

(Translations)

Date: November 4, 2020

Subject: Submission of Financial Statements of the Third quarter and the first nine months of 2020 ended September 30, 2020 and Management Discussion and Analysis due to change of net profit which increased over than 20% from 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 2020 as follows:

1. Financial Statements for 3 months and 9 months ended September 30, 2020 the Company and its subsidiaries.
2. Management Discussion and Analysis (MD&A) for the third Quarter ended September 30, 2020.
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 third Quarter ended September 30, 2020

COVID-19 Pandemic

The global economy in the third quarter of 2020 has a sign of recovery from lowest point in the second quarter (bottomed out) but due to the country's lockdown measures after an increase in numbers of COVID-19 cases soared, as a result, the world economy tends to slow down (Stalling recovery) since. The latest data indicates that the global economy recovered in one to two months after the slowdown. Referring to the information from Google Mobility that the business trends have slowed down in many countries. In addition, indicators of consumption and investment of major economies point in the same direction. However, the company has expected that each country's lockdowns measures will turn to be a localized lockdown instead of the nation-wide lockdown. As a result of the localized lockdown, the Group's sales performance to customers in Europe, Australia and America increased in Q3.

Although the global economy as a whole has shown signs of recovery, there is still a risk in the next phase. This is because the number of COVID-19 infections in some countries is returning which will affect the Group's business activities. However, the impact cannot be accurately estimated at this stage because it is quite unpredictable. It will depend on the when and how COVID-19 pandemic can be controlled. The Group's management has closely monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

Consolidated Financial Performance

In the third quarter of 2020, The Company and its subsidiaries had earned total revenues 545 million Baht which was increased by 72 million Baht or 15.1% from the same period prior year, which was increased from the economic recovery of overseas customers in 99% in America, 3% in Europe, 9% in Australia & New Zealand and 18% in Asia-Pacific. The net profit was 21 million Baht, which was decreased by 4 million Baht or 15.9% mainly due to the impact from the average cost of finished goods is higher than the previous year due to the lower production volume.

In the first nine months of 2020, The Company and its subsidiaries had earned total revenues 1,237 million Baht, which was decreased by 261 million Baht or 17.4% from the same period prior year. The net profit was 6 million Baht, which was decreased by 114 million Baht or 95.2% from 2019. The decreased of net profit as such mainly derived from the impact of decreased revenue. In view of regional segment, sales revenue decreased 42% in Europe, 8% in Australia & New Zealand and 8% in Asia-Pacific. This due to interruption of business activities, resulting from effects of the COVID-19 as mentioned above.

Consolidated Financial Statements (Unit: million Baht)	Q3/2020	Q3/2019	9M/2020	9M/2019
Total revenues	545	473	1,237	1,499
Net Profit (Loss)	21	25	6	120
The severance pay adjustment (Labour Law)	-	(0.11)	-	(15)
The effect from Gain / (Loss) on foreign exchange rate	6	6	16	5

Operating Results Analysis

1. Revenues and Expenses of the Company and its subsidiaries

1.1 Revenue from sales and services

In the third quarter of 2020, The Company and its subsidiaries had earned total revenues from sales and services of 536 million Baht which was increased by 73 million Baht or 15.8% from 2019. The increased of sales revenue as such mainly derived of Value-added Lenses 42 million Baht, Rx/Prescription Lenses 21 million Baht and Standard Organic Lenses 9 million Baht or 9.2%, 4.7% and 2.0% of total revenue, respectively.

In the first nine months of 2020, The Company and its subsidiaries had earned total revenues from sales and services of 1,215 million Baht which was decreased by 266 million Baht or 18.0% from 2019. The decreased of sales revenue as such mainly derived of Standard Organic Lenses 161 million Baht, Rx/Prescription Lenses 54 million Baht and Value-added Lenses 29 million Baht or 11.1%, 3.7% and 2.0% of total revenue, respectively.

The Revenue by Product Groups are as follows:

Revenue by Product Groups	Manufacturer	Q3/2020	Q3/2019	9M/2020	9M/2019
1. Standard Organic Lenses	The Company and its subsidiaries.	26	29	26	33
2. Value-added Lenses *	The Company	31	28	30	26
3. Rx/Prescription Lenses	The Subsidiary Company	35	36	36	34
4. Mineral Lenses/Other Products and Services	The Company and its subsidiaries.	8	7	8	7
Total		100	100	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 the third quarter of 2020, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 89% higher than prior year 5%.

In the first nine months of 2020, the Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 90% higher than prior year 10%, mainly due to the decrease of production volume compare to prior year, which in line with sales volume, resulting from the COVID-19 pandemic as mentioned above.

