

## Executive Summary

This Executive Summary is part of Filing and Prospectus which contains summary of share offering and risks of the issuer. In considering this investment, investors must consider the information provided in the full version of the Filing and Prospectus which can be obtained from the underwriters and issuer, or which that submitted to the Securities and Exchange Commission (SEC) at SEC website.

### Executive Summary for Initial Public Offering (IPO)

#### World Flex Public Company Limited

Subscription period: December 9, 13 and 14, 2021 for existing shareholders of Thai Rubber Latex Group Public Company Limited (“TRUBB”) according to shareholding proportion in TRUBB (Pre-emptive Right).

December 15 – 17, 2021 for Directors, management and employees of WFX patrons of WFX and individuals under discretion of underwriters.

#### Offering Information

**Issuer** : World Flex Public Company Limited  
 (“the Company” or “WFX”)

**Type of Business** : Manufacturer and distributor of rubber thread

**Offering Size** : Not exceeding 142,000,000 newly issued ordinary shares which is equivalent to 30.59 percent of total issued and paid-up shares after IPO

**Offering Structure** :

The offering structure of not exceeding 142,000,000 newly issued ordinary shares is as follows:

Offering to	Offered Shares (Shares)	%
1. Existing shareholders of Thai Rubber Latex Group Public Company Limited (“TRUBB”) according to shareholding proportion in TRUBB (Pre-emptive Right)	Not exceeding 11,360,000	8.00
2. Directors, management and employees of the Company	Not exceeding 14,200,000	10.00
3. The Company’s patrons	Not exceeding 18,460,000	13.00
4. Individuals under discretion of underwriters	Not less than 97,980,000	69.00
<b>Total</b>	<b>Not exceeding 142,000,000</b>	<b>100.00</b>

**Underwriting Conditions** :  Firm Underwriting  
 Best Effort

**IPO price** : 7.20 Baht per share

**Total offering value** : 1,022,400,000 Baht

**Par value** : 1.00 Baht per share

**Book value** : 3.03 Baht per share calculated from the shareholders’ equity as of 30 September 2021 which equals to 975.83 million Baht divided by the number of total issued and paid-up shares of 322,200,000 shares

**Relationship between the issuer and offeror and the financial advisors and/or the underwriters such as inter-shareholding, having directors/executives/personnel of financial advisors and/or underwriters holding positions Director of the issuer and offeror, borrowing from a group of financial advisors and/or underwriters and other relationships that may cause the financial advisors and/or the underwriters to lose their independence in performing their duties.**

No  Yes

**The share offering or convertible securities in the previous 6 months prior to the submission of Filing to the SEC**

No  Yes

**Rational for determination of the offering price and financial information supporting the valuation of the offering price:**

The determination of the price of the Company's ordinary shares to be offered at 7.20 Baht per share was made by Book Building, which is a method of surveying the demand for ordinary shares of institutional investors at each price level by setting a price range and giving institutional investors the opportunity to notify the price and number of shares they wish to subscribe to the lead underwriters as specified in clause 6.2.1. In this regard, the Company and its lead underwriters have considered in determining the final offering price by considering the price and number of shares that institutional investor wish to purchase, taking into account the price that the Company will receive the expected proceeds and there will be enough demand left at the level expected to stabilize the share price in the secondary market.

The offering price of ordinary shares by the Company is set at 7.20 Baht per share, representing a Price to Earnings per share ratio (P/E ratio) equals 12.41 times, calculated from the previous four quarters of net profit from October 1, 2020 to the 30th. September 2021, which is equal to 186.87 million Baht divided by the number of ordinary shares issued and paid up before the IPO of 322.20 shares, with a par value of 1.00 Baht per share, equal to net profit per share of 0.58 Baht per share. After the offering of the Company's newly issued ordinary shares, the Price to Earnings per share ratio (Fully Diluted P/E ratio) is 17.89 times, calculated from the previous 4 quarters of net profit from October 1, 2020 to September 30, 2021, which is equal to 186.87 million Baht divided by the number of newly issued and paid-up ordinary shares after the IPO (Fully Diluted) amounting to 464.20 shares with a par value of 1.00 Baht per share, equal to the net profit per share is 0.40 Baht per share.

**Ratio of "Strategic Shareholders" who are not subject to the Silent Period:**

77,011,236 shares, representing 16.59% of the total issued and paid-up shares of the Company after the offering of newly issued ordinary shares. In this regard, the calculation of the shares of non-silent period stakeholders does not include shares from the management that are allocated as existing shareholders of TRUBB according to the shareholding proportion in TRUBB (Pre-emptive Right).

**Secondary Market** :  SET  mai

**Industry** : Consumer Products

**Sector** : Fashion

**Listing Criteria** :  profit test  market capitalization test

**Use of Proceeds**

The Company intends to use the net proceeds of the initial public offering after deducting underwriting related costs which is approximately 998.12 million Baht for the following purposes:

<b>Use of Proceeds</b>	<b>Amount (Million Baht)</b>	<b>Expected Period</b>
1. Funds for expanding the rubber thread factory <sup>1</sup>	350.00	Within 2565
2. Loan repayment to financial institutions	400.00	Within 2564
3. Working capital	248.12	Within 2565

Remarks: 1. Details of the rubber thread factory expanding are in section 2.2.2 Business Description and section 2.2.6 Future Project.

**Dividend Payment Policy**

The Company has a policy to pay dividend at a rate of no less than one-third of net profit based on its separate financial statement after deducting corporate income tax and the allocation of reserve as required by the law and the Company's article of association. The dividend payout might be less than the rates above, taking into account factors such as economic conditions, the Company's operating results and financial position, cash flows, working capital, investment and business expansion plans, liabilities, conditions and limitations as stipulated in the loan agreement and other appropriateness that will be carefully considered by the Board of Directors.

