - | - | 1,594 | 0.88 - 5.45 |
| Trade and other payables | - | - | - | - | 22,049 | 22,049 | - |
| Long-term loans from related party | - | 368 | - | - | - | 368 | 0.20 |
| Total | 1,594 | 368 | - | - | 22,049 | 24,011 | |

(Unit: Million Baht)

| | Consolidated financial statements | | | | | | |
|------------------------------------|-----------------------------------|-------------|-----------------|------------------------------|-------------------------|---------------|---------------------------|
| | As at 31 December 2020 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 2,922 | - | - | 9,415 | 1,545 | 13,882 | 0.00 - 8.00 |
| Trade and other receivables | - | - | - | - | 13,997 | 13,997 | - |
| Other financial assets | 205 | - | - | - | 149 | 354 | 3.50 - 4.00 |
| Deposits at bank with restrictions | - | - | - | 1 | 50 | 51 | 3.00 - 5.00 |
| Total | 3,127 | - | - | 9,416 | 15,741 | 28,284 | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | - | - | - | 16,181 | 16,181 | - |
| Total | - | - | - | - | 16,181 | 16,181 | |

(Unit: Million Baht)

| | Separate financial statements | | | | | | |
|--|-------------------------------|-------------|-----------------|------------------------------|-------------------------|---------------|---------------------------|
| | As at 31 December 2021 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate (% p.a.) |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 1,534 | 2 | 1,536 | 0.00 - 0.45 |
| Trade and other receivables | - | - | - | - | 21,200 | 21,200 | - |
| Other financial assets | - | - | - | - | 32 | 32 | - |
| Total | - | - | - | 1,534 | 21,234 | 22,768 | |
| Financial liabilities | | | | | | | |
| Short-term loans from financial institutions | 1,497 | - | - | - | - | 1,497 | 0.88 - 0.96 |
| Trade and other payables | - | - | - | - | 18,627 | 18,627 | - |
| Total | 1,497 | - | - | - | 18,627 | 20,124 | |

(Unit: Million Baht)

| | Separate financial statements | | | | | | |
|------------------------------|-------------------------------|-------------|--------------|------------------------|----------------------|--------|---------------|
| | As at 31 December 2020 | | | | | | |
| | Fixed interest rates | | | Floating interest rate | Non-interest bearing | Total | Interest rate |
| | Within 1 year | 1 - 5 years | Over 5 years | | | | |
| | | | | | | | (% p.a.) |
| Financial assets | | | | | | | |
| Cash and cash equivalents | - | - | - | 8,404 | 2 | 8,406 | 0.00 - 0.55 |
| Trade and other receivables | - | - | - | - | 14,147 | 14,147 | - |
| Other financial assets | - | - | - | - | 149 | 149 | - |
| Total | - | - | - | 8,404 | 14,298 | 22,702 | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | - | - | - | 13,745 | 13,745 | - |
| Total | - | - | - | - | 13,745 | 13,745 | |

Most of the interest rates related to cash deposits with financial institutions and loans are floating interest rates or fixed interest rates that are close to the market rate. In addition, the interest rates on savings accounts are considered low and fluctuate only slightly and most of the loans are short-term loans due for repayment less than 1 year. As a result, the Group believes that the Group's exposure to interest rate risk on cash deposits with financial institutions and loans is not material.

Liquidity risk

Approximately 89% of the Group's debt will mature in less than one year at 31 December 2021 (2020: 88%) (the Company only: 96%, 2020: 95%) The Group has assessed the liquidity risk and concluded it to be low. The Group believes that it has ability to pay its debts and accessibility to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--|-----------------------------------|------------------|--------------|--------|
| | As at 31 December 2021 | | | |
| | On demand | Less than 1 year | 1 to 5 years | Total |
| Non-derivatives | | | | |
| Short-term loans from financial institutions | 1,497 | 97 | - | 1,594 |
| Trade and other payables | - | 22,049 | - | 22,049 |
| Lease liabilities | - | 75 | 144 | 219 |
| Long-term loans from related party | - | - | 368 | 368 |
| Total non-derivatives | 1,497 | 22,221 | 512 | 24,230 |
| Derivatives | | | | |
| Derivative liabilities: net settled | - | 18 | - | 18 |
| Total derivatives | - | 18 | - | 18 |

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|-------------------------------------|-----------------------------------|------------------|--------------|--------|
| | As at 31 December 2020 | | | |
| | On demand | Less than 1 year | 1 to 5 years | Total |
| Non-derivatives | | | | |
| Trade and other payables | - | 16,181 | - | 16,181 |
| Lease liabilities | - | 73 | 108 | 181 |
| Total non-derivatives | - | 16,254 | 108 | 16,362 |
| Derivatives | | | | |
| Derivative liabilities: net settled | - | 1 | - | 1 |
| Total derivatives | - | 1 | - | 1 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|--|-------------------------------|------------------|--------------|--------|
| | As at 31 December 2021 | | | |
| | On demand | Less than 1 year | 1 to 5 years | Total |
| Non-derivatives | | | | |
| Short-term loans from financial institutions | 1,497 | - | - | 1,497 |
| Trade and other payables | - | 18,627 | - | 18,627 |
| Lease liabilities | - | 4 | 1 | 5 |
| Total non-derivatives | 1,497 | 18,631 | 1 | 20,129 |
| Derivatives | | | | |
| Derivative liabilities: net settled | - | 16 | - | 16 |
| Total derivatives | - | 16 | - | 16 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|------------------------------|-------------------------------|------------------|--------------|--------|
| | As at 31 December 2020 | | | |
| | On demand | Less than 1 year | 1 to 5 years | Total |
| Non-derivatives | | | | |
| Trade and other payables | - | 13,745 | - | 13,745 |
| Total non-derivatives | - | 13,745 | - | 13,745 |

35.3 Fair values of financial instruments

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 values are not expected to be materially different from the amounts presented in the statements of financial position.

