

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2022

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 September 2022, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Preecha Arunnara

Certified Public Accountant (Thailand) No. 5800

EY Office Limited

Bangkok: 25 October 2022

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2022

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2022</u>	<u>31 December 2021</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		11,312,479	6,571,566	7,235,900	1,535,903
Trade and other receivables	3	25,779,006	20,593,484	27,729,825	21,200,265
Inventories	4	23,623,741	19,580,655	15,599,170	13,639,515
Derivative assets	17.2	19,252	32,388	4,746	32,308
Other current assets	5	1,787,179	1,631,042	346,463	286,008
Total current assets		62,521,657	48,409,135	50,916,104	36,693,999
Non-current assets					
Deposits at bank with restrictions		37,418	37,344	-	-
Investments in subsidiaries	6	-	-	14,078,896	13,909,473
Investment properties		218,445	230,593	-	-
Property, plant and equipment	7	21,715,768	18,583,129	12,774,709	10,836,226
Advances to contractors and for acquisitions of assets		336,929	355,318	336,929	355,318
Right-of-use assets		540,632	529,524	1,520	4,592
Goodwill		438,894	443,051	-	-
Other intangible assets		216,358	249,799	59,736	58,292
Deferred tax assets		324,263	347,610	-	-
Other non-current assets		212,426	152,871	9,398	10,239
Total non-current assets		24,041,133	20,929,239	27,261,188	25,174,140
Total assets		86,562,790	69,338,374	78,177,292	61,868,139

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2022

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2022</u>	<u>31 December 2021</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions		558,597	1,593,669	-	1,497,407
Trade and other payables	8	29,646,371	22,049,338	25,552,708	18,626,852
Current portion of lease liabilities		71,722	74,957	1,314	3,677
Income tax payable		167,500	124,668	98,274	37,072
Short-term provisions	10	43,475	98,422	-	-
Liabilities and provision from tax assessments	16.4.1	258,173	258,173	258,173	258,173
Derivative liabilities	17.2	563,054	18,481	563,054	15,533
Other current liabilities		319,714	518,025	118,845	162,855
Total current liabilities		31,628,606	24,735,733	26,592,368	20,601,569
Non-current liabilities					
Long-term loans from related party	2	355,879	367,570	-	-
Lease liabilities, net of current portion		154,019	144,125	176	968
Deferred tax liabilities		136,583	130,696	-	-
Provision for long-term employee benefits	9	1,539,384	1,595,747	501,456	528,557
Long-term provisions	10	849,292	545,004	618,768	428,744
Other non-current liabilities		425,261	415,196	1,242	1,450
Total non-current liabilities		3,460,418	3,198,338	1,121,642	959,719
Total liabilities		35,089,024	27,934,071	27,714,010	21,561,288

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2022

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2022</u>	<u>31 December 2021</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
1,259,000,000 ordinary shares of Baht 1 each	<u>1,259,000</u>	<u>1,259,000</u>	<u>1,259,000</u>	<u>1,259,000</u>
Issued and fully paid				
1,247,381,614 ordinary shares of Baht 1 each	1,247,382	1,247,382	1,247,382	1,247,382
Share premium	1,491,912	1,491,912	1,491,912	1,491,912
Difference from business combination under common control	(1,339,694)	(1,339,694)	-	-
Retained earnings				
Appropriated - Statutory reserve	125,900	125,900	125,900	125,900
Unappropriated	50,872,272	41,776,388	47,598,088	37,441,657
Other components of shareholders' equity	<u>(924,006)</u>	<u>(1,897,585)</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>51,473,766</u>	<u>41,404,303</u>	<u>50,463,282</u>	<u>40,306,851</u>
Total liabilities and shareholders' equity	<u>86,562,790</u>	<u>69,338,374</u>	<u>78,177,292</u>	<u>61,868,139</u>
	-	-	-	-

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

.....
Directors
.....

