

(Translations)

Date: February 12, 2020

Subject: Submission of Financial Statements ended December 31, 2019 and Management Discussion and Analysis
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 2019 as follows:

1. Financial Statements for the year ended as of December 31, 2019 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the year ended as of December 31, 2019.
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, 2019

Consolidated Financial Performance

The Company and its subsidiaries had earned total revenues 2,024 million Baht, which was increased by 108 million Baht or 5.6% from the same period prior year. The net profit was 132 million Baht, which was decreased by 14 million Baht or 9.5% from 2018. The decreased of net profit as such mainly derived from the impact of the severance pay adjustment (according to new labour law) amount 16 MB. This change was adjustment stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. According to The Labor Protection Act (No.7) B.E. 2562 is effective from 5 May 2019. By recognizing past service costs as expenses in the profit or loss for year 2019. In addition, there was an effect from decrease of gain from foreign exchange rate amount 17 MB. (Mainly from unrealized loss on foreign exchange rate translations from USD currency to BAHT currency of balance foreign cash and account receivable as of period ending, this due to the effect of Thai Baht depreciation against the US Dollar).

Consolidated Financial Statements	(Unit: million Baht)	2019	2018
Total Revenues		2,024	1,915
Net Profit (Loss)		132	146
The severance pay adjustment (Labour Law)		(16)	-
The effect from Gain / (Loss) on foreign exchange rate		4	21

Operating Results Analysis

1. Revenues and Expenses of the Company and its subsidiaries

1.1 Revenue from sales and services

In 2019, The Company and its subsidiaries had earned total revenues from sales and services of 2,001 million Baht which was increased by 131 million Baht or 7% from 2018. The increased of sales revenue as such mainly derived of Value-added Lenses 45 million Baht, Rx/Prescription Lenses 44 million Baht and Standard Organic Lenses 42 million Baht or 2.4%, 2.4% and 2.3% of total revenue, respectively. In view of regional segment, sale revenue increased 89% in America, 12% in Africa & Middle East and 9% in Asia-Pacific.

The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	2019	2018
1. Standard Organic Lenses	The Company and its subsidiaries.	33	33
2. Value-added Lenses *	The Company	26	26
3. Rx/Prescription Lenses	The Subsidiary Company	34	33
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	7	8
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 2019, The Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 82% higher than prior year 2%, mainly due to severance pay adjustment (according to new labour law) as mentioned above.

1.3 Selling and Administrative Expenses

In 2019, The Company and its subsidiaries had selling and administrative expenses 250 million Baht which decreased from prior year by 1 million Baht, due to the decreased import expenses by using incentives from project of the Board of Investment of Thailand (BOI).

1.4 Other Revenues

In 2019, The Company and its subsidiaries had other revenues 23 million Baht; decreased from prior year by 22 million Baht, due to the decrease in gain of exchange rate 17 million Baht.

1.5 Net Profit

In 2019, The Company and its subsidiaries had net profit 132 million Baht which decreased from prior year by 14 million Baht or 10%, mainly due to the impact from gain of exchange rate as mentioned above.

2. Financial Status

The Company and its subsidiaries had total Assets of 2,582 million Baht which increased by 22 million Baht from 2018, as details described below;

Current assets increased by 17.11 million Baht from the following changes;

- Cash and cash equivalents decreased by 27.38 million Baht.
- Trade and other receivables increased by 21.61 million Baht. The trade and other receivables related to the company increased by 20.58 and the non-related to company increased by 1.03 million Baht. (More details as shown in note to financial statements no.9).
- Net inventories increased by 8.25 million Baht. Increase from Goods in transit 18.12 million Baht, Work in process 4.54 million Baht, finished goods 1.93 million Baht and Decrease from Raw materials 15.36 million Baht, glass mold 2.59 million Baht. (More details as shown in note to financial statements no.13).
- Other current assets increased by 8.24 million Baht.

Non-current assets increased by 5.15 million Baht from the following changes;

- Deferred tax assets increased by 25.90 million Baht.
- Intangible assets increased by 3.27 million Baht.
- Land, Building and net equipment decreased by 25.99 million Baht.
- Other long-term receivables - net of current portion increased by 4.97 million Baht.

The company and its subsidiaries had total Liabilities of 774 million Baht, increased by 51.9 million Baht from 2018, as details described below;

Current liabilities increased by 94.57 million Baht from the following changes;

- Short-term loan from bank increased by 75.00 million, derived from normal operations.
- Trade payable and other accounts payable increased by 36.31 million Baht. Trade account payable increased by 29.36 million Baht and other accounts payable increased 6.95 million Baht. (More details as shown in note to financial statements no.20).
- Accrued unpaid corporate income tax increased by 6.82 million Baht.

Non-current liabilities decreased by 42.70 million Baht with details as follows;

- Long-term loans from banks - net of current portion decreased by 63.53 million Baht.
- Provision for long-term employee benefits increased by 20.83 million Baht.

The company and its subsidiaries had Shareholders' equity of 1,807 million Baht which was decreased from the amount of 2018 by 29.61 million Baht.

3. Cash Flow

Cash earned (used) as of December 31, 2019 comparing to prior year.

(Unit: million Baht)

Items	2019	2018	Amount change	% change
Cash earned (used) in operating activities:	301.63	245.22	56.41	23.0
Cash earned (used) in investment activities:	(166.84)	(130.14)	(36.70)	28.2
Cash earned (used) in financing activities:	(162.18)	(171.36)	9.18	5.4
Net cash Increased /(Decreased)	(27.39)	(56.28)	28.89	51.3

Net cash earned from operating activities as of December 31, 2019 was 301.63 million Baht, increased from previous year by 56.41 million Baht which was increased from decreasing of operating assets and decreased of Cash paid for income tax.

Net cash used in investment activities as of December 31, 2019 was 166.84 million Baht, increased from previous year by 36.70 million Baht which was increased from purchase machines and equipment.

Net cash used in financing activities as of December 31, 2019 was 162.18 million Baht, decreased from previous year by 9.18 million Baht which was increased from short-term loans from banks.

4. Financial Ratios Analysis

Financial Ratios			2019	2018
Profitability Ratio				
Gross Profit Margin	GP	%	18.69	20.40
Net Profit Margin	NP	%	6.70	7.93
Efficiency Operating Ratio				
Return on Equity	ROE	%	7.25	7.92
Return on Asset	ROA	%	5.37	6.36
Average Collection Period	ACP	Days	64.83	60.66
Average Age of Inventory	AAI	Days	208.72	230.86
Average Accounts Payable	APP	Days	27.79	29.28
Liquidity Ratio				
Debt to Equity ratio	D/E ratio	Times	0.43	0.39