



# WORLD FLEX PUBLIC COMPANY LIMITED

## บริษัท เวิลด์ฟлекс จำกัด (มหาชน)

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ISO 9001 : 2015

7 August 2024

At WFX 012/2567

Subject Management description and analysis for the results of the second quarter of 2024 ended June 30, 2024.

Dear Director and Manager

Stock Exchange of Thailand

World Flex Public Company Limited ("Company") would like to clarify the operating results of the second quarter of 2024 ended June 30, 2024, which has been reviewed by the certified auditor, the Company would like to clarify as follows:

**Table 1 Statement of comprehensive income**

Unit : million baht

Comprehensive Income Statement	Q2'2024	Q1'2024	%QoQ	Q2'2023	%YoY	6M2024	6M2023	%YoY
Revenue from sales - rubber thread	744.41	770.57	(3.39%)	612.39	21.56%	1,514.97	1,272.27	19.08%
Revenue from sales - scrap	0.03	0.03	0.00%	0.04	(25.00%)	0.07	0.10	(30.00%)
<b>Total revenue from sales</b>	<b>744.44</b>	<b>770.60</b>	<b>(3.39%)</b>	<b>612.43</b>	<b>21.56%</b>	<b>1,515.04</b>	<b>1,272.37</b>	<b>19.07%</b>
Cost of sales of goods	-	-	(4.20%)	-	19.16%	1,525.83	1,294.51	17.87%
<b>Gross profit (loss)</b>	<b>744.44</b>	<b>770.60</b>	<b>(75.40%)</b>	<b>612.43</b>	<b>(84.89%)</b>	<b>(10.79)</b>	<b>(22.14)</b>	<b>(51.26%)</b>
Other income	-	-	9.15%	-	46.61%	6.63	4.76	39.29%
Net gain on derivative instruments	7.27	-	100.00%	-	100.00%	-	-	0.00%
Net gain on foreign exchange	-	-	0.00%	8.71	(100.00%)	4.93	1.20	310.83%
<b>Profit (loss) before expenses</b>	<b>751.71</b>	<b>770.60</b>	<b>(256.65%)</b>	<b>621.14</b>	<b>(383.83%)</b>	<b>0.77</b>	<b>(16.18)</b>	<b>(104.76%)</b>
Distribution costs	-	-	(5.73%)	9.17	(3.05%)	18.32	19.15	(4.33%)
Administrative expenses	-	-	4.78%	-	5.20%	25.72	25.18	2.14%
Net loss on derivative instruments	-	-	0.00%	11.09	(100.00%)	22.38	10.06	122.47%
Net loss on foreign exchange	6.50	18.21	(64.31%)	-	100.00%	-	-	0.00%
<b>Total expenses</b>	<b>6.50</b>	<b>18.21</b>	<b>(28.98%)</b>	<b>20.26</b>	<b>(12.88%)</b>	<b>66.42</b>	<b>54.39</b>	<b>22.12%</b>
<b>EBIT</b>	<b>745.21</b>	<b>752.39</b>	<b>(56.34%)</b>	<b>600.88</b>	<b>(44.27%)</b>	<b>(65.65)</b>	<b>(70.57)</b>	<b>(6.97%)</b>
Depreciation and amortization	-	-	0.78%	-	6.86%	84.45	77.72	8.66%
<b>EBITDA</b>	<b>745.21</b>	<b>752.39</b>	<b>(718.18%)</b>	<b>600.88</b>	<b>479.84%</b>	<b>18.80</b>	<b>7.15</b>	<b>162.94%</b>
Financial costs	6.19	-	18.36%	-	16.79%	11.42	10.10	13.07%
Tax income	-	(4.17)	(99.04%)	-	(98.31%)	(4.22)	(2.36)	78.81%
<b>Net loss</b>	<b>739.02</b>	<b>756.56</b>	<b>(44.17%)</b>	<b>600.88</b>	<b>(32.63%)</b>	<b>(72.85)</b>	<b>(78.31)</b>	<b>(6.97%)</b>



**Business performance overview**, the Company recorded a net loss of 26.10 million baht for the three months of Q2/2004, a decrease of 12.64 million baht YoY and a decrease of Baht 20.65 million QoQ from the global economic recovery. The Company continues to monitor the impact on the business sector due to rising costs of raw materials, energy and minimum wage increases. The Company's sales revenue increased by Baht 132.01 million or 21.56% from YoY due to higher selling price from YoY due to higher raw material costs.