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2022

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit or loss:					
Revenues					
Sales		30,957,269	20,872,284	28,255,610	17,673,391
Service income		367,188	447,876	34,058	13,087
Other income					
Gain on exchange		214,639	375,394	546,404	374,686
Others		191,742	38,910	157,828	55,063
Total revenues		31,730,838	21,734,464	28,993,900	18,116,227
Expenses					
Cost of sales		23,787,848	16,902,954	20,735,863	13,839,163
Cost of services		238,857	314,309	21,253	9,425
Selling and distribution expenses	16.2.1	1,925,694	1,450,808	1,594,461	1,230,454
Administrative expenses		663,494	487,170	455,008	326,167
Research and development expenses	16.2.2	934,802	855,293	940,385	907,117
Losses due to flooding		-	393,387	-	393,387
Loss from impairment of investments in subsidiary		-	-	-	179,133
Other expenses		16,300	196,020	11,056	11,228
Total expenses		27,566,995	20,599,941	23,758,026	16,896,074
Profit from operating activities		4,163,843	1,134,523	5,235,874	1,220,153
Finance income		11,806	18,247	6,701	2,152
Finance cost		(160)	(883)	(2)	(4)
Profit before income tax expenses		4,175,489	1,151,887	5,242,573	1,222,301
Tax income (expenses)	12	(65,480)	44,552	(50,056)	43,543
Profit for the period		4,110,009	1,196,439	5,192,517	1,265,844

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2022

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Exchange differences on translation of				
financial statements in foreign currency	946,445	737,484	-	-
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods	946,445	737,484	-	-
<i>Other comprehensive income not to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Actuarial gain - net of income tax	62,839	-	62,839	-
Other comprehensive income not to be reclassified				
to profit or loss in subsequent periods - net of income tax	62,839	-	62,839	-
Other comprehensive income for the period	1,009,284	737,484	62,839	-
Total comprehensive income for the period	5,119,293	1,933,923	5,255,356	1,265,844
Profit attributable to:				
Equity holders of the Company	4,110,009	1,191,265	5,192,517	1,265,844
Non-controlling interests of the subsidiary	-	5,174	-	-
	<u>4,110,009</u>	<u>1,196,439</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	5,119,293	1,928,749	5,255,356	1,265,844
Non-controlling interests of the subsidiary	-	5,174	-	-
	<u>5,119,293</u>	<u>1,933,923</u>		
Earnings per share				
	14			
Basic earnings per share				
Profit attributable to equity holders of the Company	3.29	0.96	4.16	1.01

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Statement of comprehensive income****For the nine-month period ended 30 September 2022**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit or loss:					
Revenues					
Sales		83,010,477	60,101,700	73,151,022	51,676,236
Service income		941,348	850,657	76,577	59,450
Other income					
Gain on exchange		760,586	849,743	1,126,824	821,970
Insurance compensation income due to flooding	13	330,679	-	330,679	-
Others		391,712	373,340	303,197	311,228
Total revenues		85,434,802	62,175,440	74,988,299	52,868,884
Expenses					
Cost of sales		63,835,297	47,613,780	54,421,695	39,833,023
Cost of services		665,448	673,604	34,022	40,929
Selling and distribution expenses	16.2.1	5,159,196	4,649,489	4,308,223	3,978,419
Administrative expenses		1,844,132	1,448,900	1,219,673	943,363
Research and development expenses	16.2.2	2,615,400	2,556,006	2,667,988	2,609,319
Losses due to flooding		-	393,387	-	393,387
Loss from impairment of investments in subsidiary		-	-	-	179,133
Other expenses		39,927	218,865	20,048	18,373
Total expenses		74,159,400	57,554,031	62,671,649	47,995,946
Profit from operating activities		11,275,402	4,621,409	12,316,650	4,872,938
Finance income		38,437	48,044	9,239	12,235
Finance cost		(7,443)	(2,396)	(1,011)	(11)
Profit before income tax expenses		11,306,396	4,667,057	12,324,878	4,885,162
Tax income (expenses)	12	(152,802)	(59,325)	(110,737)	43,543
Profit for the period		11,153,594	4,607,732	12,214,141	4,928,705

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2022

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	973,579	1,561,387	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods	973,579	1,561,387	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gain - net of income tax	62,839	-	62,839	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	62,839	-	62,839	-
Other comprehensive income for the period	1,036,418	1,561,387	62,839	-
Total comprehensive income for the period	12,190,012	6,169,119	12,276,980	4,928,705
Profit attributable to:				
Equity holders of the Company	11,153,594	4,603,421	12,214,141	4,928,705
Non-controlling interests of the subsidiary	-	4,311	-	-
	<u>11,153,594</u>	<u>4,607,732</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	12,190,012	6,164,808	12,276,980	4,928,705
Non-controlling interests of the subsidiary	-	4,311	-	-
	<u>12,190,012</u>	<u>6,169,119</u>		
Earnings per share	14			
Basic earnings per share				
Profit attributable to equity holders of the Company	8.94	3.69	9.79	3.95

