

(Translations)

Date: February 16, 2022

Subject: Submission of Financial Statements ended December 31, 2021 and Management Discussion and Analysis due to change of net profit which increased over than 20% from previous year.

To: Director and Manager of the Stock Exchange of Thailand

Cc: Secretary General of the Office of Securities and Exchange Commission

Thai Optical Group Public Company Limited (the “Company”) is pleased to submit the Company’s operating results report of year 2021 as follows:

1. Financial Statements for the year ended as of December 31, 2021 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the year ended December 31, 2021.
3. Summarized operating results for the year of the Company and its subsidiaries (F45-3).

Remark: Disclosure both in Thai and English Versions.

For your acknowledgement and please disseminate to investors accordingly.

Yours Sincerely,  
Thai Optical Group PCL.

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(Mr.Torn Prachartam)  
Chief Executive Officer

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## **Thai Optical Group Public Company Limited**

### **Management Discussion and Analysis (MD&A)**

Operating Results for the year ended December 31, 2021

#### **COVID-19 Pandemic**

**Overview of the world economy** Covid-19 epidemic situation began to dissipate from more effective vaccinations, including the relaxation of lockdown measures and the opening of the country leading to a continued recovery in foreign demand in late 2021. However, it remains to be aware of the spread of COVID-19, the Omicron strain and the virus mutation, which could slow the economy. It was noted that before the Omicron epidemic, the global economy in Q4/2021 showing signs of a higher recovery, as reflected by retail sales and industrial production after a slowdown in Q3/2021 due to the epidemic of the Delta strain of COVID-19 and in some countries, consumption levels and industrial production levels have recovered to higher than pre-pandemic levels as a result of higher vaccination rates and the ability to open cities faster than other countries. The economic recovery of each country and region will be different, according to the readiness to cope with the epidemic, such as the ability to distribute vaccines including the limitations of the public health system and selection of government epidemic control policies many countries have better control of the epidemic, because it has been supported by higher vaccination around the world. Especially in developed markets such as the United States, Europe and Japan, which have advanced vaccine distribution capabilities. (The proportion of people who receive complete doses of more than 65%) and the accelerated distribution of booster shots will help overcome the new wave of Omicron epidemic with little impact on the economy. In developing countries may experience a slowdown in the economy and are more affected by the Omicron epidemic, from distributing vaccines to lesser populations (Proportion of people who received complete dose of vaccine less than 50%). For the problem of supply chain disruption in the manufacturing sector, service sector and labor market tends to be longer than previously expected cause the cost of transportation may increase in addition, concerns over infection with the novel coronavirus may increase the pressure on the already tight labor shortages. As a result, wages may be higher. The level of economic recovery will affect monetary policy and continue to affect money and capital markets conditions. Including the uncertainty in the monetary policy of the US Federal Reserve (FED) coupled with domestic factors. May cause fluctuations in foreign currency exchange rates

Although the overall global economy tends to recover continuously. People around the world are increasingly adapting to the new normal. Governments around the world are trying to avoid strict lockdown measures like during the past epidemic, But the epidemic situation will still affect the costs of business activities, such as the cost of COVID-19 screening and surveillance, the cost associated with restructuring and business activities, expenses related to the provision or arrangement of accommodation as well as travel expenses for employees and expenses related to working via remote system, etc.. Such situations may affect the business activities of the Group. The Group's management has closely monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions, and contingent liabilities, and will record the impact further.

## Consolidated Financial Performance

In 2021, The Company and its subsidiaries had earned total revenues 2,466 million Baht, which was increased by 616 million Baht or 33% from the same period prior year. The net profit for the period was 310 million Baht, which was increased by 241 million Baht or 351% from previous year.

The increased of net profit as such mainly derived from the global economic recovery in the major economies mentioned above. In 2021, all regions saw an increase in sales revenue, including Africa and the Middle East 145 percent, Americas 79 percent, Europe 30 percent, Asia and Pacific 27 percent and Australia 9 percent.

Consolidated Financial Statements	(Unit: million Baht)	2021	2020
Total revenues		2,466	1,850
Net Profit (Loss)		310	69
The effect from Gain / (Loss) on foreign exchange rate		49	1

## Operating Results Analysis

### 1. Revenues and Expenses of the Company and its subsidiaries

#### 1.1 Revenue from sales and services

In 2021, The Company and its subsidiaries had earned total revenues from sales and services of 2,381 million Baht which was increased by 543 million Baht or 30% from previous year, which derived from Value-added Lenses 231 million Baht, Standard Organic Lenses 195 million Baht, and Rx/Prescription Lenses 83 million Baht.

#### The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	2021	2020
1. Standard Organic Lenses	The Company and its subsidiaries.	28	26
2. Value-added Lenses *	The Company	34	31
3. Rx/Prescription Lenses	The Subsidiary Company	31	35
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	7	8
<b>Total</b>		<b>100</b>	<b>100</b>

Note: \* Value-added Lenses are consisted of Hi-index Lens, Photochromic Lens and High Impact Resistance Lens.

