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At WFX 002/2568

Subject: Management's discussion and analysis of operating results as of December 31, 2024

Dear Directors and Managers of
Stock Exchange of Thailand

World Flex Public Company Limited ("Company") has submitted the audited financial statements for the year ended 31 December 2024.

The company's overall operating results for the year ending on December 31, 2024, had revenue of Baht 3,060.52 million, an increase of 11.55 percent compared to 2023. In 2024, the company still had a loss of Baht 130.39 million, a decrease of 7.65 percent from 2023 due to the slow recovery of market. Customer purchasing power remains low. The textile business sector in China, which is the company's main market, recovered less than expected. The Overseas sector also recovered slower than forecast due to slow global demand. Including the geopolitical conflict that is still ongoing, causing industrial production to shrink. There are still other risk factors that tend to have an increasing impact, especially the volatility of foreign exchange rates. From the above factors, there is pressure on the selling prices and profit margins, as well as, higher rubber prices significantly affecting costs. However, the company is still able to maintain continuous revenue by focusing on the strategy of selling products with higher profit margin and less competition than general products. The details of the operating results according to the financial statements for the year ending on December 31, 2024 are as follows:

Table 1 Company Financial Figures

Unit: Million Baht

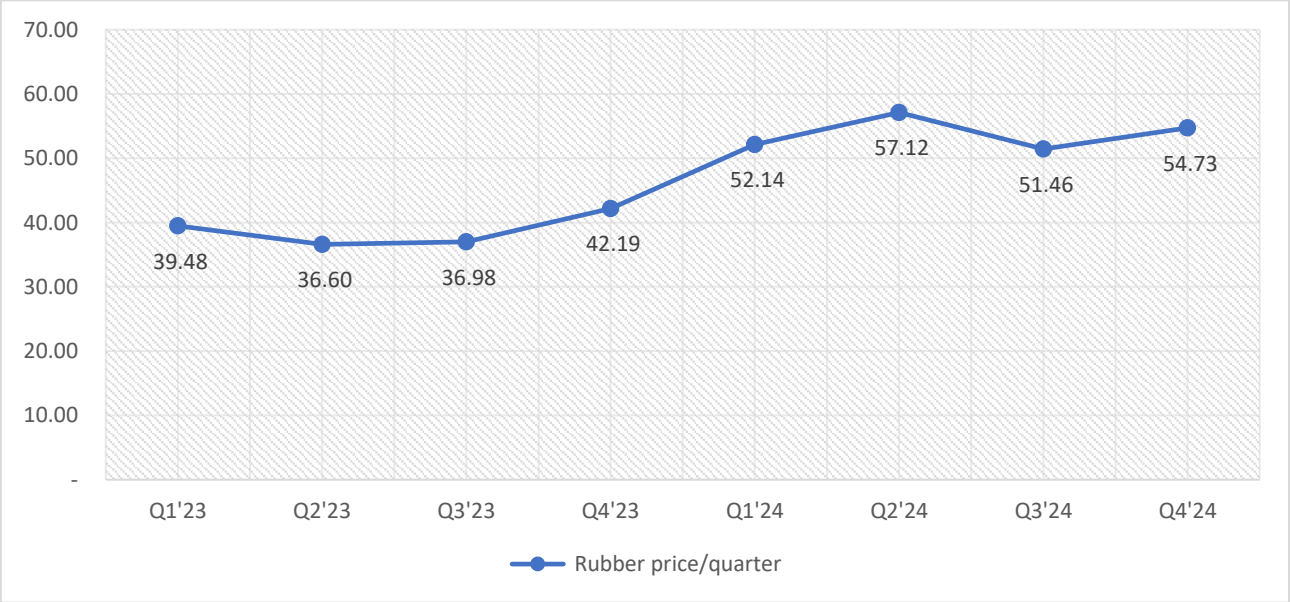
Statement of comprehensive income	Q4'2024	Q3'2024	%QoQ	Q4'2023	%YoY	Y2024	Y2023	%YoY
Revenue from sales - rubber thread	798.78	746.49	7.00%	770.21	3.71%	3,060.24	2,743.37	11.55%
Revenue from sales - scrap	0.19	0.03	533.33%	0.03	533.33%	0.28	0.14	100.00%
Total revene from sales	**798.97**	**746.52**	**7.03%**	**770.24**	**3.73%**	**3,060.52**	**2,743.51**	**11.55%**
Cost of sales of goods	785.66	775.87	1.26%	780.59	0.65%	3,087.36	2,779.62	11.07%
Gross profit (loss)	**13.31**	**(29.35)**	**(145.35%)**	**(10.35)**	**(228.60%)**	**(26.84)**	**(36.11)**	**(25.67%)**
Other income	4.55	5.76	(21.01%)	3.90	16.67%	16.94	12.06	40.46%
Gain on foreign exchange	-	25.25	(100.00%)	40.10	(100.00%)	-	14.94	(100.00%)
Gain on derivative instruments	21.10	-	100.00%	-	100.00%	12.98	-	100.00%
Profit (loss) before expenses	**38.96**	**1.66**	**2246.99%**	**33.65**	**15.78%**	**3.08**	**(9.11)**	**(133.81%)**
Distribution costs	8.79	9.05	(2.87%)	10.91	(19.43%)	36.16	40.22	(10.09%)
Administrative expenses	13.82	8.38	64.92%	16.37	(15.58%)	47.92	52.98	(9.55%)
Loss on foreign exchange	21.72	-	100.00%	-	100.00%	18.84	-	100.00%
Loss on derivative instruments	-	13.05	(100.00%)	22.63	(100.00%)	-	16.97	(100.00%)
Total expenses	**44.33**	**30.48**	**45.44%**	**49.91**	**(11.18%)**	**102.92**	**110.17**	**(6.58%)**
EBIT	**(5.37)**	**(28.82)**	**(81.37%)**	**(16.26)**	**(66.97%)**	**(99.84)**	**(119.28)**	**(16.30%)**
Depreciation and amortization	39.42	42.11	(6.39%)	43.18	(8.71%)	165.98	163.35	1.61%
EBITDA	**34.05**	**13.29**	**156.21%**	**26.92**	**26.49%**	**66.14**	**44.07**	**50.08%**
Finance costs	10.18	11.05	(7.87%)	4.94	106.07%	32.66	19.88	64.29%
Tax (income) expense	(2.51)	4.62	(154.33%)	3.17	(179.18%)	(2.11)	2.03	(203.94%)
Loss for the year	**(13.04)**	**(44.49)**	**(70.69%)**	**(24.37)**	**(46.49%)**	**(130.39)**	**(141.19)**	**(7.65%)**