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2022

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to shareholders of the Company										
	Issued and fully paid		Difference from business combination under common control	Retained earnings		Other components of shareholders' equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity			
	share capital	Share premium								
Balance as at 1 January 2021	1,247,382	1,491,912	(1,339,694)	125,900	39,216,330	(3,130,090)	(3,130,090)	37,611,740	(4,311)	37,607,429
Profit for the period	-	-	-	-	4,603,421	-	-	4,603,421	4,311	4,607,732
Other comprehensive income for the period	-	-	-	-	-	1,561,387	1,561,387	1,561,387	-	1,561,387
Total comprehensive income for the period	-	-	-	-	4,603,421	1,561,387	1,561,387	6,164,808	4,311	6,169,119
Dividend paid (Note 11)	-	-	-	-	(4,116,359)	-	-	(4,116,359)	-	(4,116,359)
Balance as at 30 September 2021	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,339,694)</u>	<u>125,900</u>	<u>39,703,392</u>	<u>(1,568,703)</u>	<u>(1,568,703)</u>	<u>39,660,189</u>	<u>-</u>	<u>39,660,189</u>
Balance as at 1 January 2022	1,247,382	1,491,912	(1,339,694)	125,900	41,776,388	(1,897,585)	(1,897,585)	41,404,303	-	41,404,303
Profit for the period	-	-	-	-	11,153,594	-	-	11,153,594	-	11,153,594
Other comprehensive income for the period	-	-	-	-	62,839	973,579	973,579	1,036,418	-	1,036,418
Total comprehensive income for the period	-	-	-	-	11,216,433	973,579	973,579	12,190,012	-	12,190,012
Dividend paid (Note 11)	-	-	-	-	(2,120,549)	-	-	(2,120,549)	-	(2,120,549)
Balance as at 30 September 2022	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,339,694)</u>	<u>125,900</u>	<u>50,872,272</u>	<u>(924,006)</u>	<u>(924,006)</u>	<u>51,473,766</u>	<u>-</u>	<u>51,473,766</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2022

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 1 January 2021	1,247,382	1,491,912	125,900	34,836,221	37,701,415
Profit for the period	-	-	-	4,928,705	4,928,705
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,928,705	4,928,705
Dividend paid (Note 11)	-	-	-	(4,116,359)	(4,116,359)
Balance as at 30 September 2021	1,247,382	1,491,912	125,900	35,648,567	38,513,761
Balance as at 1 January 2022	1,247,382	1,491,912	125,900	37,441,657	40,306,851
Profit for the period	-	-	-	12,214,141	12,214,141
Other comprehensive income for the period	-	-	-	62,839	62,839
Total comprehensive income for the period	-	-	-	12,276,980	12,276,980
Dividend paid (Note 11)	-	-	-	(2,120,549)	(2,120,549)
Balance as at 30 September 2022	1,247,382	1,491,912	125,900	47,598,088	50,463,282

