WORLD FLEX PUBLIC COMPANY LIMITED
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At WFX 013/2566

Subject Management Discussion and Analysis for operating results the second quarter and six-month period ended 30 June 2023.

Dear The President of the Stock Exchange of Thailand

World Flex Public Company Limited ("the Company") would like to report the operating results of the Company, the second quarter and six-month period ended 30 June 2023, the details are as follows.

1. Overview of operating

Results for the year 2023 for the three-month and six-month period ended 30 June 2023 are as follows:

Income Statement	Q2'2023	Q2'2022	Increase (Decrease)		Jan - Jun 2023	Jan - Jun 2022	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%
Revenue from sales of goods	612.39	1,003.55	(391.16)	(38.98)	1,272.27	2,138.13	(865.86)	(40.50)
Revenue from sales of scrap	0.04	0.09	(0.05)	(55.56)	0.10	0.20	(0.10)	(50.00)
Total revenue from sales	**612.43**	**1,003.64**	**(391.21)**	**(38.98)**	**1,272.37**	**2,138.33**	**(865.96)**	**(40.50)**
Other income	2.36	2.91	(0.55)	(18.90)	4.77	5.96	(1.19)	(19.97)
Net gains foreign exchange	-	-	-	-	-	0.51	(0.51)	(100.00)
Total income	**614.79**	**1,006.5**	**(391.76)**	**(38.92)**	**1,277.14**	**2,144.80**	**(867.66)**	**(40.45)**
Costs of sales of goods	626.53	882.54	(256.01)	(29.01)	1,294.51	1,829.97	(535.46)	(29.26)
Distribution costs	9.18	10.09	(0.91)	(9.02)	19.15	23.30	(4.15)	(17.81)
Administrative expenses	12.51	23.88	(11.37)	(47.61)	25.18	67.24	(42.06)	(62.55)
Net losses on foreign exchange	2.38	5.23	(2.85)	(54.49)	8.86	-	8.86	100.00
Total expenses	**650.60**	**921.74**	**(271.14)**	**(29.42)**	**1,347.70**	**1920.51**	**(572.81)**	**(29.83)**
Profit (loss) from operating activities	**(35.81)**	**84.81**	**(120.62)**	**(142.22)**	**(70.56)**	**224.29**	**(294.85)**	**(131.46)**
Finance costs	5.30	1.06	4.24	400.00	10.10	2.37	7.73	326.16
Profit (loss) before income tax expenses	**(41.11)**	**83.75**	**(124.86)**	**(149.09)**	**(80.66)**	**221.92**	**(302.58)**	**(136.35)**
Tax income (expense)	2.36	(9.89)	12.25	123.86	2.36	(36.77)	39.13	(106.42)
Profit (loss) for the period	**(38.75)**	**73.86**	**(112.61)**	**(152.46)**	**(78.30)**	**185.15**	**(263.45)**	**(142.29)**
Basix earnings (loss) per share (in Baht)	(0.08)	0.16	(0.24)		(0.17)	0.40	(0.23)	

Note:The ratio in the income statement is expressed as a percentage of total revenue.

Revenue from sales

The Company total revenue for the second quarter ended 30 June 2023, was 614.79 million baht, decreased of 391.76 million baht or 38.92 % compared to the same period of last year with total revenue of 1,006.55 million baht and 1,277.14 million baht for the six-month period ended 30 June 2023, decreased of 867.66 million baht or 40.45% from the same period last year's total revenue was 2,144.80 million baht.

The mainly reasons were due to lower average selling prices compared with the same period last year due to high competition from both domestic and oversea sellers, as well as interest rate hikes, and Russian-Ukrainian problems.

Cost of sales of goods

Costs of sales of goods for the second quarter and the six-month period ended 30 June 2023, were 626.53 million baht, decreased of 256.01 million baht or 29.01% and 1,294.51 million baht or a decreased of 535.46 million baht or 29.26% respectively. This was in line with the decline in sales revenue due to the economic conditions of the economy, minimum wage, electricity, and energy shortages have caused energy prices and other products to rise. As a result, the Company raw materials such as chemicals and packaging have increased their prices in line with direct sales costs. The increase in the Company gross profit has decreased.