### 1.2 Cost of Goods Sold

In 2021, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 78% lower than prior year 7%.

The main reason for the above cost reductions was due to increased production volumes and continuous efficient management of product costs, resulting in higher productivity and yield than target. As a result, the cost of goods has decreased compared to the previous year.

### 1.3 Selling and Administrative Expenses

In 2021, the Company and its subsidiaries had selling and administrative expenses 259 million Baht, increased from prior year by 33 million Baht.

The main reason for the increase above was due to the increase in sales-related expenses such as sales support, overseas warehouse, etc., which was in line with increased sales activities.

### 1.4 Other Revenues

In 2021, the Company and its subsidiaries had other revenues 86 million Baht, increased by 73 million Baht, mainly due to the increase in gain of exchange rate and a discount from the purchase of semi-finished lenses and raw material.

### 1.5 Net Profit

In 2021, the Company and its subsidiaries had net profit 310 million Baht which increased by 241 million Baht or 351% from prior year.

The main reason for the increase in net profit came from an increase in sales revenue and a decrease in cost of goods as mentioned above.

## 2. Financial Status

The Company and its subsidiaries had total assets of 2,888 million Baht which increased by 76 million Baht from 2020, as details described below;

### **Current assets increased by 123.64 million Baht from the following changes;**

- Cash and cash equivalents decreased by 231.38 million Baht, this was mainly due to loan repayment and dividend paid.
- Trade and other receivables increased by 46.43 million Baht, the main reason was from trade accounts receivable related parties 15.36 million Baht and trade accounts receivable unrelated parties 29.77 million Baht (More details as shown in note to financial statements no.8).

- Net inventories increased by 268.78 million Baht, increase from raw materials 91.44 million Baht, finished goods 173.17 million Baht (More details as shown in note to financial statements no.12).
- Short term loans to related parties increased by 16.29 million Baht.
- Other current assets increased by 19.81 million Baht.

**Non-current assets decreased by 47.32 million Baht from the following changes;**

- Deferred tax assets decreased by 22.24 million Baht.
- Land, building and net equipment decreased by 18.91 million Baht.

The company and its subsidiaries had total Liabilities of 930 million Baht, decreased by 74 million Baht from 2020, as details described below;

**Current liabilities decreased by 33.45 million Baht from the following changes;**

- Short-term loan from bank decreased by 72 million Baht.
- Trade payable and other accounts payable increased by 40.08 million Baht, this was mainly due to an increase in trade accounts payable unrelated parties 9.14 million Baht and other accounts payable 30.46 million Baht (More details as shown in note to financial statements no.19).

**Non-current liabilities decreased by 40.58 million Baht with details as follows;**

- Long-term loans from banks - net of current portion decreased by 39.59 million Baht.

The company and its subsidiaries had Shareholders' equity of 1,957 million Baht which was increased from the amount of 2020 by 150.35 million Baht.

### 3. Cash Flow

Cash earned (used) as of December 31, 2021 comparing to prior year.

(Unit: million Baht)

Items	2021	2020	Amount change	% change
Cash earned (used) in operating activities:	230.18	339.77	109.59	32.3
Cash earned (used) in investment activities:	(175.12)	(140.63)	34.49	24.5
Cash earned (used) in financing activities:	(286.44)	74.26	360.70	485.7
<b>Net cash Increased /(Decreased)</b>	<b>(231.38)</b>	<b>273.40</b>	<b>504.78</b>	<b>184.6</b>

**Net cash earned from operating activities as of December 31, 2021 was 230.18 million Baht,** decreased by 109.59 million Baht from previous year which was from increased of profit from operating activities and an increase in raw materials and finished goods at the end of the period following the increase in sales and production activities mentioned above during the Q4/2021 an increase in inventory at the end of the period was higher than the increase in operating profit.

**Net cash used in investment activities as of December 31, 2021 was 175.12 million Baht**, increased by 34.49 million Baht from previous year, this was due to an increase in the purchase of machines and equipment and cash paid from short-term loans to related parties.

**Net cash used in financing activities as of December 31, 2021 was 286.44 million Baht**, decreased by 360.70 million Baht from previous year, this was due to a decrease in short-term loans from banks and long-term loans from banks.

#### 4. Financial Ratios Analysis

Financial Ratios			Year 2021	Year 2020
<b>Profitability Ratio</b>				
Gross Profit Margin	GP	%	22.35	15.24
Net Profit Margin	NP	%	13.15	3.78
<b>Efficiency Operating Ratio</b>				
Return on Equity	ROE	%	16.48	3.81
Return on Asset	ROA	%	12.02	2.35
Average Collection Period	ACP	Days	60.92	73.32
Average Age of Inventory	AAI	Days	195.04	212.06
Average Accounts Payable	APP	Days	34.10	35.82
<b>Liquidity Ratio</b>				
Debt to Equity ratio	D/E ratio	Times	0.48	0.56