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2022**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:				
Profit before tax	11,306,396	4,667,057	12,324,878	4,885,162
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	2,213,032	1,713,726	1,772,522	1,308,172
Amortisation	82,370	111,192	6,345	4,642
Recording of allowance for expected credit losses (reversal)	16,804	11,116	20,681	(2,064)
Reduction of inventory to net realisable value	1,093,540	491,757	687,093	379,509
Reversal of the reduction to net realisable value of the written-off obsolete and damaged inventories	(607,829)	(83,585)	(534,540)	(118,943)
Increase in provision for long-term employee benefits	71,470	61,364	50,035	38,719
Recording of the increase in provisions	214,076	114,818	146,145	85,756
(Gain) loss from disposal/written-off of property, plant and equipment	2,288	(561)	(8,702)	(1,567)
Reversal of the allowance for impairment loss on assets	(18,565)	-	(18,565)	-
Loss from write-off other intangible assets	-	186,836	-	-
Unrealised gain on exchange	(290,522)	(532,926)	(551,965)	(543,426)
Loss on fair value valuation of derivative instruments	557,709	333,271	575,083	334,714
Insurance compensation income due to flooding	(330,679)	-	(330,679)	-
Losses due to flooding	-	393,387	-	393,387
Loss from impairment of investments in subsidiary company	-	-	-	179,133
Interest income	(38,437)	(48,044)	(9,239)	(12,235)
Interest expenses	7,443	2,396	1,011	11
Profit from operating activities before changes in operating assets and liabilities	14,279,096	7,421,804	14,130,103	6,930,970
Decrease (increase) in operating assets:				
Trade and other receivables	(3,930,134)	(3,115,285)	(5,292,677)	(3,438,687)
Inventories	(4,555,503)	(7,296,509)	(2,112,208)	(5,327,685)
Other current assets	(184,664)	(462,675)	(84,080)	(327,339)
Other non-current assets	(39,062)	(23,873)	841	(7,210)
Increase (decrease) in operating liabilities:				
Trade and other payables	6,843,739	5,530,169	6,226,086	4,473,432
Other current liabilities	(196,043)	(122,209)	(39,150)	(81,181)
Provision for long-term employee benefits	(46,286)	(55,988)	(14,298)	(22,073)
Provisions	(20,638)	(21,639)	(6,537)	(17,978)
Other non-current liabilities	10,065	154,599	(208)	212
Cash flows from operating activities	12,160,570	2,008,394	12,807,872	2,182,461
Cash received from interest income	43,852	69,957	3,650	10,848
Cash received from insurance compensation due to flooding	330,679	-	330,679	-
Cash paid for interest expenses	(11,540)	(5,792)	(1,011)	(11)
Cash paid for corporate income tax	(68,689)	(111,287)	(49,234)	(1,023)
Net cash flows from operating activities	12,454,872	1,961,272	13,091,956	2,192,275

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the nine-month period ended 30 September 2022**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	(74)	8,333	-	-
Decrease in fixed deposits with maturity over 3 months	-	205,339	-	-
Increase in investments in subsidiary	-	-	(169,423)	(460)
Decrease in advances to contractors and for acquisitions of assets	18,389	-	18,389	-
Acquisition of property, plant and equipment	(5,136,284)	(5,784,369)	(3,705,505)	(4,084,571)
Proceeds from disposal of property, plant and equipment	30,887	22,480	25,091	20,118
Increase in right-of-use assets	(2,856)	(112,866)	(252)	-
Increase in investment properties	(22)	(224)	-	-
Increase in other intangible assets	(52,244)	(43,941)	(7,789)	(2,336)
Net cash flows used in investing activities	<u>(5,142,204)</u>	<u>(5,705,248)</u>	<u>(3,839,489)</u>	<u>(4,067,249)</u>
Cash flow from financing activities:				
Cash receipt from short-term loans from financial institutions	2,688,538	-	700,000	-
Repayment of short-term loans from financial institutions	(3,743,465)	-	(2,213,241)	-
Cash receipt from long-term loans from related party	-	383,638	-	-
Repayment of liabilities under lease agreements	(57,466)	(64,995)	(3,155)	(709)
Dividend paid	(2,120,549)	(4,116,359)	(2,120,549)	(4,116,359)
Net cash flow used in financing activities	<u>(3,232,942)</u>	<u>(3,797,716)</u>	<u>(3,636,945)</u>	<u>(4,117,068)</u>
Increase in translation adjustments	<u>470,203</u>	<u>972,818</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents before effect from currency translation	<u>4,549,929</u>	<u>(6,568,874)</u>	<u>5,615,522</u>	<u>(5,992,042)</u>
Effect from currency translation of cash and cash equivalents	190,984	49,075	84,475	60,673
Net increase (decrease) in cash and cash equivalents	<u>4,740,913</u>	<u>(6,519,799)</u>	<u>5,699,997</u>	<u>(5,931,369)</u>
Cash and cash equivalents at beginning of period	<u>6,571,566</u>	<u>13,881,848</u>	<u>1,535,903</u>	<u>8,405,731</u>
Cash and cash equivalents at end of period	<u>11,312,479</u>	<u>7,362,049</u>	<u>7,235,900</u>	<u>2,474,362</u>
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Right-of-use assets increase under lease agreements	73,333	36,601	-	2,776

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2022

1. General information

1.1 Basis of preparation of interim financial statements

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

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

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

1.2 Basis of consolidation

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

1.3 Significant accounting policies

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

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

2. Related party transactions

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

Summaries significant business transactions with related parties as follows.