For derivatives, the fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group considers counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

36. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 0.67:1 (2020: 0.52:1) and the Company's was 0.53:1 (2020: 0.40:1).

37. Events after the reporting period

On 15 February 2022, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 1.70 per share, a total of Baht 2,121 million. The dividend will be paid from the Company's operating results for the year 2021.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2022.





Attachment

Attachment 1 Information of the Board of Directors, Executives, Controlling Person, Company Secretary, Head of Accounting & Finance and Supervising Accounting

Attachment 2 Profile of Directors in Subsidiaries

Attachment 3 Profile of Internal Audit Manager

Attachment 4 Business Assets and Detail on Asset Valuation

Attachment 5 Corporate Governance Policy & Code of Conduct Handbook

Attachment 6 The Audit Committee Report

BETTER

Attachment 1

Information of the Board of Directors, Executives, Controlling Person, Company Secretary, Head of Accounting & Finance and Supervising Accounting

Profiles of Board of Directors

Mr. Ng Kong Meng (James)

Chairman of the Board

(Authorized Director) (Director since : 3 May 1990)

Age : 74



Family Relationship among Directors and Executives

- None -

Education

- Master of Science in Electronic Engineering, University of Southampton, UK
- Bachelor of Electrical Engineering, National Taiwan University, Taiwan

Training

- Director Accreditation Program (DAP) Thai Institute of Directors Association Year 2007
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2009
- Financial Statements Demystified for Directors (FDD), Thai Institute of Directors Association, Year 2009
- Credit Suisse 2019 Market Outlook Seminar, Hong Kong
- Thailand Labor Law Introduction and Case Analysis, International Legal Counsellors Thailand Ltd.

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- | | |
|--------------|--|
| 1990-Present | • Chairman of the Board Delta Electronics (Thailand) Pcl. |
|--------------|--|

Non-Listed Company

- | | |
|---------------|--|
| 2007-Sep 2018 | • Director, Delta Greentech SGP Pte.Ltd. |
| 2012-Dec 2016 | • Director, Delta Electronics Int'l (Singapore) Pte.Ltd. |

Mr. Cheng Ping

Director of the Board

(Authorized Director) (Director since : 24 Jun 2019)

Age : 60



Family Relationship among Directors and Executives

- None -

Education

- Bachelor of Business Administration, California State University, East Bay, United States

Training

- The impact of tax reform on Delta group (2018)
- Introduction of (EU) GDPR and Personal Data Protection Rules in China (2018)
- Corporate Strategy (2019)
- Balance between Technology and Humanities - Which Side AI Stand On (2019)
- Corporate Strategy (2020)
- Opportunities and Challenges of 5G in the aspect of Development of Telecommunications (2020)
- Directors' duties and responsibilities (2021)
- From the fragmentation and reconstruction of the American dream-The future of Taiwan-US-China trilateral relations (2021)

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- 2019-Present • Director of the Board, Delta Electronics (Thailand) Pcl.
- 2012-Present • Chief Executive Officer, Delta Electronics, Inc.
- 2001-Present • Director, Delta Electronics, Inc.

Non-Listed Company

- 2019-Present • Director, Delta Greentech SGP Pte. Ltd.
- Director, Cynotec Co., Ltd.
- Director, Drake Investment (HK) Limited
- Director, Boom Treasure Limited
- Chairman, Guangzhou Amerlux Lighting Co., Ltd.

- 2017-Present • Director, Delta America Ltd.
- Director, Delta Electronics Int'l (Singapore) Pte. Ltd.
- 2016-Present • Chairman, Delta Electronics (Xi'an) Co., Ltd.
- Chairman, Delta Electronics (Beijing) Co., Ltd.
- 2015-Present • Executive Director, Delta Energy Technology Puhuan (Shanghai) Co., Ltd.
- Director, Delta Networks Holding Ltd.
- 2014-Present • Chairman, Delta Electronics (Pingtan) Co., Ltd.
- 2012-Present • Chairman, Delta Greentech (China) Co., Ltd.
- Chairman, Delta Energy Technology (Shanghai) Co., Ltd.
- Director and General Manager, Delta Green (Tianjin) Industries Co., Ltd.
- 2010-Present • Director and General Manager, Chenzhou Delta Technology Co., Ltd.
- 2007-Present • Director and General Manager, Delta Electronics (Chenzhou) Co., Ltd.
- 2006-Present • Director, Delta Electronics (Wuhu) Co., Ltd.
- 2001-Present • Director, Delta Electronics (H.K.) Limited
- 1999-Present • Director and General Manager, Delta Electronics (Jiangsu) Ltd.
- 2001-Present • Director and General Manager, Delta Electronics (Dongguan) Co., Ltd.
- 1998-2021 • Director and General Manager, Delta Electronics Power (Dongguan) Co., Ltd.
- 2015-Jan 2021 • Chairman, Delta Electronics Components (Wujiang) Ltd.
- 2001-Jan 2021 • Director and General Manager, Delta Video Display System (Wujiang) Ltd.
- 2017-2020 • Chairman, Unicom (Nanjing) System Eng. Corp.
- Chairman, Unicom System Eng. Corp.
- 2016-2020 • Director, Castle Horizon Limited
- Director, Energy Dragon Global Limited