- **Proceeds from the sale of goods**, in the second quarter of 2024, sales revenue was 744.44 million baht (Q2/2023: 612.43 million baht), decreasing 3.39% QoQ and 21.56% YoY increase, respectively. Domestic sales accounted for 0.80% and foreign sales 99.20% of the total cost of raw materials increased in line with the rising cost of raw materials, despite the high competitive environment during the period, balance of surplus supply, coupled with the slight appreciation of the baht against the US dollar
- **The cost of sales** in the second quarter of 2024 was 746.57 million baht (Q2/2023: 626.53 million baht), a decrease of 4.20% QoQ, which was in line with the decrease in sales revenue by 3.39% QoQ due to the shortage of condensed latex, which is the main raw material which is used to produce rubber thread together with lower waste rate from production.
- **Other income** in the second quarter of 2024 was 3.46 million baht (Q2/2023: 2.36 million baht), an increase of 1.10 million baht or 46.61%.
- **The cost of distribution** in the second quarter of 2024 was 8.89 million baht (Q2/2023: 9.17 million baht), decreasing by 0.28 million baht or by 3.05% due to the management of export-related expenses and sales promotion expenses.
- **Sales and administrative expenses** in the second quarter of 2024 was 13.16 million baht (Q2/2023: 12.51 million baht), an increase of 0.65 million baht or 5.20% due to personnel expenses.
- **Net loss** in the second quarter of 2024, net loss of 26.10 million baht (Q2/2023: net loss of 38.74 million baht), decreasing by 12.64 million baht or 32.63% due to the increase in sales revenue and the depreciation of the exchange rate.

**Overview of the Company's** operating results, for the Company's operating performance in the six months of 2024, the Company's sales revenue was 1,515.04 million baht (6 months of 2023: 1,272.37 million baht), an increase of 242.67 million baht or 19.07%

**The Company's gross loss** for the six months of 2024 was 10.79 million baht (6 months of 2023: 22.14 million baht), a decrease of 11.35 million baht or 51.26% due to higher sales and more efficient cost management.

**The cost of distribution** in the six-month period of 2024 million baht was 18.32 million baht (six-month of 2023: 19.15 million baht), decreasing by 0.83 million baht or 4.33% as a result of cost control management.

**Administrative expenses** for the six-month period of 2024 million baht was 25.72 million baht (six-month of 2023: 25.18 million baht), an increase of 0.54 million baht or 2.14% as a result of personnel expenses increase.

#### **Impact on the price of condensed latex on the company**

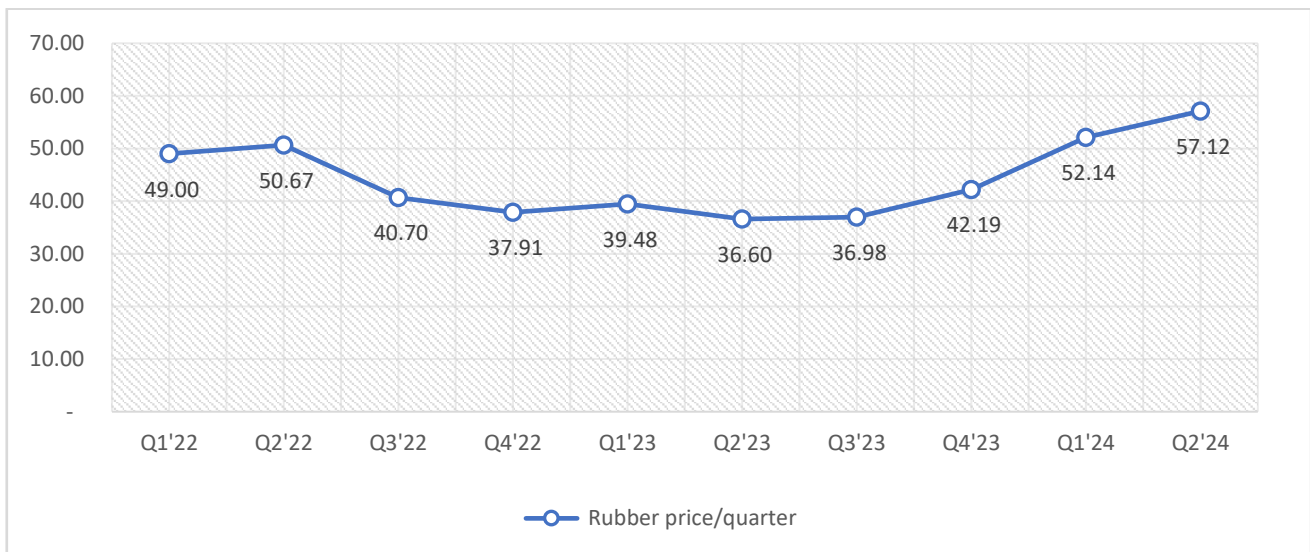
Domestic condensed latex price in the second quarter of 2024 was 57.12 baht per kilogram, compared with 36.60 baht per kilogram in the second quarter of 2023, an increase of 20.52 baht per kilogram, or 56.07%. The price