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Transactions with the parent company</u>				
Sales of goods and raw materials	65	39	62	38
Purchase of goods and raw materials	148	199	27	94
Royalty paid (Note 16.2.1)	1,000	728	1,000	728
Services paid	9	33	9	33
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Sales of goods and raw materials	-	-	9,454	6,657
Purchase of goods and raw materials	-	-	374	365
Commission paid	-	-	62	55
Design and engineering fee paid (Note 16.2.2)	-	-	563	605
Administrative expenses	-	-	29	17
<u>Transactions with related companies</u>				
Sales of goods and raw materials	2,191	2,452	724	964
Purchase of goods and raw materials	2,308	1,742	904	736
Commission paid	137	146	165	143
Commission received	120	26	-	-
Services income	31	31	-	-
Design and engineering fee paid	19	14	14	12

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Transactions with the parent company</u>				
Sales of goods and raw materials	133	139	129	116
Purchase of goods and raw materials	282	378	45	129
Royalty paid (Note 16.2.1)	2,686	2,121	2,686	2,121
Services paid	19	100	19	100
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Sales of goods and raw materials	-	-	23,773	19,230
Purchase of goods and raw materials	-	-	1,079	1,116
Commission paid	-	-	189	166
Design and engineering fee paid (Note 16.2.2)	-	-	1,697	1,822
Administrative expenses	-	-	68	76
<u>Transactions with related companies</u>				
Sales of goods and raw materials	8,008	6,787	2,999	2,848
Purchase of goods and raw materials	5,704	4,549	2,223	1,665
Commission paid	471	406	455	395
Commission received	213	80	-	-
Services income	75	77	-	-
Design and engineering fee paid	54	38	44	30

(Unaudited but reviewed)

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 3)</u>				
Parent company	68	40	62	36
Subsidiary companies	-	-	11,936	10,030
Other related companies (under common control)	2,160	2,196	765	951
Total trade receivables, related parties	<u>2,228</u>	<u>2,236</u>	<u>12,763</u>	<u>11,017</u>
<u>Other receivables, related parties (Note 3)</u>				
Parent company	1	-	1	-
Subsidiary companies	-	-	19	7
Other related companies (under common control)	2	16	2	2
Total other receivables, related parties	<u>3</u>	<u>16</u>	<u>22</u>	<u>9</u>
<u>Amounts due from related parties (Note 3)</u>				
Subsidiary companies	-	-	3	4
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>3</u>	<u>4</u>
<u>Trade payables, related parties (Note 8)</u>				
Parent company	218	48	9	5
Subsidiary companies	-	-	351	296
Other related companies (under common control)	2,311	1,736	670	506
Total trade payables, related parties	<u>2,529</u>	<u>1,784</u>	<u>1,030</u>	<u>807</u>
<u>Other payables, related parties (Note 8)</u>				
Parent company	568	588	549	586
Subsidiary companies	-	-	371	159
Other related companies (under common control)	288	619	246	397
Total other payables, related parties	<u>856</u>	<u>1,207</u>	<u>1,166</u>	<u>1,142</u>
<u>Accrued expenses, related parties (Note 8)</u>				
Parent company	330	264	330	264
Other related companies (under common control)	179	170	179	170
Total accrued expenses, related parties	<u>509</u>	<u>434</u>	<u>509</u>	<u>434</u>
<u>Advance received, related parties (Note 8)</u>				
Subsidiary companies	-	-	224	55
Total advance received, related parties	<u>-</u>	<u>-</u>	<u>224</u>	<u>55</u>

(Unaudited but reviewed)

Long-term loans from related party

(Unit: Million Baht)

		Consolidated financial statements		
Long-term loans from related party	Related by	Balance as at 1 January 2022	Translation adjustment	Balance as at 30 September 2022
	Other related company			
Eltek AS	(under common control)	368	(12)	356
Total long-term loans from related party		368	(12)	356

Directors and management's benefits

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	32	26	17	13
Post-employment benefits	4	3	3	2
Total	36	29	20	15

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	102	88	50	47
Post-employment benefits	9	8	8	6
Total	111	96	58	53