Mr. Ko Tzu-shing (Mark)

Director of the Board

(Authorized Director) (Director since : 24 Jun 2019)

Age : 74



Family Relationship among Directors and Executives

- None -

Education

- Bachelor of Electrical and Control Engineering, National Chiao Tung University, Taiwan

Training

- The impact of tax reform on Delta group (2018)
- Introduction of (EU) GDPR and Personal Data Protection Rules in China (2018)
- Corporate Strategy (2019)
- Balance between Technology and Humanities- Which Side AI Stand On (2019)
- Corporate Strategy (2020)
- Opportunities and Challenges of 5G in the aspect of Development of Telecommunications (2020)
- Directors' duties and responsibilities (2021)
- From the fragmentation and reconstruction of the American dream-The future of Taiwan-US-China trilateral relations (2021)

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- | | |
|--------------|--|
| 2019-Present | • Director of the Board, Delta Electronics (Thailand) Pcl. |
| 2012-Present | • Vice-Chairman of Strategic Steering Committee, Delta Electronics, Inc. |
| 2001-Present | • Vice-Chairman, Delta Electronics, Inc. |

Non-Listed Company

- | | |
|--------------|--|
| 2016-Present | • Director, Delta Controls Inc. |
| 2012-Present | • Chairman, Delta Green (Tainjin) Industries Co., Ltd. |
| | • Director, Delta Greentech (China) Co., Ltd. |
| 2010-Present | • Chairman, Chenzhou Delta Technology Co., Ltd. |
| | • Director, Delta Electronics Capital Company |
| 2007-Present | • Chairman, Delta Electronics (Chenzhou) Co., Ltd. |
| 2010-Present | • Chairman, Delta Electronics (Wuhu) Co., Ltd. |
| 2004-Present | • Chairman, Delta Electronics (Dongguan) Co., Ltd. |
| 2000-Present | • Director, Delta Electronics (Jiangsu) Ltd. |
| 1991-Present | • Director, Delta Electronics (Japan), Inc. |
| 2004-2021 | • Chairman, Delta Electronics Power (Dongguan) Co., Ltd. |



Mr. Chang Tsai-hsing (Jackie)

Director of the Board

(Authorized Director) (Director since : 24 Jun 2019)

President, President of South East Asia Region

Executive Committee Chairman

Corporate Governance Committee Chairman

Risk Management Committee Chairman

Sustainable Development Committee Chairman

Age : 54



Family Relationship among Directors and Executives

- None -

Education

- Bachelor of English Literature of National Central University, Taiwan

2019-Present

Training

- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2021
- Simplified Strategic Planning, Kexxel Group.
- Director's Briefing 10 # Driving Organizational Culture from the Boardroom, Thai Institute of Directors Association
- Thailand Labor Law Introduction and Case Analysis, International Legal Counsellors Thailand Ltd.

2019-2020

- Risk Management Committee Chairman
- Sustainable Development Committee Chairman
- Delta Electronics (Thailand) Pcl.
- Director of the Board, Delta Electronics (Thailand) Pcl.
- Vice President of South East Asia and India Region
- Executive Committee Member
- Corporate Governance Committee Member
- Delta Electronics (Thailand) Pcl.

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

2020-Present

- President
- President of South East Asia Region
- Executive Committee Chairman
- Corporate Governance Committee Chairman

2010-2018

Non-Listed Company

2021-Present

2016-Present

- Director, Eltek Power Incorporated
- Vice President, Asia Pacific Region
- Member of Strategic Steering Committee
- Delta Electronics Int'l (Singapore) Pte. Ltd.
- President & General Manager EMEA (Europe, Middle East & Africa) Region, Delta Group.

Mr. Chu Chih-yuan (Roger)

Independent Director

(Director since : 30 Apr 1988 and appointment be Independent director on 27 Oct 2015)

Audit Committee Member

Nomination & Compensation Committee Member

Age : 74



Family Relationship among Directors and Executives

- None -

Education

- Bachelor of Accounting in Economics, Chinese Culture University (Taipei), Taiwan
- Executive Program of Graduate School of Business Administration, Chung Yuan Christian University, Taiwan

Training

- Director Accreditation Program (DAP) Thai Institute of Directors Association, Year 2007

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- | | |
|------------------|---|
| 1988-Present | • Director of the Board, Delta Electronics (Thailand) Pcl. (appointment to Independent director on October 2015) |
| Oct 2015-Present | • Audit Committee Member, Delta Electronics (Thailand) Pcl. • Nomination & Compensation Committee Member, Delta Electronics (Thailand) Pcl. |
| Jun 2016-Present | • Independent director, C Sun Manufacturing Ltd. |

Non-Listed Company

- | | |
|---------------|---|
| 2011-2021 | • Director, Digital Projection International Holding Ltd. |
| 2010-Aug 2016 | • Supervisor, Delta Electronics Capital Company |
| 2009-Jun 2015 | • Supervisor, NeoEnergy Microelectronics |

Mr. Anusorn Muttaraid

Director of the Board

(Authorized Director) (Director since : 22 Aug 1994)

