

(Translations)

Date: February 14, 2024

Subject: Submission of Financial Statements ended 31 December 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 ended December 31, 2023 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the year ended December 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

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Thai Optical Group Public Company Limited

Management Discussion and Analysis (MD&A)

Operating Results for the year ended December 31, 2023

Overview of the world economy: In Q4/2023, Situation of the spread of the COVID-19 virus Overall, it has calmed down. The global economy and trade are showing signs of recovery from rising global demand. Both domestic and international tourism recovered. However, the world still faces risks that could hinder economic recovery and create future uncertainty in many areas. Whether it is geopolitical risk (Geopolitical Risk) such as the war between Russia and Ukraine that affects food and energy prices. Causing the world to face the problem of rising living costs. Global demand is increasing rapidly. While there are still supply constraints. There is a shortage of both labor and production factors. As a result, inflation is increasing rapidly and is likely to continue to protract. There are still tensions between China and the United States that has a broad impact on global trade and production chains. Including the conflict situation between Israel and Hamas. As well, disruptions in shipping due to Houthi attacks in the Red Sea have caused significant damage to supply chains. In addition, important structural changes such as adapting to the digital age Coping with changing weather conditions that will disrupt economic activities in the old way. It is therefore a serious challenge for business organizations in all sectors to cope with these risks and uncertainties and change management policies to be flexible and sustainable. As a result, the world economy and trade remain highly uncertain and are likely to recover more slowly than previously forecast. Overall, the economy and inflation in the Eurozone are trending down, resulting in an increased risk of an economic recession from the end of 2023 until the first quarter of 2024. In the United States economy Although it will recover better in Q4/2023, the economy is expected to begin to slow down in Q1/2024 due to consumer spending factors. Including private investment that has begun to slow down. After the economy grew rapidly in the past. Although geopolitical conflicts and wars affect energy prices there is still high uncertainty. Moreover, the impact of restrictive monetary policy will gradually increase (lagged effect) amid an increase in real interest rates. It is still a risk factor for the US economic recovery to continue. As for the growth of China's production and consumption sectors, there are signs of improvement. This is partly a result of China's measures to support the economy. But the real estate sector remains sluggish.

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. All of which have an impact on the Company's 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 2023, The Company and its subsidiaries earned total revenues 3,015 million Baht, which was increased by 36 million Baht or 1% from the prior year. The net profit for the period was 426 million Baht, which was increased by 22 million Baht or 5% from the previous year as detailed in the table below.

Consolidated Financial Statements	(Unit: million Baht)	2023	2022
Total revenues		3,015	2,980
Cost of sales and service		2,265	2,248
Selling and Administrative Expenses		258	295
Net Profit (Loss)		426	404

Sales revenue by region There are changes as follows: The Americas region increased by 32 percent, the Africa and Middle East region increased by 33 percent, the Europe region increased by 2 percent, the Asia and Pacific region increased by 1 percent, while the Australia region decreased by 16 percent.

The ratio of cost of sales and services to sales and service income decreased slightly 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 2023, The Company and its subsidiaries had earned total revenues from sales and services of 2,993 million Baht which was increased by 71 million Baht or 2% from previous year, which derived from Rx/Prescription Lenses 145 million Baht, Value-added Lenses 29 million Baht, Mineral Lenses/Other Products and Services 1 million Baht and decreased in Standard Organic Lenses 107 million.

The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	2023	2022
1. Standard Organic Lenses	The Company and its subsidiaries.	24	28
2. Value-added Lenses *	The Company	28	28
3. Rx/Prescription Lenses	The Subsidiary Company	39	35
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	9	9
Total		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 2023, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 76% a slight decrease of 1% from the previous year, although raw material prices and production overheads increased in many items. Due to close cost control and continuous improvement of the team's production efficiency.

1.3 Selling and Administrative Expenses

In 2023, the Company and its subsidiaries had selling and administrative expenses 258 million Baht, decreased from the prior year by 37 million Baht.

The main reason for the above decrease was due to lower sales-related expenses. Due to changes in sales support conditions together with managing expenses to be more efficient.

