

(Translations)

Date: February 15, 2023

Subject: Submission of Financial Statements ended December 31, 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 the year ended as of December 31, 2022 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the year ended December 31, 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

The Office of Company Secretary  
TEL: +662 - 1941145-1150 ext. 3119  
FAX: +662 -1941151

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

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

Operating Results for the year ended December 31, 2022

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

**Overview of the world economy:** Situation of the epidemic of COVID-19 Overall, in the fourth quarter the world dropped to almost normal which is expected to become an endemic disease soon. As a result, economic activities in many countries gradually recovered. China's easing of Zero-COVID measures is also a factor supporting the normalization of the manufacturing sector and supply chain. This resolves supply chain disruptions that occurred during the recent COVID-19 crisis. However, although the impact of the epidemic of the COVID-19 virus on the global economy will decrease. But there is still a slowdown and some economic zones are likely to enter a recession due to the following key factors; 1) Financial tightness due to continuous interest rate increases by central banks around the world to cope with higher inflation, 2) Risks from the uncertainty of the protracted Russia-Ukraine war, causing volatility in commodity prices, especially oil prices, 3) Eurozone energy price crisis due to constraints on renewable energy supply in Russia, and 4) Cost of living crisis from inflationary pressure This empty factor is very important and needs to be monitored for further changes.

As for the manufacturing and export activities of superpowers that are the main drivers of the global economy, such as the United States, the economy is likely to slow down but may not face a recession as the labor market remains strong. While European countries are at risk of facing a recession due to energy shortages. China may be pressured by problems in the real estate sector, disputes between China and Taiwan, conflicts with the United States and the uncertainty of the epidemic of COVID-19 after the relaxation of the Zero-COVID measure, the overall world economy tends to slow down.

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, raising the minimum wage 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 2022, The Company and its subsidiaries had earned total revenues 2,980 million Baht, which was increased by 513 million Baht or 21% from previous year. The net profit for the period was 404 million Baht, which was increased by 93 million Baht or 30% from previous year as detailed in the table below.

| <b>Consolidated Financial Statements</b> | <b>(Unit: million Baht)</b> | <b>2022</b> | <b>2021</b> |
|--|-----------------------------|-------------|-------------|
| Total revenues                           |                             | 2,980       | 2,466       |
| Cost of sales and service                |                             | 2,248       | 1,867       |
| Selling and Administrative Expenses      |                             | 295         | 259         |
| Net Profit (Loss)                        |                             | 404         | 310         |

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 2022, Sales revenue increased in all regions. which the Australia increased by 36 percent, Africa and the Middle East increased by 32 percent, Americas increased by 30 percent, Europe increased by 12 percent and Asia and Pacific increased by 8 percent. As for the cost of sales and services, the proportion to revenue from sales and services decreased from the previous year, mainly due to the increase in production volume according to sales volume and effective cost management, and in terms of selling and administrative expenses increased according to increased sales activities.

## Operating Results Analysis

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

#### 1.1 Revenue from sales and services

In 2022, The Company and its subsidiaries had earned total revenues from sales and services of 2,923 million Baht which was increased by 542 million Baht or 23% from previous year, which derived from Rx/Prescription Lenses 289 million Baht, Standard Organic Lenses 153 million Baht, Mineral Lenses/Other Products and Services 75 million Baht and Value-added Lenses 7 million Baht.

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

| <b>Revenue by Product Groups</b>              | <b>Manufacturer</b>               | <b>2022</b> | <b>2021</b> |
|---|-----------------------------------|-------------|-------------|
| 1. Standard Organic Lenses                    | The Company and its subsidiaries. | 28          | 28          |
| 2. Value-added Lenses *                       | The Company                       | 28          | 34          |
| 3. Rx/Prescription Lenses                     | The Subsidiary Company            | 35          | 31          |
| 4. Mineral Lenses/Other Products and Services | The Company and its subsidiaries. | 9           | 7           |
| <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 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 1%, mainly due to the increase of production volume and continuous efficiency management, which resulted to product cost decrease comparing to prior year.

#### 1.3 Selling and Administrative Expenses

In 2022, the Company and its subsidiaries had selling and administrative expenses 295 million Baht, increased from previous year by 36 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 2022, the Company and its subsidiaries had other revenues 57 million Baht, decreased by 29 million Baht, mainly due to the decrease in gain of exchange rate.

