

(Translations)

Date: August 10, 2022

Subject: Submission of Financial Statements of the second Quarter and the first half of 2022 ended June 30, 2022 and Management Discussion and Analysis comparing with the 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 2022 as follows:

1. Financial Statements for 3 months and 6 months ended June 30, 2022 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the second Quarter ended June 30, 2022.
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 second Quarter ended June 30, 2022

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

**Overview of the world economy** The Global economy continues to slow recovery especially in the manufacturing sectors of the United States, the Eurozone and the United Kingdom. Which was a consequence of the protracted Russo-Ukrainian war crisis and the situation of the epidemic of COVID-19 that has come back to be higher in China. As a result, strict measures to control the epidemic from the Zero COVID Policy, such factors affect domestic demand and exacerbate global supply problems, making supply chain disruption more severe. Because China is a major manufacturing country and one of the world's transportation hubs some commodities are highly priced due to production imbalances with demand, especially in the energy and food sectors, which tend to remain high. Whereas ASEAN countries such as Thailand or Vietnam choose to coexist with COVID-19 as an endemic disease. Because they want to stimulate the country's economic sector.

The consequence of this is higher global inflation. As a result, prices of almost all types of commodities continued to rise and prompted the US Federal Reserve (Fed) to consider raising interest rates to cope with such inflation. In addition, investors around the world were worried about the uncertainty of the war so they switched to investing in safe-haven assets in the United States. As a result, the dollar strengthened, other foreign currencies depreciated.

Although the epidemic situation covid-19 is beginning to unfold more in many countries, but still affects the cost of the Group's business activities such as the cost of testing kits for COVID-19, the costs associated with restructuring and business activities, etc. Including the impact of trade on global demand and supply from the ongoing war between Russia and Ukraine and the impact of the cost of raw materials and supplies due to the higher inflation rate as mentioned above. As a result, The Group's management has closely monitored the progress of the situation and assessed the financial impact in respect of the valuation of assets and contingent liabilities, and will record the impact further.

#### **Consolidated Financial Performance**

In Q2/2022, The Company and its subsidiaries had earned total revenues 720 million Baht, which was increased by 124 million Baht or 21% from the same period prior year. The net profit for the period was 109 million Baht, which was increased by 22 million Baht or 26% from previous year.

In 1H/2022, The Company and its subsidiaries had earned total revenues 1,381 million Baht, which was increased by 179 million Baht or 15% from the same period prior year. The net profit for the period was 185 million Baht, which was increased by 2 million Baht or 1% from previous year.

The increased of total revenues as such mainly derived from the global economic recovery in the major economies mentioned above. In 1H/2022, regions with increased sales revenue include Africa and the Middle East 73 percent, Australia 37 percent, Americas 16 percent, Asia and Pacific 4 percent and decreased in Europe 6 percent.

| <b>Consolidated Financial Statements</b><br>(Unit: million Baht) | <b>Q2/2022</b> | <b>Q2/2021</b> | <b>1H/2022</b> | <b>1H/2021</b> |
|--|----------------|----------------|----------------|----------------|
| Total revenues   | 720            | 596            | 1,381          | 1,203          |
| Net Profit (Loss)  | 109            | 87             | 185            | 183            |
| The effect from Gain / (Loss) on foreign exchange rate           | 25             | 11             | 32             | 30             |

## Operating Results Analysis

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

#### 1.1 Revenue from sales and services

In Q2/2022, The Company and its subsidiaries had earned total revenues from sales and services of 685 million Baht which was increased by 108 million Baht or 19% from previous year, which derived from Rx/Prescription Lenses 93 million Baht, Mineral Lenses/Other Products and Services 24 million Baht and decreased in Value-added Lenses 11 million Baht.

In 1H/2022, The Company and its subsidiaries had earned total revenues from sales and services of 1,335 million Baht which was increased by 177 million Baht or 15% from previous year, which derived from Rx/Prescription Lenses 145 million Baht, Mineral Lenses/Other Products and Services 40 million Baht, Standard Organic Lenses 7 million Baht and decreased in Value-added Lenses 19 million Baht.

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

| <b>Revenue by Product Groups</b>              | <b>Manufacturer</b>               | <b>Q2/2022</b> | <b>Q2/2021</b> | <b>6M/2022</b> | <b>6M/2021</b> |
|---|-----------------------------------|----------------|----------------|----------------|----------------|
| 1. Standard Organic Lenses                    | The Company and its subsidiaries. | 25             | 30             | 25             | 29             |
| 2. Value-added Lenses *                       | The Company                       | 28             | 35             | 28             | 34             |
| 3. Rx/Prescription Lenses                     | The Subsidiary Company            | 38             | 29             | 38             | 30             |
| 4. Mineral Lenses/Other Products and Services | The Company and its subsidiaries. | 9              | 6              | 9              | 7              |
| <b>Total</b>                                  |                                   | <b>100</b>     | <b>100</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 Q2/2022, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 76% higher than prior year 2%. This is mainly due to the proportion of sales Rx/Prescription Lenses which has a higher cost ratio than Standard Organic Lenses that are higher than prior year.