1.3 Selling and Administrative Expenses

In the third quarter of 2020, the Company and its subsidiaries had selling and administrative expenses 55 million Baht, decreased from prior year by 3 million Baht.

In the first nine months of 2020, the Company and its subsidiaries had selling and administrative expenses 163 million Baht, decreased from prior year by 19 million Baht. Key reason from severance pay adjustment recorded in 2019 amount 15.4 MB according to new labour law.

1.4 Other Revenues

In the third quarter of 2020, the Company and its subsidiaries had other revenues decreased by 2 million Baht from prior year.

In the first nine months of 2020, the Company and its subsidiaries had other revenues increased by 5 million Baht from prior year, due to the increase in gain of exchange rate.

1.5 Net Profit

In the third quarter of 2020, the Company and its subsidiaries had net profit 21 million Baht which decreased by 4 million Baht or 16% from prior year, mainly due to the impact from the average cost of finished goods is higher than the previous year due to the lower production volume as mentioned above.

In the first nine months of 2020, the Company and its subsidiaries had net profit 6 million Baht which decreased by 114 million Baht or 95% from prior year, mainly due to the impact from sales revenue decrease as mentioned above.

2. Financial Status

The Company and its subsidiaries had total assets of 2,775 million Baht which increased by 192 million Baht from 2019, as details described below;

Current assets increased by 155.82 million Baht from the following changes;

- Cash and cash equivalents increased by 258.87 million Baht.
- Trade and other receivables decreased by 35.93 million Baht. The trade and other receivables related to the Company decreased by 51.87 and the non-related to company increased by 15.94 million Baht. (More details as shown in note to financial statements no.4).
- Net inventories decreased by 66.57 million Baht, decrease from finished goods 43.32 million Baht, raw materials 11.11 million Baht, and goods in transit 13.15 million Baht. (More details as shown in note to financial statements no.7).
- Other current assets decreased by 2.25 million Baht.

Non-current assets increased by 36.66 million Baht from the following changes;

- Deferred tax assets increased by 25.31 million Baht.
- Intangible assets increased by 9.48 million Baht.
- Land, building and net equipment decreased by 19.77 million Baht.

The company and its subsidiaries had total Liabilities of 1,031 million Baht, increased by 257 million Baht from 2019, as details described below;

Current liabilities increased by 274.04 million Baht from the following changes;

- Short-term loan from bank increased by 220.00 million, derived from normal operations.
- Trade payable and other accounts payable increased by 61.43 million Baht. Trade account payable increased by 34.36 million Baht and other accounts payable increased 27.07 million Baht. (More details as shown in note to financial statements no.12).

Non-current liabilities decreased by 17.04 million Baht with details as follows;

- Long-term loans from banks - net of current portion decreased by 24.40 million Baht.
- Provision for long-term employee benefits decreased by 5.56 million Baht.
- Lease liabilities - net of current portion increased by 12.92 million Baht.

The company and its subsidiaries had Shareholders' equity of 1,743 million Baht which was decreased from the amount of 2019 by 64.52 million Baht.

3. Cash Flow

Cash earned (used) as of September 30, 2020 comparing to prior year.

(Unit: million Baht)

Items	9M/2020	9M/2019	Amount change	% change
Cash earned (used) in operating activities:	281.40	273.35	8.05	2.9
Cash earned (used) in investment activities:	(116.73)	(122.77)	6.04	4.9
Cash earned (used) in financing activities:	94.20	(198.16)	292.36	147.5
Net cash Increased /(Decreased)	258.87	(47.58)	306.45	644.1

Net cash earned from operating activities as of September 30, 2020 was 281.40 million Baht, increased by 8.05 million Baht from previous year which was from of Operating assets activities.

Net cash used in investment activities as of September 30, 2020 was 116.73 million Baht, increased by 6.04 million Baht from previous year which was from purchase of machines and equipment.

Net cash used in financing activities as of September 30, 2020 was 94.20 million Baht, increased by 292.36 million Baht from previous year which was from short-term loans from banks.

4. Financial Ratios Analysis

Financial Ratios			9M/2020	Year 2019
Profitability Ratio				
Gross Profit Margin	GP	%	10.79	18.69
Net Profit Margin	NP	%	0.48	6.70
Efficiency Operating Ratio				
Return on Equity	ROE	%	1.03	7.25
Return on Asset	ROA	%	0.10	5.37
Average Collection Period	ACP	Days	66.58	64.83
Average Age of Inventory	AAI	Days	219.61	208.72
Average Accounts Payable	APP	Days	36.62	27.79
Liquidity Ratio				
Debt to Equity ratio	D/E ratio	Times	0.59	0.43