Nomination & Compensation Committee Chairman

Corporate Governance Committee Member

Privilege Committee Chairman

Age : 67



Family Relationship among Directors and Executives

- None -

Education

- Bachelor of Science, Kasetsart University

Training

- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2004
- Capital Market Academy Leader Program # 27, Capital Markey Academy

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- | | |
|------------------|---|
| Mar 2021-Present | • Privilege Committee Chairman, Delta Electronics (Thailand) Pcl. |
| Oct 2020-Present | • Nomination & Compensation Committee Chairman, Delta Electronics (Thailand) Pcl. |
| 1994-Present | • Director of the Board, Delta Electronics (Thailand) Pcl. |
| 2018-Present | • Corporate Governance Committee Member, Delta Electronics (Thailand) Pcl. |
| 2015-Oct 2020 | • Nomination & Compensation Committee Member, Delta Electronics (Thailand) Pcl. |
| 2015-2019 | • Sustainability Development Committee Member, Delta Electronics (Thailand) Pcl. |

2009-2019

- Risk Management Committee Member, Delta Electronics (Thailand) Pcl.

1999-2019

- Executive Committee Member, Delta Electronics (Thailand) Pcl.

1993-2019

- Human Resources & Administration/ Public Relations Director, Delta Electronics (Thailand) Pcl.

2007-Oct 2015

- Compensation Committee Member, Delta Electronics (Thailand) Pcl.

Non-Listed Company

2011-Present

- Member of sub-committee of Comprehensive Economic Partnership in East Asia (ASEAN+6), Board of Trade of Thailand

2010-Present

- Managing Partner, Anupong Globalize Limited Partnership

2009-Present

- Chairman of Committee on Indian Affairs, The Thai Chamber of Commerce and Board of Trade of Thailand

2007-Present

- Chairman of Thailand-India Business Council, The Thai Chamber of Commerce and Board of Trade of Thailand
- Managing Partner, Anusorn Globalize Limited Partnership

Mr. Boonsak Chiempricha

Independent Director

(Director since : 5 Apr 2016)

Audit Committee Chairman

Privilege Committee Member

Age : 74



Family Relationship among Directors and Executives

- None -

Education

- Master of Business Administration the University of Santa Clara, San Jose, CA., U.S.A.
- Bachelor of Accounting, Chulalongkorn University
- Diploma, National Defence College, (NDC 4111) ,The Joint State - Private Sector

Training

- Director Certification Program (DCP), Thai Institute of Directors year 2003
- Director Accreditation Program (DAP), Thai Institute of Directors Association Year 2004
- Role of the Chairman Program (RCP), Thai Institute of Directors Association Year 2007
- Corporate Governance for Capital Market Intermediaries (CGI), Thai Institute of Directors Association Year 2014

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- Mar 2021-Present • Privilege Committee Member, Delta Electronics (Thailand) Pcl
- 2016-Present • Independent Director/ Audit Committee Chairman Delta Electronics (Thailand) Pcl.

2010-Present

- Chairman of the board, G Capital Pcl.
- Chairman of the board /Executive Chairman, Indara Insurance Pcl.

2010-2020

- Independent Director, President Bakery Pcl.

2010-2019

- Audit Committee Member/Risk Management Committee Chairman, President Bakery Pcl.

Non-Listed Company

2021-Present

- Director, C.P.Merchandising Co.,Ltd

2019-Present

- Audit Committee Chairman of Court of Justice, Office of Internal Audit

2012-Present

- Director/ Audit Committee Member, Principal Asset Management Co., Ltd
- Honorary Council Member and Audit Committee Chairman, Mahasarakham University Council Committee

2018-2020

- Director of Audit & Evaluation Sub-Committee of special government
- Consultant of Financial Management program, The Comptroller General's Department

2013-2019

- Financial Director, The Thai Bar Under the Royal Patronage Government Sector

Dr. Witoon Simachokedee

Independent Director

(Director since : 30 Mar 2015)

Nomination & Compensation Committee Member

Privilege Committee Member

Age : 67



Family Relationship among Directors and Executives

- None -

Education

- Honorary Doctorate of Engineering, Safety Engineering, Kasetsart University
- Honorary Doctorate of Science. Safety Technology Occupational Health, Rajabhat Suan Sunanta University
- Doctor of Philosophy Public Administration (Management of public and private sector), Ramkhamhaeng University
- Master of Business Administration, Faculty of Commerce and Accountancy, Thammasat University
- Bachelor of Laws degree, Thammasat University
- Bachelor of Engineering (The Electrical Engineering), Kasetsart University

Training

- Director Certification Program (DCP), Thai Institute of Directors year 2009
- Financial Statements for Directors (FSD), Thai Institute of Directors year 2009

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- | | |
|------------------|--|
| Mar 2021-Present | • Privilege Committee Member, Delta Electronics (Thailand) Pcl. |
| 2015-Present | • Independent Director/Nomination & Compensation Committee Member, Delta Electronics (Thailand) Pcl. |
| 2017-Present | • Independent Director/Audit Committee Member, Sakol Energy Pcl. |
| 2015-Oct. 2020 | • Nomination & Compensation Committee Chairman, Delta Electronics (Thailand) Pcl. |

Non-Listed Company

- | | |
|--------------|---|
| 2020-Present | • Chairman of Resources Management for Sustainability (3R) Foundation |
| 2013-2021 | • Chairman of Institute for Business and Industrial Development |
| 2019-2020 | • Consultant team of Minister of Industry |

Mrs. Tipawan Chayutimand

Independent Director

(Director since : 2 Apr 2018)