Profit and loss analysis

- **Revenue** from sales of goods in 2024 amounted to Baht 3,060.52 million (2023: Baht 2,743.51 million), an increase of 11.55 percent, divided into domestic sales of 0.58 percent and oversea sales of 99.42 percent. The increase in revenue value arise from company's focus on selling high-priced products.
- **Cost of sales** in 2024 amounted to Baht 3,087.36 million (2023: Baht 2,779.62 million), an increase of 11.07 percent due to the increase in the price of concentrated latex, the main raw material.
- **Gross loss** in 2024 was Baht 26.84 million (2023: gross loss Baht 36.11 million), a decrease of 25.67 percent as a result of the management team using strategies to adjust product prices, expand customer base and maintain existing customer base, including improving utility costs.
- **Other income** in 2024 amounted to Baht 16.94 million (2023: Baht 12.06 million), an increase of Baht 4.88 million or 40.46 percent, due to rental income from investment properties amounting of Baht 1.02 million and income from receiving compensation from insurance companies in the case of fire in 2023 of Baht 2.30 million.
- **Selling and administrative expenses** in 2024 amounted to Baht 84.08 million (2023: Baht 93.20 million), a decrease of 9.79 percent, resulting from the cost control management.
- **Net loss** in 2024 was Baht 130.39 million (2023: net loss Baht 141.19 million), a decrease of Baht 10.80 million or 7.65 percent.

Graph 1: Price of Concentrated Rubber in Thailand, Q1 2023 to Q4 2024

Unit: Baht / Kilogram



Source: Rubber Department of Thailand[https://www.raot.co.th/main.php?filename=index].

Impact of concentrated rubber price on the company

The domestic average price of concentrated latex in 2024 were 53.86 baht per kilogram, compared to average 38.81 baht per kilogram in 2023, an increase of 15.05 baht per kilogram, or 38.78 percent, because some planting areas are still experiencing leaf fall disease. The demand for elastic threads decreased because people's consumption and spending slowed down to the point of stagnation. In 2024, the higher price of latex caused the company to bear

higher costs, as latex is the company's main raw material for production. The management has measures to reduce costs in other areas to accommodate the changes that have occurred.