changes by the Federation of Rubber Farmers of Thailand preliminarily forecasted that the flooding in the South caused major damage to rubber plantations of 100,000 field. Moreover, the world rubber production in 2024 is expected to decline 30-40 percent due to rubber trees in Thailand, Philippines and Indonesia have been affected by rubber leaf disease. As a result, industries that use rubber as raw materials will have to prepare themselves for a shortage of raw materials.

The sharp rise in the price of condensed latex, which is the main raw material of the company's production, was not immediately able to adjust the selling price of the product, which severely affected its performance in Q2/2024.

**Graph 1 Price of concentrated latex in Thailand, 1st quarter of 2022 to 2nd quarter of 2024.**



Refer : Rubber Authority of Thailand [<https://www.raot.co.th/main.php?filename=index>]

**Table 2 Statement of financial position**

Financial position statement	30 June 2024		31 December 2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets	786.82	29.27	639.66	24.69	147.16	23.01
Non-current assets	1,901.72	70.73	1,950.65	75.31	(48.93)	(2.51)
<b>Total asset</b>	<b>2,688.54</b>	<b>100.00</b>	<b>2,590.31</b>	<b>100.00</b>	<b>98.23</b>	<b>3.79</b>
Current liabilities	650.21	24.18	548.22	21.16	101.99	18.60
Non-current liabilities	224.62	8.35	155.53	6.00	69.09	44.42
<b>Total liabilities</b>	<b>874.83</b>	<b>32.54</b>	<b>703.75</b>	<b>27.17</b>	<b>171.08</b>	<b>24.31</b>
Authorized and issue and paid-up share capit	464.20	17.27	464.20	17.92	-	-
Share premium on ordinary shares	872.96	32.47	872.96	33.70	-	-
Retained earnings						
- Legal reserve	46.42	1.73	46.42	1.79	-	-
- Unappropriated	90.43	3.36	157.27	6.07	(66.84)	(42.50)
Other components of equity	339.70	12.64	345.71	13.35	(6.01)	(1.74)
<b>Total equity</b>	<b>1,813.71</b>	<b>67.46</b>	<b>1,886.56</b>	<b>72.83</b>	<b>(72.85)</b>	<b>(3.86)</b>
<b>Total liabilities and equity</b>	<b>2,688.54</b>	<b>100.00</b>	<b>2,590.31</b>	<b>100.00</b>	<b>98.23</b>	<b>3.79</b>

Remark : Brief statement of financial position



## **Analysis of financial position**

**Current assets** as of June 30, 2024 was 786.82 million baht (2023: 639.66 million baht) increased by 147.16 million baht or 23.01% from:

- Cash and cash equivalents amounted to 52.84 million baht, an increase of 20.23 million baht as due the Company's sales increased in the second quarter of 2024.
- Trade receivables and other working receivables amounted to 321.46 million baht, an increase of 30.59 million baht due to the increase in sales revenue and not yet due for repayment.
- Outstanding inventory amounted to 388.93 million baht, an increase of 111.58 million baht from the previous year due to the inventory of raw materials for production and the increase in raw material prices.
- Derivative assets totaled 0.18 million baht, a decrease of 19.67 million baht due to the prevention of foreign exchange risk.