Audit Committee Member

Privilege Committee Member

Age : 64



Family Relationship among Directors and Executives

- None -

Education

- Master of Business Administration, Kasetsart University
- Bachelor of Accounting, Thammasat University
- Certified Public Accountant No. 6870
- Tax Auditor No. 000111

Training

- Senior Executive Program by London Business School
- Anti-Money Laundering Program by US International Revenue Service
- Development of Management Skills and Leaderships Program by National Graduate Institute for Policy Studies (Japan)
- International Taxation Course by The Japanese National Tax Agency (Japan)
- Transfer Pricing And Tax Audit for Multinational Companies Program by Australian Taxation Office
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2019
- IT Governance and Cyber Resilience Program, Thai Institute of Directors Association, Year 2020

Shareholding in the Company as of 31 Dec 21

- None - (0% of the voting rights)

Work Experience in 5 years

Listed Company

- | | |
|------------------|---|
| Mar 2021-Present | • Privilege Committee Member, Delta Electronics (Thailand) Pcl. |
| 2018-Present | • Independent Director/ Audit Committee Member, Delta Electronics (Thailand) Pcl. |

Non-Listed Company

- | | |
|--------------|---|
| 2019-Present | • Independent Director, SREIT Management Co., Ltd. |
| 2014-Sep 17 | • Director of Large Business Tax Administration Division, The Thai Revenue Department |

Profiles of Management Team

Mr. Chang Tsai-hsing

Age : 54

- President

(For further details, please refer to his profile in the Board of Director)

Mr. Vichai Saksuriya

Age : 59

Family Relationship among
Directors and Executives
- None -

Shareholding in the Company
As of 31 Dec 21
- None - (0% of the voting rights)

- Vice President of Administration and HR

Education/ Training

- EMBA, National Taiwan University of Technology, Taiwan
- B.E. Electrical Engineering, National Taipei Institute of Technology, Taiwan
- Director Accreditation Program (DAP) Thai Institute of Directors Association Year 2014

Work Experience in 5 years

Listed Company

- | | |
|---------------|--|
| 2021-Present | • Vice President of Administration and HR, Delta Electronics (Thailand) Pcl. |
| 2020-Present | • Corporate Governance Committee Member, Delta Electronics (Thailand) Pcl. |
| 2019-Present | • Anti Corruption Committee Member, Delta Electronics (Thailand) Pcl. |
| 2015-Present | • Sustainability Development Committee Member, Delta Electronics (Thailand) Pcl. |
| 2009-Present | • Risk Management Committee Member, Delta Electronics (Thailand) Pcl. |
| 2020 | • Human Resources Director, Delta Electronics (Thailand) Pcl. |
| 2011-Dec 2020 | • Operations Vice President, Delta Electronics (Thailand) Pcl. |

Ms. Nipaporn Jiarajareevong

Age : 52

Family Relationship among
Directors and Executives
- None -

Shareholding in the Company
As of 31 Dec 21
- None - (0% of the voting rights)

- Chief Financial Officer (CFO)

Education/ Training

- MBA, Thammasat University
- Bachelor of Engineering, Chulalongkorn University
- CFO's Orientation Course
- TLCA CFO Professional Development Program No. 4/2021 "How finance leaders are adapting within the new normal"
- TLCA CFO Professional Development Program No 7/2021 "Economic update for CFO"
- TLCA CFO Professional Development Program No. 8/2021 "The modern CFO : Driving Digital Transformation of the Finance and Accounting"

Work Experience in 5 years

Listed Company

- | | |
|--------------|--|
| 2021-Present | <ul style="list-style-type: none"> • Chief Financial Officer (CFO) • Executive Committee Member • Risk Management Committee Member • Sustainability Development Committee Member Delta Electronics (Thailand) Pcl. |
| 2013-2021 | • Finance Head & Business Finance Management Director, Delta Electronics (Thailand) Pcl. |

Mr. Chen, Chin-ming

Age : 52

Family Relationship among
Directors and Executives
- None -

Shareholding in the Company
As of 31 Dec 21
- None - (0% of the voting rights)

• Chief Information Officer (CIO)

Education/ Training

- EMBA, National Taipei University of Technology, Taiwan
- EMBA of Information Management, National Taiwan University of Science and Technology
- Industrial Management, National United University

Work Experience in 5 years

Listed Company

- | | |
|--------------|--|
| 2018-Present | • Sustainability Development Committee Member, Delta Electronics (Thailand) Plc. |
| 2011-Present | • Chief Information Officer (CIO), Delta Electronics (Thailand) Pcl. |
| | • Risk Management Committee Member, Delta Electronics (Thailand) Pcl. |

Profile of Company Secretary

Ms. Wilailak Funghanakun

Age : 53

Family Relationship among
Directors and Executives
- None -

Shareholding in the Company
As of 31 Dec 21
- None - (0% of the voting rights)

• Company Secretary (Appointment date : 8 Aug 2008)

Education

- Bachelor of Humanities, majoring in English, Chiang Mai University
- Company Secretary Program (CSP), Thai Institute of Directors Association
- Fundamentals of law and regulations related to listed companies, Thai Listed Companies Association
- Advances for Corporate Secretaries, Thai Listed Companies Association
- Risk Management Workshop, Thai Listed Companies Association
- Anti-Corruption the Practical Guide (ACPG), Thai Institute of Directors Association
- ASEAN CG Scorecard Coaching

