WORLD FLEX PUBLIC COMPANY LIMITED
บริษัท เวิลด์เฟล็กซ์ จำกัด (มหาชน)
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ISO 9001 : 2015

21 February 2024

at WFX 004/2567

Subject Management Discussion and Analysis 2023, End of 31 December 2023

Dear Director & Manager
The Stock Exchange of Thailand

World Flex Public Company Limited ("Company") would like to inform the Company's operating results 2023, end of 31 December 2023 as details follows:

1. Performance Overview

Operating results for the year ended 31 December 2023 are as follows:

Millon Baht	4Q/65	4Q/66	3Q/66	Change QoQ	Change YoY	2566	2565	Change YoY
Revenue from sales of goods	854.56	770.20	700.89	69.31	(84.36)	2,743.37	3,674.09	(930.72)
Revenue from sales of scrap	0.06	0.03	0.02	0.01	(0.03)	0.14	0.31	(0.17)
Total revenue from sales	**854.62**	**770.23**	**700.91**	**69.32**	**(84.39)**	**2,743.51**	**3,674.40**	**(930.89)**
Other income	21.39	3.90	3.39	0.51	(17.49)	12.06	32.59	(20.53)
Net gains foreign exchange	-	17.47	-	17.47	17.47	-	-	-
Total income	**876.01**	**791.60**	**704.30**	**87.30**	**(84.41)**	**2,755.57**	**3,706.99**	**(951.42)**
Costs of sale of goods	812.68	780.58	704.52	76.06	(32.10)	2,779.61	3,308.84	(529.23)
Distribution costs	14.38	10.91	10.16	0.75	(3.47)	40.23	48.38	(8.15)
Administrative expenses	19.60	16.37	11.43	4.94	(3.23)	52.98	94.70	(41.72)
Net losses on foreign exchange	16.78		10.64	(10.64)	(16.78)	2.03	12.39	(10.36)
Total expenses	**863.44**	**807.86**	**736.75**	**71.11**	**(55.58)**	**2,874.85**	**3,464.31**	**(589.46)**
EBIT	**12.57**	**(16.26)**	**(32.45)**	**16.19**	**(28.83)**	**(119.28)**	**242.68**	**(361.96)**
Depreciation and amortization	37.41	43.19	42.44	0.75	5.78	163.35	124.62	38.73
EBITDA	**49.98**	**26.93**	**9.99**	**16.94**	**(23.05)**	**44.07**	**367.30**	**(323.23)**
Financial costs	0.86	4.94	4.84	0.10	4.08	19.88	3.99	15.89
Tax income (expenses)	2.66	3.17	1.23	1.94	0.51	2.03	40.20	(38.17)
Profit (loss) for the period	**9.05**	**(24.37)**	**(38.52)**	**14.15**	**(33.42)**	**(141.19)**	**198.49**	**(339.68)**
EPS	0.02	(0.05)	(0.08)			(0.30)	0.43	

Sales Revenue

Total sales revenue 2023 was 2,743.51 million baht. It was decreased 930.89 million baht or 25.33% compared to 2022 with total sales revenue of 3,674.40 million baht due to a slowdown in both domestic and oversea economic factors, demand reduction. As a result, the rubber thread demand in the user industry has decreased.

In 2023, it was challenging year for the rubber thread industry. These are mainly due to the global economic downturn, customer demand has decreased across all regions. In addition, the competition in the market is quite high continuously from both domestic and oversea, new competitors in the market increase, interest rate hikes and inflation have led to a decline in the company's sales revenue.

Cost of goods sold

The cost of goods sold in 2013 was 2,779.61 million baht, a decrease of 529.23 million baht or 15.99% from the previous year The main factors affecting production cost were lower sales volume, which led to a significant reduction in production volume. Actual capacity utilization in 2023 decreased to 89% compared with 93% in 2022. As a result, constant costs including depreciation, machinery repair and maintenance costs and staffing costs. As a result, the cost of selling the company did not fall as much as it should. However, the electricity reduction rates in second half 2023 due to government support policies was enough to mitigate some impact on products in Q4.

Distribution costs

Distribution costs in 2023 was 40.23 million baht. 8.15 million baht decreased 16.85% compared to the same period last year. This is mainly due to export expenses and freight costs, which are proportional to the decrease in sales volume. Improving freight management processes also helps to control transportation costs effectively.

Administrative expenses

Administrative expenses in 2023 amounted to 52.98 million baht or 1.93% of sales revenue, it down from 94.70 million baht in 2022. These were mainly reduced on other employees due to a decrease in amount of employees and time management of the support segment following a reduction in production plans.

Financial costs

Financial costs in 2023 amounted to 19.88 million baht or 15.89 million baht increase. The increase was 398.25% as a result of the continuous increase in interest rates in line with financial institutions' policies in the recent period soaring.