However, the annual dividend payment must be approved by the shareholders' meeting except for the interim dividend payment which can be approved by the Board of Directors from time to time whenever it has determined that the Company has sufficient profit to pay dividend whereby such dividend payment must be reported to the shareholders in the next shareholders' meeting accordingly. However, the dividend payment must not be contrary to or inconsistent with the law.

In this regard, the Company expects to pay an interim dividend in the future which is expected that the dividend will be paid within January 2022 and is the event that occurs after the first 9-month financial statements of 2021. Therefore, the first 9-month financial statements of 2021 do not reflect such numbers.

**Information of the issuer**

World Flex Public Company Limited ("**the Company**" or "**WFX**") was established on May, 2<sup>nd</sup> May 1991 operating the business of manufacturing and distributing powder-coated rubber thread and silicone-coated rubber thread by distributing products to customers both domestically and internationally under the Company's total 7 brands, which are WORLD FLEX, THAITEX, QUALIFLEX, LT RUBBER, CHANGTHAI, PEGASUS (Blue) and PEGASUS (China)

The Company produces rubber thread using the main raw material, namely concentrated latex, and sells them to customers both domestically and internationally. The rubber thread products are used as components in the production of various types of finished goods such as garments, apparel, socks, underwear, medical equipment, furniture, etc. The Company's product characteristics are divided into 2 categories which are Talcum rubber thread and Silicone rubber thread, details as follows:

### **1. Talcum Rubber Thread**

The rubber thread with talcum coating, a talc substance in the form of a fine talc-like powder, making the rubber thread do not stick together and easy to separate the individual rubber threads in applications which are suitable for use in various industries, including general textile industry, medical textile industry, furniture industry, etc.

### **2. Silicone Rubber Thread**

The rubber thread with silicone coating, which is a varnish in the form of plastic water mixed with chemicals to make the rubber threads not stick together and easy to separate each rubber thread in use. It is suitable for use in industries that are environmentally sensitive and reduce dust pollution from powder coatings, such as general textile industry, medical textile industry, furniture industry, etc.

The Company has a rubber thread factory located on Highway No. 3191, Mae Nam Khu, Pluak Daeng District, Rayong Province. As of September 30<sup>th</sup>, 2021, the Company has estimated the actual production capacity of all sizes of rubber thread, totaling 36,000 tons per year. In 2018 - 2020 and the first 9 months of 2021, the Company has capacity utilization rates of 86.07%, 88.23%, 89.41% and 95.46%, respectively.

The Company has two distribution channels for customers both domestically and internationally. The details are as follows:

#### **1. Distributor**

Distributor will purchase the Company's products and re-sell the products to the customers who are end-users in their own country, where the distribution through this channel is to distribute the products to reach more retail customers in different countries.

#### **2. End-user**

End-user will be the manufacturer of various products such as clothing manufacturers, socks manufacturer, furniture manufacturers, etc. In this regard, the distribution of rubber thread to domestic customers will be directly sold to end-users.

With more than 30 years of business experience, the Company has a good understanding of products, expertise and skill in producing rubber thread. The Company focuses on business operations that offer international quality products and services that create the highest satisfaction. As a result, the company has been trusted and accepted by business partners continuously until today.

The Company operates its business under the concept of "A Manufacturer of High-Quality Natural Rubber Thread", whereby the Company is a manufacturer and distributor of high-quality rubber threads, from the selection of quality raw materials to the production process with modern technology, standard inspection, product quality, on-time delivery and impressive service to create maximum customer satisfaction.

### **Major Shareholders**

As of September, 30<sup>th</sup> 2021, the Company has a total of 164 shareholders. The shareholding structure as of September, 30<sup>th</sup> 2021 and after this initial public offering are summarized with the following details:

Shareholders' Name	Before IPO		After IPO	
	No. of Shares	%	No. of Shares	%
1. Thai Rubber Latex Group Public Company Limited <sup>1</sup>	307,999,100	95.59	307,999,100	66.35
2. Mr. Chawalit Tiyadechachai Group				
2.1 Mr. Chawalit Tiyadechachai	7,022,004	2.18	7,022,004	1.51
2.2 Miss Chalengkwan Wongsasuthikul	500,040	0.16	500,040	0.11
3. Mr. Nat Vongsasuttikul	800,040	0.25	800,040	0.17
4. Mr. Kowit Wongsasuthikul	500,000	0.16	500,000	0.11
5. Mr. Prakit Woraprateep	500,000	0.16	500,000	0.11
6. Mr. Somchai Phoungdee Group				
6.1 Mr. Somchai Phoungdee	251,840	0.08	251,840	0.05
6.2 Miss Sunee Thongsuk	15,040	0.00	15,040	0.00
7. Mr. Prawit Woraprateep	200,040	0.06	200,040	0.04
8. Mr. Pattapol Wongsasuthikul	200,040	0.06	200,040	0.04
9. Miss Uthairat Chatuphatharat	200,040	0.06	200,040	0.04
10. Mr. Anan Walla	200,040	0.06	200,040	0.04
11. Other shareholders <sup>2</sup> (152 persons)	3,811,776	1.18	3,811,856	0.82
<b>Total</b>	<b>322,200,000</b>	<b>100.00</b>	<b>322,200,000</b>	<b>69.41</b>
Public	-	-	142,000,000	30.59
<b>Grand total</b>	<b>322,200,000</b>	<b>100.00</b>	<b>464,200,000</b>	<b>100.00</b>

### **Remarks**

1. Thai Rubber Latex Group Public Company Limited ("TRUBB") is listed on the Stock Exchange of Thailand which operates the business of manufacturing and distributing concentrated latex and other natural rubber products. As of August 9<sup>th</sup>, 2021, TRUBB has the top 10 shareholders with details as follows:

Shareholders' Name	As of August, 9 <sup>th</sup> 2021	
	No. of Shares	%
1. Mrs. Thippawan Suthathipkul	97,437,512	14.30
2. Mr. Vorathep Wongsasuthikul	47,002,257	6.90
3. Mr. Prawit Woraprateep	34,050,000	5.00
4. Mr. Prakit Woraprateep	34,017,000	4.99
5. Miss Amonrat Limwannawong	24,560,075	3.60
6. Mr. Archkran Temritikulchai	19,000,000	2.79
7. Thai NVDR Company Limited	11,686,034	1.71
8. Mrs. Nualadee Kritayanukol	10,781,073	1.58
9. Mr. Kobpong Prompanya	10,550,000	1.55
10. Mr. Paiboon Woraprateep	10,293,051	1.51
11. Other shareholders	382,102,686	56.07
<b>Total</b>	<b>681,479,688</b>	<b>100.00</b>

Source: TRUBB

2. Other shareholders are executives and employees of the Company. and general investors.

### **Revenue Structure**

The Company's revenue structure, classified by product characteristics, in 2018 - 2020 and the first 9 months of 2021 is as follows:

Revenue Structure	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>1. Revenue from sales of rubber thread</b>						
1.1 Talcum Rubber Thread	1,780.44	95.68	1,939.01	94.81	2,143.66	89.00
1.2 Silicone Rubber Thread	54.92	2.95	94.80	4.64	250.49	10.40
<b>Total</b>	<b>1,835.37</b>	<b>98.63</b>	<b>2,033.81</b>	<b>99.45</b>	<b>2,394.15</b>	<b>99.40</b>
2. Revenue from rubber scraps <sup>1</sup>	0.79	0.04	1.62	0.08	0.83	0.03
3. Revenue from chemicals <sup>2</sup>	1.68	0.09	1.49	0.07	1.94	0.08
<b>Total revenue from sales of goods</b>	<b>1,837.84</b>	<b>98.76</b>	<b>2,036.92</b>	<b>99.60</b>	<b>2,396.92</b>	<b>99.51</b>
Other Income <sup>3</sup>	4.84	0.26	4.89	0.24	6.71	0.28
Gains on Foreign Exchange	18.25	0.98	3.30	0.16	5.03	0.21
<b>Total Income</b>	<b>1,860.92</b>	<b>100.00</b>	<b>2,045.11</b>	<b>100.00</b>	<b>2,408.66</b>	<b>100.00</b>

#### Remarks

1. Revenue from rubber scraps is the sales of rubber scraps obtained from the production of rubber threads or rubber threads whose quality does not meet the specified standards. In accounting, rubber scrap is a product obtained from a manufacturing process in which its production costs are recorded in cost of goods sold as well as rubber thread production. Therefore, revenue from rubber scrap is recorded in revenue from sales of goods in order to reflect the actual operating results of the Company.
2. Revenue from chemicals is the sales of chemicals used in the production to related companies. In accounting, chemicals are ingredient used in the manufacture of rubber thread which are recorded in cost of goods sold. Therefore, revenue from chemicals is recorded in revenue from sales of goods in order to reflect the actual operating results of the Company.
3. Other income includes tax coupon income, gain from disposal of assets, interest income, etc. In this regard, other income presented in the financial statement of 2018 – 2020 include gains from foreign exchange. However, the other income shown in the table above is segregated the gains from foreign exchange for the sake of more explicit comparison of gains from foreign exchange.

Revenue Structure	Jan – Sep 2020		Jan – Sep 2021	
	Million Baht	%	Million Baht	%
<b>1. Revenue from sales of rubber thread</b>				
1.1 Talcum Rubber Thread	1,482.59	86.42	2,417.19	93.34
1.2 Silicone Rubber Thread	225.58	13.15	163.93	6.33
<b>Total</b>	<b>1,708.17</b>	<b>99.57</b>	<b>2,581.12</b>	<b>99.68</b>
2. Revenue from rubber scraps <sup>1</sup>	0.17	0.01	1.22	0.05
3. Revenue from chemicals <sup>2</sup>	1.34	0.08	1.18	0.05
<b>Total revenue from sales of goods</b>	<b>1,709.67</b>	<b>99.66</b>	<b>2,583.52</b>	<b>99.77</b>
Other Income <sup>3</sup>	4.55	0.26	6.00	0.23
Gains on Foreign Exchange	1.27	0.07	- <sup>4</sup>	-
<b>Total Income</b>	<b>1,715.49</b>	<b>100.00</b>	<b>2,589.52</b>	<b>100.00</b>

#### Remarks

1. Revenue from rubber scraps is the sales of rubber scraps obtained from the production of rubber threads or rubber threads whose quality does not meet the specified standards. In accounting, rubber scrap is a product obtained from a manufacturing process in which

its production costs are recorded in cost of goods sold as well as rubber thread production. Therefore, revenue from rubber scrap is recorded in revenue from sales of goods in order to reflect the actual operating results of the Company.

2. Revenue from chemicals is the sales of chemicals used in the production to related companies. In accounting, chemicals are ingredient used in the manufacture of rubber thread which are recorded in cost of goods sold. Therefore, revenue from chemicals is recorded in revenue from sales of goods in order to reflect the actual operating results of the Company.
3. Other income includes tax coupon income, gain from disposal of assets, interest income, etc.
4. For the first 9 months of 2021, the Company had a loss on foreign exchange of 33.41 million Baht, which was recorded in the net loss on foreign exchange.

Product sales volume classified by types of rubber thread in 2018 - 2020 and the first 9 months of 2021 are as follows:

Sales Volume	2018		2019		2020	
	Amount (Ton)	%	Amount (Ton)	%	Amount (Ton)	%
Talcum Rubber Thread	21,817	96.28	26,199	94.84	28,798	89.44
Silicone Rubber Thread	680	3.00	1,253	4.53	3,179	9.87
Rubber Scraps	164	0.72	172	0.62	223	0.69
<b>Total</b>	<b>22,661</b>	<b>100.00</b>	<b>27,624</b>	<b>100.00</b>	<b>32,199</b>	<b>100.00</b>

Remarks: Rubber scraps is the rubber scraps obtained from the production of rubber threads or rubber threads whose quality does not meet the specified standards.