Training

- Company Secretary Program (CSP 123/2021), Thai Institute of Directors Association
- Ethical Leadership Program (ELP 24/2021), Thai Institute of Directors Association

Work Experience in 5 years

Listed Company

- | | |
|--------------|---|
| 2008-Present | • Company Secretary, Delta Electronics (Thailand) Pcl. |
| 1997-Present | • Management Secretary, Delta Electronics (Thailand) Pcl. |

Duties and Responsibilities of Company Secretary, Please see the section for more details in "Governance Structure"

Profile of Head of Accounting and Finance

Ms. Nipaporn Jiarajareevong

Age : 52

Family Relationship among Directors and Executives

- None -

Shareholding in the Company

As of 31 Dec 21

- None - (0% of the voting rights)

• Chief Financial Officer (CFO)

Education/ Training

- MBA, Thammasat University
- Bachelor of Engineering, Chulalongkorn University
- CFO's Orientation Course
- TLCA CFO Professional Development Program No. 4/2021 "How finance leaders are adapting within the new normal"
- TLCA CFO Professional Development Program No 7/2021 "Economic update for CFO"
- TLCA CFO Professional Development Program No. 8/2021 "The modern CFO : Driving Digital Transformation of the Finance and Accounting"

Work Experience in 5 years

Listed Company

- | | |
|--------------|--|
| 2021-Present | • Chief Financial Officer (CFO), Delta Electronics (Thailand) Pcl. |
| 2013-2021 | • Finance Head & Business Finance Management Director, Delta Electronics (Thailand) Pcl. |

Profile of Supervising Accounting

Mr. Somsak Khajornritdacha

Age : 56

Family Relationship among Directors and Executives

- None -

Shareholding in the Company

As of 31 Dec 21

- None - (0% of the voting rights)

• Financial Report Manager

Education

- MBA, Kasetsart University
- Bachelor of Accounting, Chulalongkorn University"

Training

- Official CPD hours
- Accounting 34.30 hours
- Others 6.30 hours

Work Experience in 5 years

Listed Company

- | | |
|---------------|---|
| 2015- Present | • Financial Report Manager, Delta Electronics (Thailand) Pcl. |
|---------------|---|

* CPD : Continuing Professional Development

Attachment 2

Profile of Directors in Subsidiaries

| | Delta Electronics (Thailand) Pcl. ("DET") | Delta Green Industrial (Thailand) Co., Ltd. | Delta Electronics (Vietnam) Co., Ltd. | Delta Electronics India Manufacturing Pvt. Ltd. | DET International Holding Ltd. | DETH's subsidiaries (as of 31 December 2021) | | | DESS's subsidiaries (as of 31 December 2021) | | | | | | | | |
|--------------------------------|---|---|---------------------------------------|---|--------------------------------|--|------------------------------------|--|---|-----------------------------------|---------------------------------------|---|--|--|------------------------------------|---|--------------------------------|
| | | | | | | DET Logistics (USA) Corporation | Delta Energy Systems (Romania) SRL | Delta Energy Systems (India) Pvt. Ltd. | Delta Energy Systems (Singapore) Pte. Ltd. "DESS" | Delta Electronics India Pvt. Ltd. | Delta Electronics (Myanmar) Co., Ltd. | Delta Electronics (Holdings) Australia Pty Ltd. | Delta Electronics (Australia) Pty Ltd. | Delta Greentech (Netherlands) Cooperative U.A. | Delta Greentech (Netherlands) B.V. | Delta Electronics (Automotive) Americas Inc | Delta Energy Systems (UK) Ltd. |
| | | | | | | | | | | | | | | | | | |
| Hold by | | DET 100% | DET 100% | DET 100% | DET 100% | DETH 100% | DETH 100% | DETH 100% | DET 100% | DESS 100% | DESS 100% | DESS 100% | DESS 100% | DESS 100% | DESS 100% | DESS 100% | DESS 100% |
| 1. Mr. Ng Kong Meng | X | | | | / | | | | / | | | X | X | / | / | / | |
| 2. Mr. Chang Tsai-hsing | /, // | / | / | | / | | / | | / | X | / | / | / | | | / | / |
| 3. Mr. Anusorn Muttaraid | / | / | | / | / | | | | | | / | | | | | | |
| 4. Mr. Vichai Saksuriya | // | | | | | | | | | | / | | | | | | |
| 5. Ms. Nipaporn Jiarajareevong | // | | / | | | / | | | | / | | | | | | | |
| 6. Mr. Hsieh Shen-yen | | | | | | | | | / | | | | | | | | |
| 7. Mr. Meng Chao-bin | | | / | | | | | | | | | | | | | | |
| 8. Mr. Lai Min-chou | | | | / | | | | | | | | | | | | | |
| 9. Mr. Niranian Nayak | | | | / | | | | | | | | | | | | | |
| 10. Mr. Chung-Hsiu Yao | | | | | | / | | | | | | | | | | | |
| 11. Ms. Judy Lee | | | | | | / | | | | | | | | | | | |
| 12. Ms. Ku Fu-hua | | | | | | | | | / | | | | | | | | |
| 13. Mr. Om Prakash | | | | | | | | / | | / | | | | | | | |
| 14. Mr. Peter Ide | | | | | | | / | | | | | | | | | | / |
| 15. Mr. Dalip Sharma | | | | | | | | | | | | | | / | / | | |
| 16. Mr. Kevin Huang | | | | | | | | | | | | | | | | / | |