In 1H/2022, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 77% higher than prior year 3%. The main reason for the increase above was due to lower production volume compared to the previous year. This is because in the first quarter of 2021, production volumes exceeded normal levels due to the fact that many countries began to recover from the first wave of the Covid-19 pandemic and received a large number of orders during that period.

### 1.3 Selling and Administrative Expenses

In Q2/2022, the Company and its subsidiaries had selling and administrative expenses 80 million Baht, increased from prior year by 16 million Baht.

In 1H/2022, the Company and its subsidiaries had selling and administrative expenses 153 million Baht, increased from prior year by 23 million Baht.

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

#### 1.4 Other Revenues

In Q2/2022, the Company and its subsidiaries had other revenues 35 million Baht, increased by 16 million Baht.

In 1H/2022, the Company and its subsidiaries had other revenues 47 million Baht, increased by 2 million Baht, mainly due to the increase in gain of exchange rate.

#### 1.5 Net Profit

In Q2/2022, the Company and its subsidiaries had net profit 109 million Baht which increased by 22 million Baht or 26% from prior year.

In 1H/2022, the Company and its subsidiaries had net profit 185 million Baht which increased by 2 million Baht or 1% from prior year.

The main reason for the increase in net profit is the increase in sales revenue as discussed above.

## 2. Financial Status

The Company and its subsidiaries had total assets of 2,959 million Baht which increased by 72 million Baht from 2021, as details described below;

### **Current assets increased by 129.88 million Baht from the following changes;**

- Cash and cash equivalents increased by 121.05 million Baht, mainly due to an increase in operating performance.
- Trade and other receivables decreased by 25.20 million Baht, the main reason was from trade accounts receivable unrelated parties 26.26 million Baht (More details as shown in note to financial statements no.3).
- Inventories increased by 33.94 million Baht.

### **Non-current assets decreased by 57.94 million Baht from the following changes;**

- Land, building and net equipment decreased by 53.09 million Baht.
- Intangible assets decreased by 3.05 million Baht.

The company and its subsidiaries had total Liabilities of 983 million Baht, increased by 52 million Baht from 2021, as details described below;

### **Current liabilities increased by 57.89 million Baht from the following changes;**

- Trade payable and other accounts payable increased by 65 million Baht, this was mainly due to an increase in trade accounts payable-unrelated parties 31.89 million Baht, accrued expenses 28.05 million Baht and other accounts payable 9.97 million Baht (More details as shown in note to financial statements no.10).

### **Non-current liabilities decreased by 5.97 million Baht with details as follows;**

- Long-term loans from banks - net of current portion decreased by 9.56 million Baht.

- Provision for long-term employee benefits increased by 4.31 million Baht.

The company and its subsidiaries had Shareholders' equity of 1,977 million Baht which was increased from the amount of 2021 by 20.02 million Baht.

### 3. Cash Flow

Cash earned (used) as of June 30, 2022 comparing to prior year.

(Unit: million Baht)

| Items  | Q2/2022       | Q2/2021        | Amount change | % change     |
|--|---------------|----------------|---------------|--------------|
| Cash earned (used) in operating activities:  | 354.53        | 126.81         | 227.72        | 179.6        |
| Cash earned (used) in investment activities: | (40.19)       | (62.23)        | 22.03         | 35.4         |
| Cash earned (used) in financing activities:  | (193.29)      | (126.30)       | 66.99         | 53.0         |
| <b>Net cash Increased /(Decreased)</b>       | <b>121.05</b> | <b>(61.72)</b> | <b>182.76</b> | <b>296.1</b> |

**Net cash earned from operating activities as of June 30, 2022 was 354.53 million Baht**, increased by 227.72 million Baht from previous year, this was mainly due to the above-mentioned operating results.

**Net cash used in investment activities as of June 30, 2022 was 40.19 million Baht**, decreased by 22.03 million Baht from previous year, this was due to a decrease in the purchase of machines and equipment.

**Net cash used in financing activities as of June 30, 2022 was 193.29 million Baht**, increased by 66.99 million Baht from previous year, this was due to an increase in Dividend paid.

#### 4. Financial Ratios Analysis

| Financial Ratios                  |           |       | Year 2022 | Year 2021 |
|-----------------------------------|-----------|-------|-----------|-----------|
| <b>Profitability Ratio</b>        |           |       |           |           |
| Gross Profit Margin               | GP        | %     | 22.85     | 22.35     |
| Net Profit Margin                 | NP        | %     | 14.03     | 13.15     |
| <b>Efficiency Operating Ratio</b> |           |       |           |           |
| Return on Equity                  | ROE       | %     | 15.99     | 16.48     |
| Return on Asset                   | ROA       | %     | 11.20     | 12.02     |
| Average Collection Period         | ACP       | Days  | 51.11     | 60.92     |
| Average Age of Inventory          | AAI       | Days  | 210.28    | 195.04    |
| Average Accounts Payable          | APP       | Days  | 33.72     | 34.10     |
| <b>Liquidity Ratio</b>            |           |       |           |           |
| Debt to Equity ratio              | D/E ratio | Times | 0.50      | 0.48      |