**Non-current assets** as at June 30, 2024 was 1,901.72 million baht (2023: 1,950.65 million baht), decreasing by Baht 48.93 million or 2.51% from:

- Land, buildings and equipment decreased by 46.74 million baht due to the normal depreciation of the Company (from investment in assets during construction of 34.31 million baht minus depreciation for the Company for 6 months installment 81.05 million baht)

**Current liabilities** as of June 30, 2024, was 650.21 million baht (2023: 548.22 million Baht), an increase of 101.99 million baht or 18.60% from:

- Short-term borrowings from financial institutions increased by 228.97 million baht, resulting in higher-priced raw material purchases.
- Trade creditors and other creditors increased by 2.52 million baht as a result of the purchase of raw materials, which is normal in the business.
- Long-term borrowings from financial institutions that reached maturity within one year decreased by 132.22 million baht due to the repayment of the loan as scheduled. The Company has received a written concession on breach of contract from financial institutions, resulting in the financial statements classified as long-term borrowings.

**Non-current liabilities** as of June 30, 2024 was 224.62 million baht (2023: 155.53 million baht) increased by 69.09 million baht or 44.42% from:

- Long-term loans from financial institutions increased by 75.22 million baht due to the classification of transactions after the Company received the written consent for breach of the contract.
- The Company's deferred income tax liability decreased by 4.21 million baht from the calculation of deferred income tax in Q2/2024.

**Shareholders' equity** as of June 30, 2024 was 1,813.71 million baht (2023: 1,886.56 million baht), decreased by 72.85 million baht or 3.86% from the net loss from operations in the six-month period of 2024.



**Table 3 Cash flow**

Statement of cash flows	30 June 2024	31 December 2023
	Million Baht	
Net cash from (used in) operating activities	(99.43)	17.14
Net cash used in investing activities	(40.52)	(84.66)
Net cash from (used in) financing activities	160.04	(192.33)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>20.09</b>	<b>(259.85)</b>

**Analysis of financial position**

As of June 30, 2024, the Company's cash and cash equivalents amounted to 32.61 million baht, an increase of 20.23 million baht from the previous year. Details are as follows:

The Company's operating cash flow was 99.43 million baht, with a decrease of 116.57 million baht from the previous year, mainly due to higher raw material prices, resulting in higher raw material purchase value and higher inventory value.

The company's net cash flow for investment activities was 40.52 million baht due to the payment of wastewater treatment systems and the purchase of equipment to replace the damaged parts.

The company's cash flow came from net financing activities of 160.04 million baht, mainly from short-term borrowings from banks of 228.97 million baht and long-term borrowings from banks of 57.00 million baht.

**Future Strategies**

Overview of the global economic projection for 2024 is likely to grow. The recovery of Asian manufacturing sector is still limited due to the problem of excess production in China. As a result, exports in Asia are still not fully benefiting. Inflation in many countries has gradually declined. Some major economic central banks have already begun to cut their policy rates.

However, the growth of the company's trading partners' economies is still at risk from problems, geopolitics is under pressure from slowing external demand. By the way, The Thai economy in the latter half of 2024 by following the government's policy to boost rubber production in the future should be closely monitored by the recovery of exports and manufacturing sector. Meanwhile, the rubber industry contracted following a slowdown in Chinese orders during the rising rubber prices.

Due to the economic situation above, the company has focused on expanding the market to other segments, such as India, where demand for low-priced products is acceptable, online and offline, as well as flexible payment conditions to cover customers' needs.

In addition, the company has developed a wastewater treatment system to be efficient and environmentally friendly. The wastewater treatment system is expected to be operational in the third quarter of 2024, while reducing wastewater treatment costs. Although most of the measures related to COVID-19 have been lifted, the company is committed to continuing to take strict measures to control the spread of harmful diseases because the company is committed to maintaining a safe working environment and employees.



Yours faithfully

World Flex Public Company Limited

-Nat Vongsasuttikul –

Mr. Nat Vongsasuttikul

Managing Director

Company Secretary Office

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