Distribution costs

Distribution costs for the second quarter and the six-month period ended 30 June 2023, were 9.18 million baht, decreased of 0.91 million baht or 9.02% and 19.15 million baht, decreased of 4.15 million baht or 17.81% from the same period of last year due mainly to export and freight expenses, which were variable from sales revenue.

Administrative Expenses

Administrative expenses for the second quarter and the six-month period ended 30 June 2023, were 12.51 million baht, decreased of 11.37 million baht or 47.61 % and 25.18 million baht, a decreased of 42.06 million baht or 62.55% compared to the same period last year due mainly to personnel expenses.

Financial Costs

Financial costs for the second quarter and the six-month period ended 30 June 2023, were 5.30 million baht, an increased of 4.24 million baht or 400% and 10.10 million or an increased of 7.73 million or 326.16% due to the recent interest rate hike in financial institutions.

Net Profit (Loss)

The Company net loss for the second quarter ended 30 June 2023, was 38.75 million baht, an increase of 112.61 million baht or 152.46% compared to the same period last year when net profit was 73.86 million baht. For the six-month period ended 30 June 2023, net loss was 78.30 million baht, an increased of 263.45 million baht or 142.29% compared to the previous month during the same period last year, net profit was 185.15 million baht, mainly due to lower operating profit due to lower sales revenue.

2. Analysis of the Company financial position

Statement of financial position	30 June 2023		31 December 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	**2,640.21**	**100.00**	**2,958.56**	**100.00**	**(318.35)**	**(10.76)**
Total liabilities	689.10	26.10	831.66	28.11	(142.56)	(17.14)
Equity	1,951.11	73.90	2,126.90	71.89	(175.79)	(8.27)
Total liabilities and equity	**2,640.21**	**100.00**	**2,958.56**	**100.00**	**(318.35)**	**(10.76)**

Note : Abbreviated statement of financial position

Total Assets

As of 30 June 2023, total assets were 2,640.21 million baht, a decrease of 318.35 million baht or 10.76% from the previous year. The main changes were cash and cash equivalents decreased of 164.92 million baht or 51.39% trade receivables and other receivables decreased by 98.71 million baht or 31.51% respectively. Properties, plants, and equipment decreased by 9.53 million baht or 0.57%, mainly due to the reduction of the Company normal depreciation.

Total Liabilities

As of 30 June 2023, the Company total liabilities were 689.10 million baht, decreased of 142.56 million baht or 17.14% from the payment of trade creditors, raw materials, chemicals, and other creditors decreased of 136.42 million baht or 39.85% and long-term debt payments from financial institutions under terms of loan contracts decreased of 50.40 million baht or 21.63%

Total Equity

The Company shareholders equity as of 30 June 2023, was 1,951.11 million baht, decreased of 175.79 million baht or 8.27% from the previous year due to operating loss during the period.

3. Cash flow

Statement of cash flows	Q2'2023	Q2'2022
	Million Baht	
Cash from operating activities	24.30	13.23
Cash used in investing activities	(73.44)	(323.82)
Cash used in financing activities	(115.89)	(96.65)
Net (decrease) in cash	**(165.03)**	**(407.24)**

The cash flow statement for the second quarter of 2023 is as follows.

Cash flows from operating activities: consisting of a loss after adjusting items affecting in the amount of 8.82 million baht. The Company had cash flow from trade and other receivables in amount of 102.18 million baht and Inventory in amount of 33.59 million baht, and cash outflow for trade and other current payables in amount of 129.91 million baht, resulting in the Company net cash used in operating activities in the amount of 24.30 million baht.

Cash flows from investing activities: the Company had cash outflows for investing activities of 73.44 million baht from an increase in property, buildings, and equipment amount 74.99 million baht and cash received from sale of plant and equipment amount 1.07 million baht.

Cash flows from financing activities: the Company cash flows used in financing activities amount to 115.89 million baht, which were repayments of both short-term and long-term loans in regular installment amount 7.34 million baht and dividends paid to owners of the Company amount 97.48 million baht.

Please be informed accordingly.

Yours faithfully

World Flex Public Company Limited

Nat Vongsasuttikul

Managing Director