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 2)</u>				
Aged on the basis of due dates				
Not yet due	2,204	2,181	12,284	9,268
Past due				
Up to 3 months	20	54	445	1,746
3 - 6 months	2	1	26	3
6 - 12 months	2	-	8	-
Total	2,228	2,236	12,763	11,017
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	20,135	15,209	12,713	8,174
Past due				
Up to 3 months	2,549	2,281	1,424	1,277
3 - 6 months	87	132	61	39
6 - 12 months	62	24	25	3
Over 12 months	42	61	10	9
Total	22,875	17,707	14,233	9,502
Total trade receivables	25,103	19,943	26,996	20,519
Less: Allowance for expected credit losses	(176)	(156)	(58)	(38)
Total trade receivables - net	24,927	19,787	26,938	20,481
<u>Other receivables</u>				
Amounts due from related parties (Note 2)	-	-	3	4
Other receivables - related parties (Note 2)	3	16	22	9
Other receivables - unrelated parties	849	790	767	706
Total other receivables	852	806	792	719
Trade and other receivables - net	25,779	20,593	27,730	21,200

(Unaudited but reviewed)

4. Inventories

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Inventories - cost	26,486	21,931	17,154	15,043
Reduce cost to net realisable value	(2,862)	(2,350)	(1,555)	(1,403)
Inventories - net	<u>23,624</u>	<u>19,581</u>	<u>15,599</u>	<u>13,640</u>

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

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2022	(2,350)	(1,403)
Increase during the period	(1,094)	(687)
Reversal of the reduction to net realisable value of the obsolete and damaged inventories written off during the period	608	535
Translation adjustment	(26)	-
Balance as at 30 September 2022	<u>(2,862)</u>	<u>(1,555)</u>

5. Other current assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Input tax refundable	533	474	286	241
Advance payments	968	854	13	5
Prepaid expenses	188	222	32	25
Prepaid tax	44	23	-	-
Others	54	58	15	15
Total other current assets	<u>1,787</u>	<u>1,631</u>	<u>346</u>	<u>286</u>

(Unaudited but reviewed)

6. Investments in subsidiaries

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

(Unit: Million Baht)

Company's name	Paid-up capital			Cost	
	Foreign currency	30 September	31 December	30 September	31 December
		2022	2021	2022	2021
		(Million)	(Million)		
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	THB	206	206	206	206
Delta Energy Systems (Singapore) Pte. Ltd.	USD	173	173	5,573	5,573
Delta Electronics (Vietnam) Company Limited	USD	0.1	0.1	3	3
Delta Electronics India Manufacturing Private Limited	INR	381	1	171	1
Total				15,403	15,233
Less: Allowance for impairment loss of investments in subsidiaries				(1,324)	(1,324)
Investments in subsidiaries - net				<u>14,079</u>	<u>13,909</u>

No dividend was received from the above subsidiaries during the three-month and nine-month periods ended 30 September 2022 and 2021.

6.2 Significant events during the current period

6.2.1 Subsidiaries directly owned by the Company

Additional investment in subsidiary company

On 25 April 2022, a meeting of the executive committee's Board of Directors passed a resolution to increase the Company's investment in Delta Electronics India Manufacturing Private Limited by USD 5 million, or approximately Baht 169 million, in order to purchase machines and line set up for production. The Company already made the additional investment in the second quarter of the current year.

The above additional investment had no impact on the investment structure of the Group.

6.2.2 Subsidiaries indirectly owned by the Company

Dissolution of a subsidiary

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

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

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

7. Property, plant and equipment

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

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2022	18,583	10,836
Acquisitions during period - cost	5,136	3,706
Disposals/write-off during period - net book value		
at disposal/write-off date	(33)	(17)
Depreciation for the period	(2,137)	(1,769)
Reversal allowance for impairment during period	19	19
Translation adjustment	148	-
Net book value as at 30 September 2022	<u>21,716</u>	<u>12,775</u>

(Unaudited but reviewed)

8. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Trade payables - related parties (Note 2)	2,529	1,784	1,030	807
Trade payables - unrelated parties	18,118	12,227	16,404	11,042
Other payables - related parties (Note 2)	856	1,207	1,166	1,142
Other payables - unrelated parties	2,386	2,062	1,984	1,965
Accrued expenses - related parties (Note 2)	509	434	509	434
Accrued expenses - unrelated parties	4,026	3,386	3,363	2,644
Advance received - related parties (Note 2)	-	-	224	55
Advance received - unrelated parties	1,222	949	873	538
Total trade and other payables	29,646	22,049	25,553	18,627