#### 1.5 Net Profit

In 2022, the Company and its subsidiaries had net profit 404 million Baht which increased by 93 million Baht or 30% from previous year. The main reason for the increase in net profit was from the increase in sales revenue and cost of sales and services mentioned above.

## 2. Financial Status

The Company and its subsidiaries had total assets of 3,302 million Baht which increased by 415 million Baht from 2021, with details of significant increases and decreases as follows;

### **Current assets increased by 414.66 million Baht from the following changes;**

- Cash and cash equivalents increased by 113.20 million Baht, mainly due to an increase in operating performance.
- Trade and other receivables increased by 51.87 million Baht, the main reason was from trade accounts receivable related parties 26.77 million Baht and trade accounts receivable unrelated parties 26.77 million Baht (More details as shown in note to financial statements no.8).
- Short-term loans to unrelated party decreased by 14.63 million Baht.
- Net inventories increased by 244.63 million Baht, the mainly due to an increase in finished goods 129.99 million Baht, goods in transit 67.88 million Baht and supplies - glass mould 28.56 million Baht. (More details as shown in note to financial statements no.12).
- Other current assets increased by 23.85 million Baht.

The company and its subsidiaries had total Liabilities of 1,187 million Baht, increased by 257 million Baht from 2021, as details described below;

### **Current liabilities increased by 269.18 million Baht from the following changes;**

- Trade payable and other accounts payable increased by 128 million Baht, this was mainly due to an increase in trade accounts payable-unrelated parties 103.30 million Baht and other accounts payable-unrelated parties 36.99 million Baht (More details as shown in note to financial statements no.19).
- Short-term loans from banks increased 150 million Baht.
- Current portion of long-term loans from banks decreased 31.65 million Baht.
- Income tax payable increased 14.77 million Baht.

### **Non-current liabilities decreased by 12.57 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 3.68 million Baht.

The company and its subsidiaries had Shareholders' equity of 2,115 million Baht which was increased from the amount of 2021 by 158.08 million Baht.

### 3. Cash Flow

Cash earned (used) as of December 31, 2022 comparing to prior year.

(Unit: million Baht)

| Items  | 2022          | 2021            | Amount change | % change     |
|--|---------------|-----------------|---------------|--------------|
| Cash earned (used) in operating activities:  | 436.52        | 230.18          | 206.34        | 89.6         |
| Cash earned (used) in investment activities: | (173.85)      | (175.12)        | 1.27          | 0.72         |
| Cash earned (used) in financing activities:  | (149.47)      | (286.44)        | 136.97        | 47.8         |
| <b>Net cash Increased /(Decreased)</b>       | <b>113.20</b> | <b>(231.38)</b> | <b>344.58</b> | <b>148.9</b> |

**Net cash earned from operating activities as of December 31, 2022 was 436.52 million Baht**, increased by 206.34 million Baht from previous year, this was mainly due to the above-mentioned operating results.

**Net cash used in investment activities as of December 31, 2022 was 173.85 million Baht**, the same level as the previous year. There was a significant change from an increase in purchases of machinery and equipment and a decrease in short-term loans to related parties.

**Net cash used in financing activities as of December 31, 2022 was 149.47 million Baht**, decreased by 136.97 million Baht from previous year, mainly due to cash from short-term loans from banks and dividend payments.

### 4. Financial Ratios Analysis

| Financial Ratios                  |           |       | Year 2022 | Year 2021 |
|-----------------------------------|-----------|-------|-----------|-----------|
| <b>Profitability Ratio</b>        |           |       |           |           |
| Gross Profit Margin               | GP        | %     | 23.51     | 22.35     |
| Net Profit Margin                 | NP        | %     | 13.96     | 13.15     |
| <b>Efficiency Operating Ratio</b> |           |       |           |           |
| Return on Equity                  | ROE       | %     | 19.83     | 16.48     |
| Return on Asset                   | ROA       | %     | 14.21     | 12.02     |
| Average Collection Period         | ACP       | Days  | 56.03     | 60.92     |
| Average Age of Inventory          | AAI       | Days  | 211.39    | 195.04    |
| Average Accounts Payable          | APP       | Days  | 37.51     | 34.10     |
| <b>Liquidity Ratio</b>            |           |       |           |           |
| Debt to Equity ratio              | D/E ratio | Times | 0.56      | 0.48      |