Sales Volume	Jan – Sep 2020		Jan – Sep 2021	
	Amount (Ton)	%	Amount (Ton)	%
Talcum Rubber Thread	19,863.50	87.39	23,528.45	91.63
Silicone Rubber Thread	2,683.85	11.81	1,750.33	6.82
Rubber Scraps	183.10	0.81	399.56	1.56
<b>Total</b>	<b>22,730.45</b>	<b>100.00</b>	<b>25,678.33</b>	<b>100.00</b>

Remarks: Rubber scraps is the rubber scraps obtained from the production of rubber threads or rubber threads whose quality does not meet the specified standards.

Revenue from sales of rubber thread classified by customers in 2018 - 2020 and the first 9 months of 2021 are as follows:

Revenue from sales of rubber thread	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Domestic Sales (Thailand)</b>	<b>35.38</b>	<b>1.93</b>	<b>31.65</b>	<b>1.56</b>	<b>29.57</b>	<b>1.24</b>
<b>International Sales</b>						
Asia <sup>1</sup>	1,702.89	92.78	1,880.20	92.45	2,178.17	90.98
South America	32.32	1.76	48.79	2.40	84.37	3.52
Europe	36.58	1.99	43.03	2.12	74.24	3.10
North America	25.11	1.37	20.39	1.00	25.11	1.05
Africa	3.09	0.17	9.76	0.48	2.68	0.11
<b>Total</b>	<b>1,799.99</b>	<b>98.07</b>	<b>2,002.16</b>	<b>98.44</b>	<b>2,364.58</b>	<b>98.76</b>
<b>Total revenue from sales of rubber thread</b>	<b>1,835.37</b>	<b>100.00</b>	<b>2,033.81</b>	<b>100.00</b>	<b>2,394.15</b>	<b>100.00</b>

Remarks: 1. Revenue from sales of Talcum rubber thread and Silicone rubber thread in Asia does not include revenue from sales of rubber thread in Thailand.

Revenue from sales of rubber thread	Jan – Sep 2020		Jan – Sep 2021	
	Million Baht	%	Million Baht	ร้อยละ
<b>Domestic Sales (Thailand)</b>	<b>28.20</b>	<b>1.65</b>	<b>28.79</b>	<b>1.12</b>
<b>International Sales</b>				
Asia <sup>1</sup>	1,497.81	87.68	2,394.54	92.77
South America	85.17	4.99	70.26	2.72
Europe	67.33	3.94	53.41	2.07
North America	26.26	1.54	17.77	0.69
Africa	3.42	0.20	16.35	0.63
<b>Total</b>	<b>1,679.97</b>	<b>98.35</b>	<b>2,552.32</b>	<b>98.88</b>
<b>Total revenue from sales of rubber thread</b>	<b>1,708.17</b>	<b>100.00</b>	<b>2,581.12</b>	<b>100.00</b>

Remarks: 1. Revenue from sales of Talcum rubber thread and Silicone rubber thread in Asia does not include revenue from sales of rubber thread in Thailand.

Revenue from sales of rubber thread classified by distribution channels in 2018 - 2020 and the first 9 months of 2021 are as follows:

Revenue from sales of rubber thread	2018		2019		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Distributor	1,559.12	84.95	1,732.75	85.20	1,822.44	76.12
End-user	276.25	15.05	301.06	14.80	571.71	23.88
<b>Total revenue from sales of rubber thread</b>	<b>1,835.37</b>	<b>100.00</b>	<b>2,033.81</b>	<b>100.00</b>	<b>2,394.15</b>	<b>100.00</b>

Revenue from sales of rubber thread	Jan – Sep 2020		Jan – Sep 2021	
	Million Baht	%	Million Baht	%
Distributor	1,353.92	79.26	1,773.90	68.73
End-user	354.24	20.74	807.22	31.27
<b>Total revenue from sales of rubber thread</b>	<b>1,708.17</b>	<b>100.00</b>	<b>2,581.12</b>	<b>100.00</b>

### Board of Directors

As of September, 30<sup>th</sup> 2021, the Company's Board of Directors consists of 8 members as follows:

1. Mr. Bunyong Visatemongkolchai Chairman of the Board of Director / Independent Director / Audit Committee
2. Mr. Banlue Chantadisai Director / Independent Director / Chairman of the Audit Committee
3. Mr. Surapong Rongsirikul Director / Independent Director / Audit Committee
4. Mr. Chawalit Tiyadechachai Director / Chief Executive Director
5. Mr. Nat Vongsasuttikul Director / Managing Director
6. Miss Chalongkwan Wongsasuthikul Director
7. Mr. Kowit Wongsasuthikul Director
8. Mr. Prakrit Woraprateep Director

## **Summary of Risk Factors**

### **1. Business Risks**

- 1.1 Risks from the procurement of concentrated latex, which is the main raw material used in the production process.

In the past, the Company consumption of concentrated latex in the production of rubber thread in 2018-2020 and the first 9 months of 2021 amounted to 30,372 tons, 35,312 tons, 41,021 tons and 34,560 tons, respectively, which the Company has been able to procure sufficiently concentrated latex for the volume. The Company has relied on the purchase of concentrated latex from TRUBB in a higher proportion than purchasing latex from other suppliers because TRUBB's latex quality has been qualified by the Company. In addition, TRUBB is able to supply concentrated latex to the Company in the quantity and quality that the Company requires continuously in every season throughout the year.

In this regard, on January 1<sup>st</sup>, 2021, the Company entered into a Concentrated Latex Sale and Purchase Agreement with TRUBB, whereby TRUBB agreed to supply the concentrated latex to the Company with the minimum quantity equal to 18,000 tons per year and the price is the market price on the date of ordering the latex, to ensure that the Company will be able to procure qualified concentrated latex in the quantity that the Company want continuously (Please see details of the Concentrated Latex Sale and Purchase Agreement in Section 2.2.5 Operating Assets)

In addition, the Company has good relationship with other latex suppliers both domestically and internationally. In 2018-2020, the Company has purchased more concentrated latex from more than 10 suppliers other than TRUBB with a total production capacity of concentrated latex sufficient to meet the Company's consumption of latex. As a result, the Company has never experienced a shortage of concentrated latex, which is the main raw material used in the production of rubber thread.