9. Provision for long-term employee benefits

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

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2022	1,596	529
Recognition during the period	89	53
Decrease during the period	(46)	(14)
Reversal during the period	(18)	(4)
Actuarial gain	(63)	(63)
Translation adjustment	(19)	-
Balance as at 30 September 2022	1,539	501

(Unaudited but reviewed)

10. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements	
	Other			Warranty	Total
	Warranty	provisions	Total		
Balance as at 1 January 2022	609	34	643	429	429
Recognition during the period	580	42	622	175	175
Decrease during the period	(16)	(5)	(21)	(7)	(7)
Reversal during the period	(380)	(28)	(408)	(29)	(29)
Translation adjustment/unrealised loss on exchange rate	56	-	56	51	51
Balance as at 30 September 2022	<u>849</u>	<u>43</u>	<u>892</u>	<u>619</u>	<u>619</u>
Short-term provisions	67	31	98	-	-
Long-term provisions	542	3	545	429	429
Balance as at 31 December 2021 (Audited)	<u>609</u>	<u>34</u>	<u>643</u>	<u>429</u>	<u>429</u>
Short-term provisions	-	43	43	-	-
Long-term provisions	849	-	849	619	619
Balance as at 30 September 2022	<u>849</u>	<u>43</u>	<u>892</u>	<u>619</u>	<u>619</u>

Warranty

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

11. Dividends

Dividends declared in 2022 and 2021 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 2021	Annual General Meeting of the shareholders on 1 April 2022	<u>2,121</u>	<u>1.70</u>
Final dividend for year 2020	Annual General Meeting of the shareholders on 31 March 2021	<u>4,116</u>	<u>3.30</u>

(Unaudited but reviewed)

12. Income tax

Tax income (expenses) for the three-month and nine-month periods ended 30 September 2022 and 2021 are made up as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	(77)	(66)	(50)	(6)
Adjustment in respect of income tax of previous year	3	49	-	50
Deferred tax:				
Relating to origination and reversal of temporary differences	19	68	-	-
Translation adjustment	(10)	(6)	-	-
Tax income (expenses) reported in profit or loss	<u>(65)</u>	<u>45</u>	<u>(50)</u>	<u>44</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	(207)	(152)	(116)	(6)
Adjustment in respect of income tax of previous year	96	50	5	50
Deferred tax:				
Relating to origination and reversal of temporary differences	(29)	58	-	-
Translation adjustment	(13)	(15)	-	-
Tax income (expenses) reported in profit or loss	<u>(153)</u>	<u>(59)</u>	<u>(111)</u>	<u>44</u>

13. Losses due to flooding

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

On 31 March 2022, the Company received a letter from the insurer confirming the amount of the claims that will be paid for losses of assets amounting to USD 9.9 million or approximately THB 331 million. During the first quarter of the current year, the Company therefore recorded this amount as "Insurance claim receivable due to flooding" in the statement of financial position and as "Insurance compensation income due to flooding" in the statement of comprehensive income. However, the Company already received insurance compensation due to flooding in the second quarter of the current year.

14. Earnings per share

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

(Unaudited but reviewed)

15. Segment information

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

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2022 and 2021.

(Unit: Million Baht)

