

(Translations)

Date: May 10, 2023

Subject: Submission of Financial Statements ended March 31, 2023 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 2023 as follows:

1. Financial Statements for 3 month ended as of March 31, 2023 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the first Quarter ended March 31, 2023.
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 first Quarter ended March 31, 2023

COVID-19 Pandemic

Overview of the world economy: Although the overall situation of the epidemic of the COVID-19 virus in Q1/2023 has subsided to almost normal. However, the global economy remains uncertain and has high risks. As a result, there may be a recession in many countries in 2023. The US policy interest rate is expected to be above 5% by the end of 2023. While European economies were affected by the Russo-Ukrainian War due to the sharp increase in energy prices. While European economies were affected by the Russo-Ukrainian War due to the sharp increase in energy prices. In particular, the price of natural gas, although it has passed its peak, is still at a high level and will be a drag on the growth of the European economy in 2023. In addition, geopolitical conflicts in the world will continue to put pressure on global production costs due to disruptions in the supply chain. As China scraps its long-enforced Zero-COVID policy and reopens the country, As a result, China's economic activities began to gradually recover, especially in the service sector, which was the main driver of China's economy in the first quarter to grow more than expected. It is also a driving force for the economic recovery of Asian countries and plays an important role in the supply chain of the global industrial chain.

Although the situation of the spread of the COVID-19 virus still has an impact that causes the current global economic situation to expand during a period of increased uncertainty from several risks such as 1) the war between Russia and Ukraine that affects food and energy prices causing the world to suffer from rising costs of living, higher demand. While supply is still limited due to labor shortages and production factors causing inflation to rise rapidly. 2) Problems between China and the United States. The conflict between the two superpowers will affect production and global trade chains, including trade, investment, security and technology 3) crises in the cost of living, food, fuel and other risks that need to be monitored change further.

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, higher raw material prices from many traders and rising energy costs which affecting company costs. 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 Q1/2023, The Company and its subsidiaries had earned total revenues 722 million Baht, which was increased by 60 million Baht or 9% from previous year. The net profit for the period was 113 million Baht, which was increased by 37 million Baht or 48% from previous year as detailed in the table below.

Consolidated Financial Statements	(Unit: million Baht)	Q1/2023	Q1/2022
Total revenues		722	662
Cost of sales and service		504	513
Selling and Administrative Expenses		85	74
Net Profit (Loss)		113	76

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 Q1/2023, Sales revenue increased in regions the Americas increased by 43 percent, Europe increased by 29 percent and decreased in Africa and the Middle East decreased by 32 percent, Asia and Pacific decreased by 7 percent and Australia decreased by 5 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 Q1/2023, The Company and its subsidiaries had earned total revenues from sales and services of 720 million Baht which was increased by 69 million Baht or 11% from previous year, which derived from Rx/Prescription Lenses 32 million Baht, Value-added Lenses 15 million Baht, Standard Organic Lenses 13 million Baht, and Mineral Lenses/Other Products and Services 8 million Baht.

The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	Q1/2023	Q1/2022
1. Standard Organic Lenses	The Company and its subsidiaries.	25	25
2. Value-added Lenses *	The Company	28	29
3. Rx/Prescription Lenses	The Subsidiary Company	38	37
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	9	9
Total		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 Q1/2023, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 70% lower than prior year 9%, 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 Q1/2023, the Company and its subsidiaries had selling and administrative expenses 85 million Baht, increased from previous year by 12 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 Q1/2023, the Company and its subsidiaries had other revenues decreased by 19 million baht from the previous year. This was mainly due to the loss on exchange rates.

1.5 Net Profit

In Q1/2023, the Company and its subsidiaries had net profit 113 million Baht which increased by 37 million Baht or 48% from previous year. The main reason for the increase in net profit was from the increase in sales revenue and the decrease in cost of sales and services mentioned above.

2. Financial Status

The Company and its subsidiaries had total assets of 3,627 million Baht which increased by 325 million Baht from 2022, with details of significant increases and decreases as follows;

Current assets increased by 153.42 million Baht from the following changes;

- Cash and cash equivalents decreased by 14.14 million Baht.
- Net inventories increased by 157 million Baht, the mainly due to an increase in finished goods 138.51 million Baht, raw materials 47.28 million Baht, supplies - glass mould 11.47 million Baht and goods in transit decreased for 56.78 million Baht.
- Other current assets increased by 13.21 million Baht.

Non-current assets increased by 171.63 million Baht from the following changes;

- Land, building and net equipment increased by 177.38 million Baht.
- Deferred tax assets decreased by 5.35 million Baht.

The company and its subsidiaries had total Liabilities of 1,400 million Baht, increased by 213 million Baht from 2022, as details described below;

Current liabilities increased by 211.35 million Baht from the following changes;

- Trade payable and other accounts payable increased by 79.84 million Baht, this was mainly due to an increase in accrued expenses 48.62 million Baht, trade accounts payable-unrelated parties 17.84 million Baht and other accounts payable-unrelated parties 11.41 million Baht (More details as shown in note to financial statements no.10).
- Short-term loans from banks increased 140 million Baht.
- Current portion of long-term loans from banks decreased 9.29 million Baht.

Non-current liabilities increased by 1.21 million Baht with details as follows;

- Provision for long-term employee benefits increased by 1.51 million Baht.

The company and its subsidiaries had Shareholders' equity of 2,227 million Baht which was increased from the amount of 2022 by 112.50 million Baht.

3. Cash Flow

Cash earned (used) as of March 31, 2023 comparing to prior year.

(Unit: million Baht)

Items	Q1/2023	Q1/2022	Amount change	% change
Cash earned (used) in operating activities:	53.03	174.05	(121.01)	69.55
Cash earned (used) in investment activities:	(192.23)	(17.88)	(174.35)	975.2
Cash earned (used) in financing activities:	125.06	36.06	88.99	246.8
Net cash Increased /(Decreased)	(14.14)	192.23	(206.37)	107.4

Net cash earned from operating activities as of March 31, 2023 was 53.03 million Baht, decreased by 121.01 million Baht from previous year, this was mainly due to an increase in inventories.

Net cash used in investment activities as of March 31, 2023 was 192.23 million Baht, increased by 174.35 million Baht from previous year. There was a significant change from an increase in purchases of machinery and equipment.

Net cash earned in financing activities as of March 31, 2023 was 125.06 million Baht, increased by 88.99 million Baht from previous year, mainly due to cash from short-term loans from banks.

4. Financial Ratios Analysis

Financial Ratios			Year 2023	Year 2022
Profitability Ratio				
Gross Profit Margin	GP	%	30.49	23.51
Net Profit Margin	NP	%	15.85	13.96
Efficiency Operating Ratio				
Return on Equity	ROE	%	20.66	19.83
Return on Asset	ROA	%	14.66	14.21
Average Collection Period	ACP	Days	52.10	56.03
Average Age of Inventory	AAI	Days	226.48	211.39
Average Accounts Payable	APP	Days	39.02	37.51
Liquidity Ratio				
Debt to Equity ratio	D/E ratio	Times	0.63	0.56