

(Translations)

Date: November 9, 2022

Subject: Submission of Financial Statements of the Third Quarter and the first nine months of 2022 ended September 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 9 months ended September 30, 2022 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the third Quarter ended September 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.

(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 third Quarter ended September 30, 2022

COVID-19 Pandemic

Overview of the world economy: Although the situation of the epidemic of the COVID-19 virus Overall the world beginning to unfold. And many countries are in the period of economic recovery. However, the overall trend of the global economy continues to slow down significantly in both the industrial and consumer sectors due to increased risk factors. both the impact of intense monetary policy in many countries. As a result, central banks around the world have raised interest rates to cope with rising inflation. In addition, the conflict between Russia and the Ukraine has not yet been resolved. The dispute between China and Taiwan. The energy crisis in the Eurozone is escalating. Supply chain disruption and slow recovery tendency and the slowdown in China's economy due to the Zero COVID measures that still have lockdowns in some areas. Such factors have caused the economy of some countries to slow down and some countries are clearly at risk of entering a recession. The severity will depend on the financial situation the recovery of the labor market and the strength of the economic sectors in those countries.

Additionally, global manufacturing activity has declining in many countries since the middle of last year. This was partly due to the declining global demand and may stumble if there is an epidemic of COVID-19 or new viral mutations in the winter later this year.

However, despite the situation of the COVID-19 epidemic it will have a lower affects the cost of the Group's business activities. But there are still other risk factors that increase, namely the cost of transportation of raw materials and finished goods. Foreign exchange rates fluctuate signaling rising raw material prices from many traders Announcement of the minimum wage rate of the Wage Committee Ministry of Labor Q4 2022 which affects the cost of raw materials and consumables of the company. 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 Q3/2022, The Company and its subsidiaries had earned total revenues 790 million Baht, which was increased by 217 million Baht or 38% from the same period prior year. The net profit for the period was 116 million Baht, which was increased by 65 million Baht or 127% from previous year.

In the first nine months of 2022, The Company and its subsidiaries had earned total revenues 2,171 million Baht, which was increased by 396 million Baht or 25% from the same period prior year. The net profit for the period was 301 million Baht, which was increased by 67 million Baht or 29% from previous year.

The main factor in the increase in revenue was from sales revenue, which was rationalized by the global economic recovery due to the COVID-19 epidemic situation. Overall started to relax as mentioned above. In the first nine months of 2022, Sales revenue increased in all regions. which the Africa and the Middle East increased by 72 percent, Australia increased by 48 percent, Asia and Pacific increased by 13 percent, Americas increased by 11 percent and Europe increased by 7 percent.

Consolidated Financial Statements (Unit: million Baht)	Q3/2022	Q3/2021	9M/2022	9M/2021
Total revenues	790	573	2,171	1,775
Net Profit (Loss)	116	51	301	234
The effect from Gain / (Loss) on foreign exchange rate	27	19	60	49

Operating Results Analysis

1. Revenues and Expenses of the Company and its subsidiaries

1.1 Revenue from sales and services

In Q3/2022, The Company and its subsidiaries had earned total revenues from sales and services of 758 million Baht which was increased by 206 million Baht or 37% from previous year, which derived from Rx/Prescription Lenses 112 million Baht, Standard Organic Lenses 78 million Baht, Mineral Lenses/Other Products and Services 34 million Baht and decreased in Value-added Lenses 19 million Baht.

In the first nine months of 2022, The Company and its subsidiaries had earned total revenues from sales and services of 2,093 million Baht which was increased by 383 million Baht or 22% from previous year, which derived from Rx/Prescription Lenses 256 million Baht, Standard Organic Lenses 85 million Baht, Mineral Lenses/Other Products and Services 80 million Baht and decreased in Value-added Lenses 38 million Baht.

The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	Q3/2022	Q3/2021	9M/2022	9M/2021
1. Standard Organic Lenses	The Company and its subsidiaries.	30	27	27	28
2. Value-added Lenses *	The Company	26	40	28	36
3. Rx/Prescription Lenses	The Subsidiary Company	35	27	36	29
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	9	6	9	7
Total		100	100	100	100

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

1.2 Cost of Goods Sold

In Q3/2022, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 77% lower than prior year 4%. The main reason for the above cost reductions was due to increased production volumes compared to the previous year.