	For the three-month periods ended 30 September								Consolidated financial statements	
	Power electronics segment		Infrastructure segment		Automation segment		Others			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>		
Revenue										
Sales from external customers	24,881	15,554	5,334	4,820	740	487	2	11	30,957	20,872
Service income from external customers	7	3	347	360	-	56	13	29	367	448
Total revenue	<u>24,888</u>	<u>15,557</u>	<u>5,681</u>	<u>5,180</u>	<u>740</u>	<u>543</u>	<u>15</u>	<u>40</u>	<u>31,324</u>	<u>21,320</u>
Segment profit (loss)	4,052	1,394	117	197	76	(52)	(473)	(230)	3,772	1,309
Unallocated income (expenses):										
Gain on exchange rate									215	375
Other income									192	39
Losses due to flooding									-	(393)
Other expenses									(16)	(196)
Finance income									12	18
Finance cost									-	(1)
Profit before tax income (expenses)									<u>4,175</u>	<u>1,151</u>
Tax income (expenses)									<u>(65)</u>	<u>45</u>
Profit for the period									<u>4,110</u>	<u>1,196</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September									
	Power electronics		Infrastructure		Automation		Others		Consolidated	
	segment		segment		segment		segment		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue										
Sales from external customers	64,243	44,195	16,633	14,474	2,091	1,393	43	40	83,010	60,102
Service income from external customers	144	12	670	558	70	202	57	79	941	851
Total revenue	<u>64,387</u>	<u>44,207</u>	<u>17,303</u>	<u>15,032</u>	<u>2,161</u>	<u>1,595</u>	<u>100</u>	<u>119</u>	<u>83,951</u>	<u>60,953</u>
Segment profit (loss)	9,546	3,739	1,420	964	71	(46)	(1,205)	(647)	9,832	4,010
Unallocated income (expenses):										
Gain on exchange rate									761	850
Insurance compensation income due to flooding									331	-
Other income									392	373
Losses due to flooding									-	(393)
Other expenses									(40)	(219)
Finance income									38	48
Finance cost									(7)	(2)
Profit before income tax expenses									11,307	4,667
Income tax expenses									(153)	(59)
Profit for the period									<u>11,154</u>	<u>4,608</u>

16. Commitments and contingent liabilities

16.1 Capital commitments

As at 30 September 2022, the Group had significant capital commitments amounting to Baht 3,886 million, EUR 10 million or approximately Baht 356 million, and INR 2,896 million or approximately Baht 1,344 million in respect of the building construction, purchase of machinery and equipment (The Company only: Baht 3,885 million).

16.2 Significant long-term service commitments

16.2.1 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.

16.2.2 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.

16.3 Guarantee obligations

As at 30 September 2022, the Group had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

16.3.1 Outstanding letters of guarantee totaling approximately Baht 393 million have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 335 million issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment as mentioned in Note 16.4.1 to the financial statements).

16.3.2 Outstanding letters of guarantee for totals of approximately Baht 29 million, INR 1,410 million or approximately Baht 654 million, EUR 0.5 million or approximately Baht 20 million and AUD 2 million or approximately Baht 38 million have been issued by banks to meet requirements of the subsidiaries.

16.4 Tax assessment

- 16.4.1 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.

(Unaudited but reviewed)

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

16.4.2 The Indian tax authorities assessed corporate income tax of approximately INR 333 million or approximately Baht 155 million, covering the years 2012 - 2020, and sales tax and excise duties of approximately INR 120 million or approximately Baht 56 million, covering the years 2009 - 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.

17. Financial Instrument

17.1 Fair value of financial instrument

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

17.2 Fair value hierarchy

As at 30 September 2022, the Group had the financial assets and financial liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	19	-	19
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	563	-	563

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	5	-	5
Liabilities measured at fair value				
Derivatives	-	563	-	563
Foreign currency forward contracts				

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

18. Financial derivatives

As at 30 September 2022, the significant outstanding balances of the Group's financial assets and financial liabilities denominated in foreign currencies are as follows:

(Unit: Million foreign currency unit)

Foreign currency	Consolidated financial statements		Separate financial statements	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
US dollar	499	499	805	479
Euro	11	5	13	14
Japanese yen	146	702	128	510

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 30 September 2022
US dollar	37.9067
Euro	37.2049
Japanese yen	0.2624

(Unaudited but reviewed)

The Group manages its exposure to foreign currency risk by using derivatives when considered appropriate. As at 30 September 2022, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

							Consolidated financial statements		
							Amount	Forward rate	Maturity date
Forward contracts to “Sell”									
USD/THB	USD	309	million	34.2450 - 38.2400	THB/USD	October 2022 - January 2023			
Forward contracts to “Buy”									
USD/INR	USD	14	million	79.5300 - 80.3520	INR/USD	October - December 2022			
JPY/THB	JPY	290	million	0.2599 - 0.2695	THB/JPY	October - December 2022			
							Separate financial statements		
							Amount	Forward rate	Maturity date
Forward contracts to “Sell”									
USD/THB	USD	309	million	34.2450 - 38.2400	THB/USD	October 2022 - January 2023			
Forward contracts to “Buy”									
JPY/THB	JPY	290	million	0.2599 - 0.2695	THB/JPY	October - December 2022			

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company’s Board of Directors on 25 October 2022.