X Chairman / Director // Management

Remark : Delta Energy Systems (Germany) GmbH, Delta Energy Systems Property (Germany) GmbH, Delta Electronics (Slovakia), s.r.o., Eltek, s.r.o. and Delta Energy Systems LLC no formal Board

Attachment 3

Profile of Internal Audit Manager

Miss Neythiya Peethong

Education:

- Master of Information Technology, The University of Sydney
- Bachelor of Industrial Technology (Electrical Engineering), King Mongkut Institute of Technology North Bangkok

Work Experience:

| | |
|----------------|---|
| 2016 - Present | Internal Auditor Manager, Delta Electronics (Thailand) Pcl. |
| 2013 - 2016 | Internal Auditor, Delta Electronics (Thailand) Pcl. |
| 2008 - 2013 | Project Manager, Delta Electronics (Thailand) Pcl. |
| 2006 - 2008 | Customer Service, Delta Electronics (Thailand) Pcl. |
| 2000 - 2004 | New Model Engineer, NMB-Minebea Thai Ltd. (Lopburi Plant). |
| 1998 - 2000 | R&D Engineer, Delta Electronics (Thailand) Pcl. |

Training in Internal Audit :

Creative Problem Solving for Auditors, IIA

Attachment 4

Business Asset and Details on Asset Valuation

- Please find in "Business Assets"

Attachment 5

Corporate Governance Policy & Code of Conduct Handbook

- Corporate Governance Policy :
<http://deltathailand.com/en/corporate-governance-policy>
- Code of Conduct Handbook :
http://deltathailand.com/en/Code_of_conduct

Attachment 6

The Audit Committee Report

The Audit Committee consists of three independent directors in 2021: Mr. Boonsak Chiempricha as a chairman, Mr. Chu Chih-yuan and Mrs. Tipawan Chayutimand as Committee member with the Internal Audit Manager as its secretary.

During the year 2021, the Audit Committee held 4 meetings and Mr. Boonsak Chiempricha, Mr. Chu Chih-yuan and Mrs. Tipawan Chayutimand attended all 4 meetings.

The Audit committee performed its work during the year according to the Audit Committee Charter, which complies with the guidelines of the Stock Exchange of Thailand. The Audit Committee also fulfilled the matters assigned by the Board of Directors which can be summarized as follows:

1. Reviewed the quarterly and year-end financial statements independently with the external auditors to ensure that the financial statements and the disclosures were accurate, appropriate, and reliable, and then submitted them to the Board of Directors. The Audit Committee also received reports from the external auditor that there was no any irregularity that should be investigated.
2. Reviewed and evaluated the company internal control whether it is adequate and appropriate. Including the effectiveness of the company's internal control system using guidelines from the Office of the Securities and Exchange Commission and COSO-Internal Control Integrated Framework. The committee has not been reported that the company internal control has any significant deficiency.
3. Reviewed the risks and the risks management of the company so that all the risks were properly managed.
4. Reviewed and approved the annual internal audit plan, acknowledged the internal audit reports conducted on various key business processes every quarter, along with the issues and provided recommendations to the management, also evaluated the performance of the Internal Audit Manager as well.
5. Acknowledged with some suggestions the semi-annual compliance report and the progress of tax assessments.

6. Reviewed the related party transactions or the conflict of interest transactions together with the external auditors that these transactions were reasonable, proper and fully disclosed, including reviewing the internal control of these transactions
7. The Committee conducted a self-assessment to review and evaluate its performance by benchmarking it against the Audit Committee Charter and best practice guidelines. The review concluded that the Committee had been effective in carrying out its duties and had followed the terms of reference in the charter.
8. Considered the proficiency and the independence of the external auditor and propose to the Board of Directors including the audit fee in order to propose for approval in the Annual General Shareholder Meeting. The Audit Committee proposed to reappoint EY Office Limited as the Company's auditor for the accounting period ended December 31st, 2021 by Mr. Preecha Arunnara C.P.A. Registration No. 5800, or Miss Supanee Triyanantakul C.P.A. Registration No. 4498, or Mr. Supachai Phanyawattano C.P.A. Registration No. 3930, from EY Office Limited with the audit fee of Baht 6,395,000 for DET group (The audit fee for separated of financial statement of the company amount Baht 4,910,000) plus some out-of-pocket expenses and plus the review of group reporting package fee amount Baht 500,000.

In summary, the Audit Committee performed its duties as specified in the charter with high caliber, prudence and adequate independence. In the opinion of the committee, Delta's financial reports were accurately prepared in all material aspects under generally accepted accounting principles. Delta commanded adequate risk management practices, appropriate internal control and internal audit systems, compliance with good corporate governance, legislation, requirements, and obligations relevant to its businesses.



Mr. Boonsak Chiemprecha
Audit Committee Chairman

The Nomination and Compensation Committee Report

The Nomination and Compensation Committee (NCC) has performed duties pursuant to the good corporate governance principles and the Nomination and Compensation Committee Charter specified by the company. Such duties included recruitment, selection, and recommendation of the knowledgeable, competent, and qualified candidates suitable for the position of director and top management. This Committee is also responsible for proposing fair and transparent compensation policy and payment guidelines including other benefits to the Board of Directors and the sub-committee by taking into consideration the best interests of all parties which match the performance of the company and the economic environment.

The Nomination and Compensation Committee consists of 3 members, which are Mr. Anusorn Muttaraid (Non-executive Director) as Chairman, Dr. Witoon Simachokedee (Independent Director) and Mr. Chu, Chih-yuan (Independent Director) as Committee Members.