- 1.2 Risk from volatility of latex price

Concentrated latex cost is the main cost of the Company since concentrated latex is the main raw material for the production of rubber thread. In 2018 - 2020 and the first 9 months of 2021, the Company has a proportion of raw material cost of latex equal to 56.58%, 56.52%, 62.09% and 63.36% of the total cost of sales of rubber thread. Therefore, the change in the price of concentrated latex may affect the production cost of the Company's rubber thread, where concentrated latex is a midstream product produced from natural latex. Therefore, the price of concentrated latex varies with the price of natural rubber, with natural latex being a commodity, thus, the price fluctuates according to the demand and supply of natural rubber in the market that changes according to various factors such as economic conditions, climate, prices of substitute products, government measures to promote or control, etc.

However, the Company closely monitors the situation of concentrated latex and natural rubber prices in both domestic and international markets, including asking and comparing the quantity and price of concentrated latex from each concentrated latex supplier regularly and planning the purchase of concentrated latex in advance in accordance with the rubber thread production plan, thus the Company can reduce the risk from the fluctuation of concentrated latex prices in the market and manage the cost of producing rubber thread well. The Company has a policy to determine the selling price by considering the cost of production plus an appropriate profit margin (Cost Plus Pricing). In addition, the Company has

the advantage of having a good relationship with latex suppliers, both domestically and internationally, as well as having a major shareholder in the business of manufacturing and distributing latex products, allowing the Company to receive information about the movement, situations and trends of the latex market which are beneficial to the Company's effective business strategy planning

- 1.3 Risk from competition of manufacturers and distributors of the same product and manufacturers and distributors of substitute products
- 1.4 The risk of interruption in the production process
- 1.5 Risk from reliance on a large particular customer

In 2018-2020 and the first 9 months of 2021, the Company sold products to a particular distributor in China in the proportion of 35.31%, 36.06%, 31.41% and 28.57% of rubber thread sales revenue, respectively. Such revenue proportion is considered a significant proportion which may cause the Company to be at risk of relying on a particular customer because if the Company lose such customers or customers significantly reducing the volume of purchases, this may affect the revenue and operating performance of the Company.

However, because the Company and the such distributors in China have been good trade partners for more than 10 years, and the Company has been trusted in trading products continuously by the manufacturers. Since such distributor in China is a reliable distributor with a consistent good payment history, the Company is confident in maintaining such customer base.

In addition, the Company has good trade relations with other customers. At present, the Company has sold its products to more than 200 other customers and the Company also focuses on expanding the market to new customers around the world in order to expand the customer base to cover all continents around the world. With more than 30 years of business operations, the Company has been able to maintain its customer base well. Its good reputation and good trading partners with customers around the world are the key strengths that make the Company has continuously improved operating results and can operate the business sustainably.

- 1.6 Risk of seasonal income variability
- 1.7 The risk of changing or canceling the government's policy to promote investment in rubber-related businesses
- 1.8 Risk from cancellation or reduction of trade privileges and government promotion policies in foreign markets
- 1.9 Risk from the pandemic situation of the COVID-19

If employee or personnel of the Company is infected with the COVID-19 virus, there is a risk of being ordered to temporarily shut down some or all of the plant which may result in business interruption. At the same time, if the Company's customers are unable to operate the business, it may affect the Company's revenue and operating results significantly as well. However, the Company has a policy to reduce risks and measures to control cleanliness and other sanitation systems, including providing vaccines to the Company's personnel. Therefore, in the past the Company has never encountered any problems from viral diseases which may interrupt the company's business operation. In the other hand, the Company has benefited from the fact that some manufacturers and distributors of rubber thread in some countries have

closed their factories, resulting in shortage of products in the market, enabling the Company to set a selling price with a higher profit margin. However, if the COVID-19 situation eases, it may result in the Company's profit margins dropping slightly as the Company may not be able to set selling prices at the same high margins as during the pandemic situation.

However, the Company still believes that it will be able to continue its business and can generate income and profit of the Company to grow both under the pandemic situation and after the pandemic situation eased due to the Company's expansion of production capacity which is in line with the strategy of expanding new customer base to new product markets around the world, resulting in the Company being able to produce and sell a variety of rubber thread in both sizes and special features cover the needs of customers in more industries. Therefore, the Company is confident that it will create continuous growth in product sales volume and sales revenue.

## **2. Management Risks**

- 2.1 Risk from reliance on key management
- 2.2 The risk of having a major shareholder holding more than 50 percent of the total shares

## **3. Financial Risks**

- 3.1 Risk from fluctuations in foreign exchange rates

The Company's main income from the sale of rubber thread from the distribution of products to foreign countries in 2018-2020 and the first 9 months of 2021 accounted for 98.07%, 98.44%, 98.76%, and 98.88% of revenue from sales of rubber thread respectively. Most of the Company's overseas sales are quoted and payment is made in US Dollars, resulting in the Company's revenue from the sale of rubber thread in US Dollars while the cost of sales and the main expenses of operating business such as cost of raw materials, concentrated latex, cost of other raw materials, transportation costs and personnel expenses, etc., are mainly in the form of Thai baht. Therefore, there is a risk from the fluctuation of foreign exchange rates which may affect the profitability and operating results of the Company and may affect the ability to compete in price with other competitors abroad in the event that the US dollar changes in a depreciating direction against the Baht currency, it will result in a decrease in income from the sale of rubber thread, which will affect the financial position and performance.