Net profit (loss)

As a result of higher costs, It was affect in 2023, the Company had a net loss of 141.19 million baht . Loss increased by 339.68 million baht or 171.13% compared to 2022, mainly due to operating loss due to lower sales revenue.

2. Analysis of financial position

Statement of financial position	31 December 2023		31 December 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	**2,590.31**	**100.00**	**2,958.56**	**100.00**	**(368.25)**	**(12.45)**
Total liabilities	703.75	27.17	831.66	28.11	(127.91)	(15.38)
Equity	1,886.56	72.83	2,126.90	71.89	(240.34)	(11.30)
Total liabilities and equity	**2,590.31**	**100.00**	**2,958.56**	**100.00**	**(368.25)**	**(12.45)**

Remark : Brief statement of financial position

Total Assets

Total assets as of December 31, 2023 amounted to 2,590.31 million baht, consisting of current assets of 639.66 million baht and non-current assets of 1,950.65 million baht by investment properties 358.36 million baht, properties, buildings and equipments 1,581.61 million baht and other non-current assets 10.68 million baht.

In 2023, total assets decreased by 368.25 million baht, reflecting a decrease in sales revenue. In addition, inventory was reduced by 32.76 million baht. This was a management system to meet the declining demand for products in the market. Cash and cash equivalents decreased by 259.85 million baht. Trade receivables and other receivables decreased by 22.35 million baht. In the same way, that sales decreased and land, buildings and equipment decreased by 81.70 million baht or by 4.91%, mainly due to the reduction of depreciation charges.

Total Liabilities

Total liabilities as of December 31, 2023 amounted to 703.75 million baht, a decrease of 127.91 million baht from 2022. This was mainly due to the repayment of accounts payable, cost of raw materials, chemicals and other creditors decreased by 58.21 million and the payment of loans from financial institutions in accordance with the terms of the loan agreement. The decrease amounted to 100.80 million baht. However, because the Company's solvency ratio (DSCR) of 0.39 did not comply with the Bank's terms and conditions. It must not be lower than 1.20, resulting in the Company's financial statements having to reclassify the loan from long-term loans to short-term loans amounting to 233 million baht. But however, the Company has reviewed the amount of loans for assistance in accordance with the Bank's terms and conditions (which are detailed No. 11 on pages 40, 41).

Shareholders' Equity

Shareholders' equity as of December 31, 2023 amounted to 1,886.56 million baht. This was a decrease of 240.34 million baht from 2022 or 11.30% due to operating loss and dividend payment

3. **Cash flow**

Statement of cash flows	2566	2565
	Million Baht	
Cash from operating activities	17.14	166.80
Cash used in investing activities	(84.66)	(493.94)
Cash used in financing activities	(192.33)	(13.90)
Net (decrease) in cash	**(259.85)**	**(341.04)**

The cash flow statement 2023 is as follows:

Cash was derived from operating activities, consisting of loss after adjusting for items affecting profit in cash received (paid) of 141.19 million baht. The Company has cash inflows from trade receivables and other receivables of 14 million baht. Inventories amounting to 32.77 million baht and cash flow payments for trade payables and other creditors. 54.09 million baht As a result, the Company's cash gain from net operating activities amounted to 17.14 million baht.

Cash spent on investment activities The Company had cash flow for investment activities amounting to 84.66 million baht from the increase in land, building and equipment amounted to 86.98 million baht and cash received from equipment sales amounted to 1.70 million baht.

Cash is spent on financing activities. The Company's cash flow in financing activities amounted to 192.33 million baht. The Company received 395.22 million baht from short-term loans from financial institutions, 100.80 million baht in regular installments, and paid dividends to shareholders of the Company 97.48 million baht

Management's Perspectives on Future Operations

- Considering the past year, with factors such as weak demand, high over supply of products in the market. Due to the low capacity consumption and fierce competition, the company carefully reviewed and closely monitored the global market to adjust production plans in line with the growth of both existing customers and new market opportunities, although demand will decrease during 2023, but it is likely to return in the second quarter of 2024.
- Increase cost management measures tightly to focus on increasing efficiency and developing value-added approaches to maintain the ability to generate cash flow continuously.
- Increase production efficiency with automation and various technologies to reduce costs and reduce dependence on labor in the production process.
- Increase wastewater treatment systems to design efficient and environmentally friendly use. The wastewater treatment system project is expected to be operational around the third quarter of 2024 in line with the current sustainable global megatrend.

Please be informed accordingly.

Yours faithfully

World Flex Public Company Limited

- *Nat Vongsasuttikul* -

Mr. Nat Vongsasuttikul

Managing Director