1.4 Other Revenues

In 2023, the Company and its subsidiaries had other revenues of 22 million Baht, decreased by 35 million Baht from the previous year, mainly due to the decrease in gain on exchange rate.

1.5 Net Profit

In 2023, the Company and its subsidiaries had net profit 426 million Baht which increased by 22 million Baht or 5% 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 4,047 million Baht which increased by 745 million Baht from 2022, with details of significant increases and decreases as follows:

Current assets increased by 149.88 million Baht from the following changes:

- Cash and cash equivalents decreased by 102.53 million Baht.
- Net inventories increased by 195 million Baht, the mainly due to an increase in finished goods 272.89 million Baht, Spare parts and factory supplies 11.23 million Baht, while goods in transit decreased by 73.08 million Baht and supplies - glass mould decreased by 10.42 million Baht
- Trade and other receivables increased by 31.70 million Baht, the main reason was from trade accounts receivable unrelated parties 23.54 million Baht and trade accounts receivable related parties 8.31 million Baht (More details as shown in note to financial statements no.8).
- Other current assets increased by 27.64 million Baht.

Non-current assets increased by 594.83 million Baht from the following changes:

- Land, building and net equipment increased by 610.70 million Baht, an increase from Subsidiary Company's Investment in the New Project of the Automated Production Line
- Intangible assets increased by 11.49 million Baht.
- Investments in associates decreased by 17.18 million Baht.
- Deferred tax assets decreased by 6.67 million Baht.

The company and its subsidiaries had total Liabilities of 1,809 million Baht, increased by 622 million Baht from 2022, as details described below:

Current liabilities increased by 261.78 million Baht from the following changes:

- Short-term loans from banks increased 220 million Baht.
- Current portion of long-term loans from banks increased 61.01 million Baht.
- Trade payable and other accounts payable decreased by 13.88 million Baht, this was mainly due to a decreased in other accounts payable-unrelated parties 16.46 million Baht and increased in accrued expenses 2.85 million Baht (More details as shown in note to financial statements no.18).

Non-current liabilities increased by 360.80 million Baht with details as follows:

- Long-term loans from banks - net of current portion increased by 351.48 million Baht.
- Provision for long-term employee benefits increased by 9.09 million Baht.

The company and its subsidiaries had Shareholders' equity of 2,238 million Baht which was increased from the amount of 2022 by 122.85 million Baht.

3. Cash Flow

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

(Unit: million Baht)

Items	2023	2022	Amount change	% change
Cash earned (used) in operating activities:	362.67	436.52	(73.85)	16.9
Cash earned (used) in investment activities:	(766.90)	(173.85)	(593.05)	341.1
Cash earned (used) in financing activities:	301.70	(149.47)	451.17	301.8
Net cash Increased /(Decreased)	(102.53)	113.20	(215.73)	190.6

Net cash earned from operating activities as of December 31, 2023 was 362.67 million Baht, decreased by 73.85 million Baht from the previous year, The main reason is the performance as mentioned above.

Net cash used in investment activities as of December 31, 2023 was 766.90 million Baht, an increase of 593.05 million Baht from the previous year. The main reason is from purchasing machinery used in production.

Net cash earned in financing activities as of December 31, 2023 was 301.70 million Baht, an increase of 451.17 million Baht from previous year, this was mainly due to cash from long-term loans from banks.

4. Financial Ratios Analysis

Financial Ratios			Year 2023	Year 2022
Profitability Ratio				
Gross Profit Margin	GP	%	24.64	23.51
Net Profit Margin	NP	%	14.39	13.96
Efficiency Operating Ratio				
Return on Equity	ROE	%	19.56	19.83
Return on Asset	ROA	%	13.36	14.21
Average Collection Period	ACP	Days	59.91	55.92
Average Age of Inventory	AAI	Days	246.67	211.39
Average Accounts Payable	APP	Days	45.52	37.51
Liquidity Ratio				
Debt to Equity ratio	D/E ratio	Times	0.81	0.56