

(Translations)

Date: November 8, 2023

Subject: Submission of Financial Statements of the Third Quarter and nine-month periods ended 30 September 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 months and 9 months ended September 30, 2023 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the third Quarter ended September 30, 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

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Thai Optical Group Public Company Limited

Management Discussion and Analysis (MD&A)

Operating Results for the third Quarter and nine-month periods ended September 30, 2023

COVID-19 Pandemic

Overview of the world economy: In Q3/2023, the overall world situation is in the recovery phase from the COVID-19 epidemic. However, the World Health Organization commented that the trend of the COVID-19 epidemic. There are still worrying trends ahead of winter in the northern hemisphere. This is due to the increasing number of people admitted to intensive care units in Europe and the number of deaths in parts of the Middle East and Asia. along with calling on other countries to increase vaccination and be more vigilant. The world economy continues to slow down. From several risk factors such as the war between Russia-Ukraine, Eurozone energy crisis as well as problems between China and the United States, including trade wars, technology wars, and decoupling of supply chains, which affect the production, trade, investment, and global economy as reflected by the manufacturing sector that has slowed down around the world. Especially the Chinese economy, although the Chinese government has tried to stimulate the economy through financial and fiscal tools in the past, but the recovery is still lower than expected. Domestic purchasing power has decreased and the problem of fragility in the real estate sector has not yet been resolved. While the United States economy in the direction of slowing down But it was able to avoid a recession amidst a labor market that is still strong. Tight money caused by persistently high interest rates is a risk that will reduce demand in various countries and put pressure on global trade markets. In the Eurozone economy, Tight monetary policy and high inflation continue to hold back growth in the Eurozone. This results in the economy becoming weaker, significantly increasing the risk of entering a recession. This is reflected in the contraction of consumption and confidence in the private sector. Therefore, following the trade war situation and trends in trade and investment policies is important. To be able to cope with the impacts and take advantage of the economic and trade opportunities that will arise.

However, despite the situation of the COVID-19 epidemic it will have a lower effect on the cost of the Group's business activities. But there are still other risk factors that increase, Especially the fluctuations in foreign currency exchange rates. Prices of raw materials may increase due to inflation. The minimum wage tends to increase according to government policy. 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 Q3/2023, The Company and its subsidiaries earned total revenues 795 million Baht, which was increased by 6 million Baht or 1% from previous year. The net profit for the period was 106 million Baht, which was decreased by 9 million Baht or 8% from the previous year.

For the nine-month period 2023, The Company and its subsidiaries earned total revenues 2,185 million Baht, which was increased by 14 million Baht or 1% from the same period prior year. The net profit for the period was 336 million Baht, which was increased by 35 million Baht or 12% from the previous year as detailed in the table below.

Consolidated Financial Statements (Unit: million Baht)	Q3/2023	Q3/2022	9M/2023	9M/2022
Total revenues	795	790	2,185	2,171
Cost of sales and service	608	582	1,599	1,617
Selling and Administrative Expenses	61	85	204	238
Net Profit (Loss)	106	116	336	301

Sales revenue by region There are changes as follows: The Americas region increased by 43 percent, the Africa and Middle East region increased by 11 percent, the Asia and Pacific region increased by 3 percent, the Europe region increased by 2 percent, while the Australia region decreased by 17 percent.

The ratio of cost of sales and services to sales and service income decreased from the previous year. This is mainly due to effective product cost management. As for sales and administrative expenses, they decreased due to changes in sales support conditions.

Operating Results Analysis

1. Revenues and Expenses of the Company and its subsidiaries

1.1 Revenue from sales and services

In Q3/2023, The Company and its subsidiaries had earned total revenues from sales and services of 780 million Baht which was increased by 22 million Baht or 3% from previous year, which derived from Value-added Lenses 34 million Baht, Rx/Prescription Lenses 30 million Baht and decreased in Standard Organic Lenses 38 million Baht, Mineral Lenses/Other Products and Services 5 million Baht.

For the nine-month period 2023, The Company and its subsidiaries had earned total revenues from sales and services of 2,162 million Baht which was increased by 69 million Baht or 3% from

previous year, which derived from Rx/Prescription Lenses 68 million Baht, Value-added Lenses 35 million Baht, Mineral Lenses/Other Products and Services 2 million Baht and decreased in Standard Organic Lenses 37 million.

The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	Q3/2023	Q3/2022	9M/2023	9M/2022
1. Standard Organic Lenses	The Company and its subsidiaries.	25	30	25	27
2. Value-added Lenses *	The Company	30	26	28	28
3. Rx/Prescription Lenses	The Subsidiary Company	37	35	38	36
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	8	9	9	9
Total		100	100	100	100

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

1.2 Cost of Goods Sold

In Q3/2023, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 78% higher than prior year 1%.