In the first nine months of 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 1%. 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.

1.3 Selling and Administrative Expenses

In Q3/2022, the Company and its subsidiaries had selling and administrative expenses 85 million Baht, increased from prior year by 17 million Baht.

In the first nine months of 2022, the Company and its subsidiaries had selling and administrative expenses 238 million Baht, increased from prior year by 40 million Baht.

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

1.4 Other Revenues

In Q3/2022, the Company and its subsidiaries had other revenues 32 million Baht, increased by 11 million Baht.

In the first nine months of 2022, the Company and its subsidiaries had other revenues 78 million Baht, increased by 13 million Baht, mainly due to the increase in gain of exchange rate.

1.5 Net Profit

In Q3/2022, the Company and its subsidiaries had net profit 116 million Baht which increased by 65 million Baht or 127% from prior year.

In the first nine months of 2022, the Company and its subsidiaries had net profit 301 million Baht which increased by 67 million Baht or 29% 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 3,037 million Baht which increased by 149 million Baht from 2021, as details described below;

Current assets increased by 218.42 million Baht from the following changes;

- Cash and cash equivalents increased by 94.22 million Baht, mainly due to an increase in operating performance.
- Short-term loans to unrelated party decreased by 14.63 million Baht.
- Inventories increased by 135.59 million Baht.

Non-current assets decreased by 69.03 million Baht from the following changes;

- Land, building and net equipment decreased by 65.55 million Baht.
- Intangible assets decreased by 3.32 million Baht.

The company and its subsidiaries had total Liabilities of 1,017 million Baht, increased by 86 million Baht from 2021, as details described below;

Current liabilities increased by 88.26 million Baht from the following changes;

- Trade payable and other accounts payable increased by 151 million Baht, this was mainly due to an increase in trade accounts payable-unrelated parties 89.51 million Baht, accrued expenses 50.66 million Baht and other accounts payable 16.38 million Baht (More details as shown in note to financial statements no.10).
- Short-term loans from banks decreased 50 million Baht.
- Current portion of lease liabilities decreased 22.17 million Baht.

Non-current liabilities decreased by 2.38 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 5.65 million Baht.

The company and its subsidiaries had Shareholders' equity of 2,020 million Baht which was increased from the amount of 2021 by 63.52 million Baht.

3. Cash Flow

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

(Unit: million Baht)

Items	Q3/2022	Q3/2021	Amount change	% change
Cash earned (used) in operating activities:	496.06	229.65	266.41	116.0
Cash earned (used) in investment activities:	(64.89)	(132.52)	67.63	51.0
Cash earned (used) in financing activities:	(336.95)	(197.17)	(139.79)	70.9
Net cash Increased /(Decreased)	94.22	(100.03)	194.25	194.2

Net cash earned from operating activities as of September 30, 2022 was 496.06 million Baht, increased by 266.41 million Baht from previous year, this was mainly due to the above-mentioned operating results.

Net cash used in investment activities as of September 30, 2022 was 64.89 million Baht, decreased by 67.63 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 September 30, 2022 was 336.95 million Baht, increased by 139.79 million Baht from previous year, this was due to an increase in Dividend paid.

4. Financial Ratios Analysis

Financial Ratios			Year 2022	Year 2021
Profitability Ratio				
Gross Profit Margin	GP	%	23.12	22.35
Net Profit Margin	NP	%	14.53	13.15
Efficiency Operating Ratio				
Return on Equity	ROE	%	19.33	16.48
Return on Asset	ROA	%	13.14	12.02
Average Collection Period	ACP	Days	48.66	60.92
Average Age of Inventory	AAI	Days	211.23	195.04
Average Accounts Payable	APP	Days	38.41	34.10
Liquidity Ratio				
Debt to Equity ratio	D/E ratio	Times	0.50	0.48