However, the Company manages the risks from exchange rate fluctuations by using financial instruments and entering into forward contracts or options, whereby the Company has a hedging policy of not less than 40.00% and if at any time the exchange rate fluctuates greatly, the Company will be hedging the risk of a higher proportion, which is considered jointly between the sales department, the finance department, and the Company's management. The supervisor is the Assistant Managing Director of Accounting and Finance (CFO) and Executive Committee in order to obtain the expected profit margin from business operations.

## **4. Share Offering-related Risks**

- 4.1 Risk from listing ordinary shares on SET
- 4.2 Risk from stock price fluctuation resulting to the significant loss to investors who purchase the IPO of the Company

4.3 Risk from the limitation of the Company's shareholders in the use of right to buy newly issued shares in the future

**Summary of Historical Financial Information in 2018 – 2020 and the first 9 months of 2021**

Financial Information	2018	2019	2020	Jan - Sep 2020	Jan - Sep 2021
Revenue from sales (Million Baht)	1,837.84	2,036.92	2,396.92	1,709.67	2,583.52
Cost of sales (Million Baht)	1,749.24	1,940.05	2,218.95	1,569.19	2,171.06
Gross profit (Million Baht)	88.59	96.86	177.97	140.49	412.46
Other income (Million Baht)	23.09	8.19	11.74	4.55	6.00
Net profit (Million Baht)	19.22	7.72	57.81	59.19	188.24
Basic earnings per share <sup>1</sup> (Baht)	0.06	0.03	0.19	0.19	0.58
Gross profit margin (%)	4.82	4.76	7.42	8.22	15.96
Net profit margin (%)	1.03	0.38	2.40	3.45	7.27

Remarks 1. Weighted average number of ordinary shares calculation based on 1.00 baht of par value for the purpose of comparison with the current par value

Financial Information	As of December 31 <sup>st</sup> , 2018	As of December 31 <sup>st</sup> , 2019	As of December 31 <sup>st</sup> , 2020	As of September 30 <sup>th</sup> , 2021
Total Asset (Million Baht)	1,406.31	1,360.60	1,687.93	2,071.51
Total Liabilities (Million Baht)	868.75	815.32	860.07	1,095.68
Total Equity (Million Baht)	537.56	545.28	827.86	975.83
Debt to Equity ratio (Times)	1.62	1.50	1.04	1.12
Debt Service Coverage Ratio (Times)	4.40	4.33	7.04	14.92
Return on Asset (%)	1.37	0.56	3.79	13.35
Return on Equity (%)	3.58	1.43	8.42	27.83

**Explanation of Financial Position and Company's Performance**

**Business Performance**

In 2018 – 2020, the Company had total revenue of 1,860.92 million Baht, 2,045.11 million Baht and 2,408.66 million Baht respectively, with sales revenue of 1,837.84 million Baht, 2,036.92 million Baht and 2,396.92 million Baht respectively. The sales revenue of the Company has been increasing steadily every year mainly due to 2 factors, namely the continuously increasing sales volume of rubber thread and the increasing price of concentrated latex. In 2019, the Company's revenue from sales increased from the previous year due to the Company selling more 4,955 tons of rubber thread to existing and new customer bases due to the fact that the Company could produce rubber thread in increased volume with the higher utilization rate despite having the same installed capacity. As a result, the Company was being able to produce more sizes of products and better meet the needs of customers. In addition, the Company has begun to adjust marketing and service strategies to support the expansion of new customer base to Africa, Europe and more countries around the world. The Company has established a sales and marketing team which is able to communicate with customers in more than 10 languages covering more than 50 countries around the world, making the Company able to reach a wider variety of customers and understand the needs of customers very well. In 2020, the Company's revenue from sales increased from the previous year because the Company sold 4,525 tons more rubber thread in volume because the Company could produce more quantity of rubber thread with

the higher utilization rate than the previous year despite having the same installed capacity. As a result, the Company was able to produce products in a wider variety of sizes and meet the needs of customers more. Therefore, the Company sold more products to customers who are mainly in Asia such as China, Bangladesh, Indonesia, Pakistan, etc., as well as increasing the volume of sales to customers in South America and Europe. This is due to the Company's strategy to expand new customer base to various countries around the world since 2019. In addition, the Company has expanded its customer base to end-user customers, which the Company could sell its products for end-user customers at a higher price than those for distributors, resulting in the Company having more sales revenue.

For the first 9 months of 2021, the Company had total revenue of 2,589.52 million Baht, of which 2,583.52 million Baht was sales revenue, increased 874.03 baht from the same period of the previous year due to the higher price of concentrated latex. As a result, there was an increase in the selling price of the rubber thread in accordance with the higher raw material price and the sale of the rubber thread in a larger quantity of 2,731 tons. The Company was able to produce and sell more variety of rubber thread in different sizes and quality, thereby supporting the different needs of rubber thread both from the existing customer base and the new customer base. Including the increased proportion of revenue from selling products to the end-user, which the Company could sell products to the end-user at a higher price than the distributor customer. In addition to the pandemic situation of the COVID-19 virus, this resulted in a partial increase in demand for powder-coated rubber thread, which are components of medical devices such as cloth mask straps, PPE bandage elastics and medical headgear.

In 2018 – 2020, the Company had gross profit of 88.59 million Baht, 96.86 million Baht and 177.97 million Baht, representing gross profit margin of 4.82%, 4.76% and 7.42%, respectively.

In 2019, the Company's gross profit margin slightly decreased from 2018 due to the trade war between the United States and China. The United States had set up tariffs on goods imported from China. As a result, manufacturers in China produced and exported less products to the United States. However, the Company has adjusted its sales strategy by selling products to customers in China at a slightly lower margin, in order to maintain the sales volume level not to decrease which made the Company to be able to sell products in larger quantities as well as starting to adopt a strategy to expand new customer base to various countries. As a result, the gross profit margin in 2019 was close to the year 2018.