For the nine-month period 2023, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 74% lower than prior year 3%, 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 Q3/2023, the Company and its subsidiaries had selling and administrative expenses of 61 million Baht, decreased from previous year by 24 million Baht.

For the nine-month period 2023, the Company and its subsidiaries had selling and administrative expenses 204 million Baht, decreased from the prior year by 35 million Baht.

The main reason for the above decrease was due to lower sales-related expenses. Due to changes in sales support conditions.

1.4 Other Revenues

In Q3/2023, the Company and its subsidiaries had other revenues of 15 million Baht, decreased by 17 million Baht from the previous year, mainly due to the decrease in gain on exchange rate.

For the nine-month period 2023, the Company and its subsidiaries had other revenues of 23 million Baht, decreased by 56 million Baht from the previous year, mainly due to the decrease in gain on exchange rate.

1.5 Net Profit

In Q3/2023, the Company and its subsidiaries had net profit of 106 million Baht which decreased by 9 million Baht or 8% from the previous year.

For the nine-month period 2023, the Company and its subsidiaries had net profit 336 million Baht which increased by 35 million Baht or 12% from the previous year.

The main reason for the increase in net profit was from the increase in sales revenue and the decrease in the cost of sales and services mentioned above.

2. Financial Status

The Company and its subsidiaries had total assets of 4,055 million Baht which increased by 753 million Baht from 2022, with details of significant increases and decreases as follows:

Current assets increased by 206.24 million Baht from the following changes:

- Cash and cash equivalents decreased by 46.10 million Baht.
- Net inventories increased by 214 million Baht, the mainly due to an increase in finished goods 262.79 million Baht, supplies - glass mould 21.51 million Baht, Spare parts and factory supplies 6.66 million Baht, while goods in transit decreased by 42.37 million Baht and raw materials decreased by 36.58 million Baht.
- Other current assets increased by 38.15 million Baht.

Non-current assets increased by 547.00 million Baht from the following changes:

- Land, building and net equipment increased by 564.47 million Baht, an increase from Subsidiary Company's Investment in the New Project of the Automated Production Line
- Investments in associates decreased by 14.53 million Baht.
- Intangible assets increased by 11.58 million Baht.
- Deferred tax assets decreased by 10.16 million Baht.

The company and its subsidiaries had total Liabilities of 1,904 million Baht, increased by 717 million Baht from 2022, as details described below:

Current liabilities increased by 713.92 million Baht from the following changes:

- Trade payable and other accounts payable increased by 29.27 million Baht, this was mainly due to an increase in accrued expenses 62.26 million Baht, decreased in trade accounts payable-unrelated parties 28.06 million Baht and decreased in other accounts payable-unrelated parties 5.07 million Baht (More details as shown in note to financial statements no.10).
- Short-term loans from banks increased 696 million Baht.
- Current portion of long-term loans from banks decreased 9.29 million Baht.
- Income tax payable decreased 5.32 million Baht.

Non-current liabilities increased by 2.83 million Baht with details as follows:

- Provision for long-term employee benefits increased by 4.52 million Baht.

The company and its subsidiaries had Shareholders' equity of 2,151 million Baht which was increased from the amount of 2022 by 36.49 million Baht.

3. Cash Flow

Cash earned (used) as of September 30, 2023 comparing to prior year.

(Unit: million Baht)

Items	Q3/2023	Q3/2022	Amount change	% change
Cash earned (used) in operating activities:	253.93	496.02	(242.09)	48.8
Cash earned (used) in investment activities:	(664.22)	(64.85)	(599.37)	924.3
Cash earned (used) in financing activities:	364.19	(336.95)	701.14	208.1
Net cash Increased /(Decreased)	(46.10)	94.22	(140.32)	148.9

Net cash earned from operating activities as of September 30, 2023 was 253.93 million Baht, decreased by 242.09 million Baht from the previous year, this was mainly due to an increase in inventories and Other current assets.

Net cash used in investment activities as of September 30, 2023 was 664.22 million Baht, an increase of 599.37 million Baht from the previous year. There was a significant change from an increase in purchases of machinery and equipment.

Net cash earned in financing activities as of September 30, 2023 was 364.19 million Baht, an increase of 701.14 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	%	26.45	23.51
Net Profit Margin	NP	%	15.71	13.96
Efficiency Operating Ratio				
Return on Equity	ROE	%	21.04	19.83
Return on Asset	ROA	%	14.16	14.21
Average Collection Period	ACP	Days	54.82	56.03
Average Age of Inventory	AAI	Days	243.97	211.39
Average Accounts Payable	APP	Days	42.97	37.51
Liquidity Ratio				
Debt to Equity ratio	D/E ratio	Times	0.89	0.56