During 2021, the Committee convened 5 meetings in which important matters and constantly reported the meeting result including comments and suggestions to the Board of Directors for consideration as the important issues as follows:

1. The Committee has reviewed and considered the persons who have the qualification, knowledge, capability and experience in the business related to the company's operation, and proposed to Board of Director Meetings and Annual General Meeting of Shareholders to appoint 3 directors which are (1) Mr. Anusorn Muttaraid (2) Mr. Boonsak Chiempricha, and (3) Mrs. Tipawan Chayutimand, the Directors who will be retired to resume director who will be retired by rotation return to continue being the Director for another term.
2. The Committee has reviewed and considered to determine compensation for directors in which criteria on consideration of compensation for directors which appropriate for and in line with the scope of duties and responsibilities of each director; compensation at the same budget which is considered reasonable compared to the responsibilities and other companies in a same or similar industry to attract and retain knowledgeable and qualified directors to perform duties for the Company and proposed to Board of Director Meetings and Annual General Meeting of Shareholders for consideration and approval.
3. The Committee has monitoring and reviewing the KPIs of the President during the year 2021.
4. To follow up and monitor the policy on fairly giving compensation to employees so that it enhances the competitiveness in the market and maintains quality and potential employees.
5. To organize a performance evaluation of the Nomination and Compensation Committee 2021 and submit an evaluation report to the Board of Directors in order to improve the performance to be efficient, together with revealing the evaluation's results in the annual report.

The Nomination and Compensation Committee has performed duties with care, transparency and fairness in accordance with the corporate governance, and above of all, benefit of the company and the stakeholders is highly concerned.



(Mr. Anusorn Muttaraid)
Nomination and Compensation
Committee Chairman

Corporate Governance Committee Report

The Corporate Governance Committee consists of three directors in 2021 as follows;

- Mr. Chang Tsai-hsing Chairman
(from Apr. 2020 - present)
- Mr. Anusorn Muttaraid Member
(from Oct. 2018 - present)
- Mr. Vichai Saksuriya Member
(from Oct. 2020 - present)

The Company Secretary serves as secretary to the committee.

The Board of Directors commits to conducting transparent business operations with integrity and accountability. It considers this as a key to the company's sustainable business growth and corporate best practice acceptable to stakeholders. The Corporate Governance Committee has the duty to set Delta's Corporate Governance (CG) policies that cover the entire organization and to ensure that CG procedures or systems support the company's long-term success.

The Corporate Governance Committee held two meeting in 2021 for the following major tasks:

1. Monitoring Code of Conduct practice enhancement by implementing three forms of self-declaration forms for the Employee's Conflict of Interest.
2. Sending a letter to key suppliers informing them of the company's anti-corruption and conflict of interest policy. Requiring suppliers to sign an acknowledgment letter and reply.
3. Raising awareness of the Code of Conduct and Anti-Corruption Policy among employees by conducting online training "Delta's Essential Code of Conduct (Integrity/RBA/CoC)".
4. Following up and advising Code of Conduct violation cases.
5. Reviewing the 2021 CGR Checklist result.
6. Following up on the recertify plan of "Thai Private Sector Collective Action Against Corruption".

The Corporate Governance Committee commits to improving its efficiency in steering the company's CG, social responsibility and sustainable development practices and to serving the best interest of all stakeholders.



Mr. Chang Tsai-hsing
Corporate Governance Committee Chairman

Privilege Committee Report

The Privilege Committee consists of four directors in 2021 as follows;

- | | |
|-----------------------------|----------|
| 1. Mr. Anusorn Muttaraid | Chairman |
| 2. Mr. Witoon Simachokedee | Member |
| 3. Mr. Boonsak Chiempricha | Member |
| 4. Mrs. Tipawan Chayutimand | Member |

Mr. Yongyuth Pakdounjan serves as secretary to the committee.

The Privilege Committee is committed to corporate governance, supporting procedures for receiving privileges from the Thai government, state-owned enterprises, and other related entities. To ensure that the company's privilege procedures or systems contribute to the company's long-term success.

The Privilege Committee held nine meeting in 2021 for the following major tasks:

1. Present the Privilege Committee Charter for approval to the Board of Directors.
2. Review the rules, planning and assignment representatives to participate part in discussions with the Thailand Board of Investment and other related entities, to ensure that the company's maximum advantage from corporate income tax.

3. Promote and support the company (a foreign legal entity) in acquiring land ownership. The land in North-Bangpoo Industrial Estate was approved by Industrial Estate Authority of Thailand (IEAT), whereas the land in normal area was approved by Thailand Board of Investment.
4. Attend a meeting with executives from the Customs Department and the Industrial Estate Authority of Thailand to discuss application procedures for the Free Zone.
5. Push forward to obtain COVID-19 vaccine support for DET employees in the Bangpoo Industrial Estate and Wellgrow Industrial Estate areas.
6. Promote a positive corporate image and build positive working relationships with both government and commercial sector organizations.
 - 1) DET wins ARE-QP Award in recognition for Excellence in Quality Promotion from the Asian Network for Quality.
 - 2) Invite the Minister and other senior government officials to attend Delta activities.

The Privilege Committee commits to develop its procedures and support measures for receiving privileges in order to serve the best interests of all stakeholders.

Mr. Anusorn Muttaraid
Privilege Committee Chairman