In 2020, the Company's gross profit and gross margin increased significantly from the previous year due to the expansion of new customer base to various countries around the world since 2019, including the proportion of revenue from selling products to end-user customers that are increasing, which the Company could sell products to end-user with a higher profit margin than the distributor customers. As a result, the Company's profit margin has increased. In addition, the Company produced and sold rubber thread in an increase amount of more than 4,500 tons from the previous year, which contributed to decrease in production cost per unit and larger production led to Economy of Scale.

For the first 9 months of 2021, the Company had gross profit of 412.46 million Baht, representing a gross profit margin of 15.96% which was a 7.75% increase from the same period last year, considered as significant increase, because the Company produced and sold rubber thread in the amount increased from the same period of the previous year by more than 2,700 tons from the expanded production capacity in January and August 2021 by 3,240 tons and 1,440 tons, respectively, enabling the Company to produce a wider variety of products in terms of size and quality. Therefore, the Company was able to meet the needs of more customers from both existing and new customer bases. As a result, the Company was able to set selling prices with higher profit margins. In addition, the Company had an increased proportion of revenue from selling products to end-user customers with generating a higher profit margin

than the distributor customers. Combined with the situation of the pandemic of the COVID-19 that has caused some manufacturers and distributors of rubber thread in some countries to close their production factories due to the COVID-19, resulting in shortages of products in the market at certain periods, so the Company was able to set selling prices with higher profit margins. As a result, gross profit and gross profit margin for the first 9 months of 2021 increased significantly.

From the above operating results, in 2018 - 2020 and the first 9 months of 2021, the Company had a net profit of 19.22 million Baht, 7.72 million Baht, 57.81 million Baht and 188.24 million Baht, respectively, representing a net profit margin of 1.03%, 0.38%, 2.40% and 7.27%, respectively.

In 2019, the Company's net profit and net profit margin were lower than the previous year because in 2019, the Company's other income in the part of profit from foreign exchange decreased by 14.95 million Baht since, in 2019, the foreign exchange rate fluctuated higher when compared to the previous year. This is a result of the trade war between the United States and China. The United States has set up tariffs on goods imported from China. As a result, the US dollar is highly volatile, causing the net profit and the net profit margin of the Company to decrease from the previous year. However, currently, the Company has a policy to hedge against the fluctuation of foreign exchange rates and is closely monitored.

In 2020, the Company had a net profit of 57.81 million Baht and a net profit margin of 2.40%, which was significantly increased from the previous year due to the expansion of new customer base to countries around the world since 2019, including the proportion of revenue from selling products to end-user customers, which the Company can sell products to the end-user customers with a higher profit margin than distributor customers. In addition, the Company produces and sells rubber thread in an increase amount of more than 4,500 tons from the previous year, which contributes to the reduction of the Company's production cost per unit and larger production led to economies of scale. In addition, the Company has also benefited from the introduction of BOI privileges, which reduced the company's income tax expenses. As a result, gross profit and gross margin increased significantly making net profit and net profit margin to increase significantly from the previous year as well.

For the first 9 months of 2021, the Company had a net profit of 188.24 million Baht and a net profit margin of 7.27%. The net profit increased from the same period of the previous year amounting to 129.05 million Baht or an increase of 218.04% which was a significant increase because the Company has increased installed capacity which made the Company to be able to produce more variety of products in terms of size and quality, and able to meet the needs of customers in a variety of industries, which is a product that the company could set selling prices with higher profit margins, including the Company's revenue proportion from selling products to end-user customers with a higher profit margin than distributor customers. Combined with the situation of the pandemic of COVID-19 that caused some manufacturers and distributors of rubber thread in some countries to shut down their production factories due to the COVID-19, resulting in shortage of products in the market while the demand for rubber thread continues to exist. Moreover, the Company produced and sold rubber thread in an increase of more than 2,700 tons from the same period of the previous year, while the utilization rate was also increasing. The increase in production volume contributes to lower production cost per unit and the larger production led to economy of scale Thus, making gross profit and profit margin increased significantly. Despite an increase in administrative expenses from the increase in personnel expenses of the Company, loss from disposal of discontinued assets and net loss on foreign exchange of 31.41 million Baht, as a result of entering into forward contracts and options to prevent exchange rate fluctuations whereby the Baht value on the delivery date was depreciated more than the Baht on the date of forward contract and

option date, however the Company still had net significantly increased net profit and net profit margin compared to the same period of the previous year.

If the COVID-19 situation eases, it may result in a slight decrease in the Company's profit margin because the Company may not be able to set a selling price at a profit margin that is as high as during the pandemic situation. However, the Company still believes that it can continue to operate the business and can generate income and profit of the Company to grow both under the pandemic situation and after the pandemic situation has eased thanks to the Company's expansion of production capacity which is in line with the Company's strategy to expand new customer base to new product markets around the world. Thus, the Company can produce and sell a wide variety of rubber thread in terms of sizes and special features covering the needs of customers in more industries. Moreover, the Company is the one from small numbers of manufacturer and distributor of rubber thread in the world that can produce rubber thread to meet the needs of customers in almost every industry. Therefore, the Company is confident that the expansion of production capacity and the strategy of expanding the customer base of the Company will generate continuous growth in product sales volume and sales revenue.

### **Financial Position**

As of December 31<sup>st</sup>, 2018 - 2020, the Company had total assets of 1,406.31 million Baht, 1,360.60 million Baht and 1,687.93 million Baht respectively. Most assets consist of trade accounts receivable, inventories, investment properties and property plant and equipment. In 2019, the Company's assets declined from the previous year mainly due to a decrease in property plant and equipment, as a result of depreciation expenses which were higher than the increase in assets under construction, including a decrease in trade accounts receivable. In 2020, the Company's assets increased from the previous year mainly due to an increase in property plant and equipment due to an increase in assets under construction and an increase in capital surplus from new asset valuation.

As of December 31<sup>st</sup>, 2018 – 2020, the Company had liabilities of 868.75 million Baht, 815.32 million Baht and 860.07 million Baht respectively. Most liabilities consist of bank overdrafts and loans from financial institutions, accounts payable, liabilities under finance lease agreements and deferred tax liabilities. In 2019, the Company's liabilities decreased from the previous year. This was due to a decrease in bank overdrafts and short-term loans from financial institutions. In 2020, the Company's liabilities increased from the previous year due to the increase in deferred income tax. This is a result of income tax on gains on fair valuation of land, plant and machinery assets.

