



February 18, 2025

To: The President  
The Stock Exchange of Thailand

Subject: Q4-2024 Operating Results ([Amendment](#))

Pursuant to the Fiscal Year 2024 financial results of Delta Electronics (Thailand) Public Company Limited (the “Company”) announced to the Stock Exchange on 14 February 2025 led to a significant volatility in securities trading and its corresponding share price on the subsequent trading day. The Company would like to provide further clarification to Q4-2024 (October-December 2024) operating results based on its audited consolidated financial statements ended 31 December 2024 for investor consideration as follows.

### Highlights on Q4-2024 Operating Results

Unit : Million Baht	Q4-24		Q4-23		Q3-24		% Change	
	Amount	%	Amount	%	Amount	%	% Y-o-Y	% Q-o-Q
Sales revenue	41,747	100.0	37,759	100.0	43,225	100.0	10.6	(3.4)
Gross profit	9,376	22.5	9,264	24.5	11,927	27.6	1.2	(21.4)
Operating profit	2,332	5.6	4,911	13.0	5,989	13.9	(52.5)	(61.1)
Net profit	2,155	5.2	4,711	12.5	5,911	13.7	(54.3)	(63.5)
<b>EPS (Baht)</b>	<b>0.17</b>		<b>0.38</b>		<b>0.47</b>			

1. Sales revenues and Service income for this quarter were Baht 41,747 million, a rise of 10.6% YoY, but dropped from last quarter high base by 3.4% Q-o-Q. Major growth driver continued robust for datacenter power solutions and DC power supporting AI infrastructure deployment, along with ICT infrastructure business segment delivered good growth QoQ and YoY based on a strong demand for investment of datacenter infrastructure upgrades to cater for high computing power. Nevertheless, EV power solutions softened QoQ but slightly rose YoY in the midst of subdued global market situation.
2. Gross profit this quarter equal to Baht 9,376 million, increased by 1.2% Y-o-Y, but dropped 21.4% from last quarter high base, due to the following items.
  - 2.1 A strong Baht against USD upon the beginning of the fourth quarter 2024 led to a loss on foreign exchange recognized in the standard cost update to Cost of Goods Sold, amounting USD 13.3 million
  - 2.2 A one-off rebate to a datacenter customer based on trade agreement and sales, totaling USD 6.8 million
  - 2.3 An extraordinary warranty provision of USD 16.2 million set up for the rework of finished goods due to a quality incident related to Magnetic component solution business unit, which normally serves internal production usage. The defect component has been assembled into finished goods for the customer and needed reworking process with extra costs involved.



- 2.4 Apart from the aforementioned factors that pressured 4Q24 gross profit performance, the company continued its focus on an efficient inventory management. As a result, there has been further reversal of inventory provision to cushion the impact from extraordinary items this quarter.
3. Selling and administrative expenses (including research and development) totaled Baht 7,044 million, a rise of 18.6% QoQ and 61.8% Y-o-Y, attributable to the following items.
- 3.1 R&D expenses increased seasonally towards the end of year with major project costs accrual from the main development center in German. The Company aims to expand R&D investments to continue the leadership in technology frontier in line with promising demand outlook across its core businesses. **Additionally, in recent years, the Company's business has experienced rapid growth, requiring numerous engineers in each region to design and conduct research and development for new product models to meet customer demands. As a result, the Company has engaged additional services from affiliated companies in various areas to support product design and development. The pricing and general terms for these services align with market standards.**
- 3.2 Royalty payment as part of Selling expenses posted an uptrend throughout 2024, mainly based on growing revenue related to AI segment. Besides, this quarter saw an adjustment in royalty fee for certain non-AI products with higher rates based on the assessment by third-party audit and tax professional, PWC, that aligns with the industry benchmark for technology sector. The scope of new applicable has been extended retroactively last year which led to a significant rise over the last quarter. **The collection of royalty fees for the use of intellectual property (IP) is generally based on a percentage of revenue to ensure that the IP owner receives appropriate compensation for the rights granted. According to the OECD Transfer Pricing Guidelines, royalty fees should adhere to the arm's length principle, reflecting the price that independent parties would agree upon under comparable conditions. In line with standard business practices, if a benchmarking study on royalty fees is conducted during the fiscal year, the revised royalty rate may be applied retroactively for the entire fiscal year. This ensures that the royalty fees accurately reflect current market conditions and remain up to date.**
- The practices mentioned above (i.e., pricing, the determination of royalty rate adjustments, and the general commercial terms) are in line with market standards and are consistent with international standards for transfer pricing of goods and services between related parties.**
- 3.3 Administrative expenses rose from additional payment of legal expense in the second half of 2024. Based on the Notes to Financial Statement (Item 24), a total of THB 1,008 million legal expense has been recorded during fiscal year 2024. The legal dispute is related to an infringement of U.S. patents in the United States. The case continued in the ongoing litigation process, with potential downsides on legal expenses. **This dispute relates to companies within the Delta group, which primarily distribute products manufactured by Delta Thailand. As a result, the Company plays a role in sharing the related expenses in accordance with the mutual agreement among affiliated companies.**

Please be informed accordingly.

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Cheng An  
Director