As of December 31<sup>st</sup>, 2018 - 2020, the Company had shareholders' equity of 537.56 million Baht, 545.28 million Baht and 827.86 million Baht respectively. In 2020, the Company's shareholders' equity increased from the previous year. This was mainly due to an increase in retained earnings, surplus from new asset valuation and surplus from share-based payment which arose from the offering of shares to directors, executives and employees of the Company and private placement.

As of September 30<sup>th</sup>, 2021, the Company's total assets amounted to 2,071.51 million Baht, increased from the previous year. This was mainly due to an increase in property plant and equipment because the Company purchased land and buildings from TRUBB to be used as the location of the rubber thread factory, including an increase in assets under construction. The Company's total liabilities amounted to 1,095.68 million Baht, increased from the previous year due to an increase in other payables. Most of which are payables arising from the purchase of materials, equipment and tools for the construction of the rubber thread factory expansion, including advance receipts for products which correspond to the increased sales volume. Along with the increase in long-term borrowing from a financial institution, which the first installment of the loan was drawn up in September 2021. The Company's

shareholders' equity amounted to 975.83 million Baht, increased from the previous year. This was due to an increase in retained earnings, including the increase of the registered and paid-up capital from the offering of shares to directors, executives and employees of the Company and private placement in 2020.

**Investor Relations**

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E-mail : [management@worldflex.net](mailto:management@worldflex.net)

**Information Memorandum (Additional)**

<b>General Information</b>		
<b>General Information</b>	Company Name / Abbreviation	World Flex Public Company Limited / WFX
	Address / Telephone no. and Fax / URL	1/7 Bangna Thani Bldg 3Fl. Room 3B Soi Bangna-Trad 34, Bangna Tai, Bangna, Bangkok 10260 Tel: 02-398-7188 Fax: 02-398-7187 Website: www.worldflex.net
	Financial Advisor / Underwriter	KTBST Securities Public Company Limited
	Registered Capital (shares) / Paid-up Capital (shares)	464,200,000 shares / 464,200,000 shares
	Number of minority shareholders (Number of shareholders and percent)	4,293 shareholders and 28.15%
	Number of shares under silent period / Silent period	255,310,000 shares (equivalent to 55.00% of the total issued and paid-up shares of the Company after this offering of newly issued ordinary shares), which is prohibited to sell within a period of 1 year from the date the Company's shares start trading on the SET. At the end of the six-month period, 63,827,500 shares could be sold, representing 25.00% of the total shares prohibited. At the end of the 1-year period, the remaining of 191,482,500 shares could be sold, representing 75.00 percent of the total shares that were prohibited from selling before 1-year period.
<b>Financial Statement Information</b>	Fiscal Year End	December, 31
	Policy for Financial Statements Submission	<u>Quarterly financial statements</u> The Company wishes to submit 1 <sup>st</sup> quarter, 2 <sup>nd</sup> quarter and 3 <sup>rd</sup> quarter financial statements of every year that the authorized auditor has reviewed within 45 days from the end of each accounting period. <u>Annual financial statements</u> The Company wishes to submit the annual financial statements that has been audited by an authorized auditor within 2 months from the end of the accounting period without submitting the reviewed 4 <sup>th</sup> quarter financial statements
	Auditing Firm	KPMG Phoomchai Audit Limited
	Auditor	Vairoj Jindamaneepitak (Registration No. 3565) Bunyarit Thanormcharoen (Registration No. 7900) Yootapong Soontalinka (Registration No. 10604)

Operating results for the past 3 years and latest accumulated period	Accounting Period	2018	2019	2020	Jan - Sep 2021
	Book value per share (Baht)	1.75	1.77	2.69	3.03
	Earnings per share (Baht) <sup>1</sup>	0.06	0.03	0.19	0.58
	Dividend per share (Baht) <sup>1</sup>	-	-	-	0.13
	Dividend payout ratio (%)	-	-	-	21.40
Others (If any)	Listing Conditions	- None -			
	Green Shoe Option	- None -			

Board of Directors					
No.	Title	Name	Surname	Position	Start Date
1	Mr.	Bunyong	Visatemongkolchai	Chairman of the Board of Director / Independent Director / Audit Committee	29 January 2021
2	Mr.	Banlue	Chantadisai	Director / Independent Director / Chairman of the Audit Committee	29 January 2021
3	Mr.	Surapong	Rongsirikul	Director / Independent Director / Audit Committee	29 January 2021
4	Mr.	Chawalit	Tiyadechachai	Director / Chief Executive Director	1 October 2017
5	Mr.	Nat	Vongsasuttikul	Director / Managing Director	14 May 2013
6	Miss	Chalongkwan	Wongsasuthikul	Director	16 February 2009
7	Mr.	Kowit	Wongsasuthikul	Director	6 July 2020
8	Mr.	Prakit	Woraprateep	Director	9 July 2020

Prepared by KTBST Securities Public Company Limited

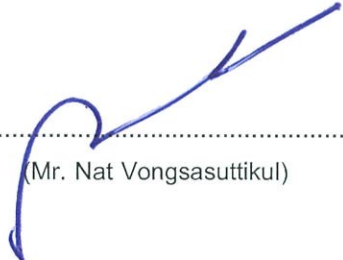
The Company hereby certifies that the information reported in this information memorandum is correct.

Signed .....  
(Mr. Chawalit Tiyadechachai)

(Authorized directors sign on behalf of the Company  
with the Company's seal affixed)



บริษัท เวิลด์เฟล็กซ์ จำกัด (มหาชน)  
WORLD FLEX PUBLIC COMPANY LIMITED

Signed .....  
(Mr. Nat Vongsasuttikul)