Table 2 Financial Statement Figures of the Company

Financial position statement	31 December 2024		31 December 2023		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets	621.36	**25.22**	639.66	**24.69**	**(18.30)**	**(2.86)**
Non-current assets	1,842.86	**74.78**	1,950.65	**75.31**	**(107.79)**	**(5.53)**
Total asset	**2,464.22**	**100.00**	**2,590.31**	**100.00**	**(126.09)**	**(4.87)**
Current liabilities	523.04	21.23	548.22	21.16	(25.18)	(4.59)
Non-current liabilities	176.36	7.16	155.53	6.00	20.83	13.39
Total liabilities	**699.40**	**28.38**	**703.75**	**27.17**	**(4.35)**	**(0.62)**
Authorized and issue and paid-up share capital	464.20	**18.84**	464.20	**17.92**	**-**	**-**
Share premium on ordinary shares	872.96	**35.43**	872.96	**33.70**	**-**	**-**
Retained earnings			-	**-**		
- Legal reserve	46.42	**1.88**	46.42	**1.79**	**-**	**-**
- Unappropriated	36.82	**1.49**	157.27	**6.07**	**(120.45)**	**(76.59)**
Other components of equity	344.42	**13.98**	345.71	**13.35**	**(1.29)**	**(0.37)**
Total equity	**1,764.82**	**71.62**	**1,886.56**	**72.83**	**(121.74)**	**(6.45)**
Total liabilities and equity	**2,464.22**	**100.00**	**2,590.31**	**100.00**	**(126.09)**	**(4.87)**

Note: Condensed Financial Statement

Current assets as of December 31, 2024 amounted to Baht 621.36 million (2023: Baht 639.66 million), a decrease of Baht 18.30 million or 2.86 percent, referring to the following information:

- Inventories decreased by Baht 52.09 million, due to the company reducing production capacity.
- Trade receivables increased by Baht 38.88 million from the previous year due to higher sales.

Non-current assets as of December 31, 2024 amounted to Baht 1,842.86 million (2023: 1,950.65 million), a decrease of Baht 107.79 million or 5.53 percent, based on the following data:

- Land, buildings and equipment decreased by Baht 154 million because the company's normal depreciation increased by Baht 155.32 million from the previous year. (in 2024, construction work in progress was transferred to investment property total amount of Baht 51 million).
- Assets with rights to use decreased by Baht 3.84 million because the Company cancelled some of the Bangna office lease contracts.

Current liabilities as of December 31, 2024 amounted to Baht 523.04 million (2023: Baht 548.22 million), a decrease of Baht 25.18 million or 4.59 percent, based on the following information:

- Short-term loans from financial institutions increased by Baht 188.58 million to repay debts due at the end of 2024 and the beginning of 2025.
- Trade and other current payables decreased by Baht 81.61 million due to a decrease in production from November to December 2024 from 2023 by 1,497 tons, resulting in a decrease in raw material orders from November to December, resulting in a decrease in year-end payables.
- The portion of long-term loans from financial institutions due within one year decreased by Baht 132.22 million from the repayment of the loan on schedule and the Company received a concession letter

from the financial institution for breach of contract, resulting in the Company's financial statements being classified as long-term loans.

Non-current liabilities as of December 31, 2024 amounted to Baht 176.36 million (2023: Baht 155.53 million), an increase of Baht 20.83 million or 13.39 percent, based on the following information:

- Long-term loans from financial institutions increased by Baht 24.82 million from the classification of items after the Company received a letter of concession for breach of contract terms from the financial institutions.

Shareholders' equity as of December 31, 2024 amounted to Baht 1,764.82 million (2023: Baht 1,886.56 million), a decrease of Baht 121.74 million or 6.45 percent from a decrease in net loss from operations in 2024.

Table 3 Cash Flow Statement Figures

Statement of cash flows	30 September 2024	31 December 2023
	Million Baht	
Net cash from (used in) operating activities	(9.39)	17.14
Net cash used in investing activities	(52.96)	(84.66)
Net cash from (used in) financing activities	47.11	(192.33)
Net increase (decrease) in cash and cash equivalents	**(15.24)**	**(259.85)**

Cash flow

As of December 31, 2024, the Company had cash and cash equivalents of Baht 17.44 million, and Baht 32.61 million in 2023, down Baht 15.17 million from the previous year, with details as follows:

- Net cash used in operating activities of Baht 9.39 million, mainly due to advance purchases of goods for use in the production process.
- Net cash used in net investing activities of Baht 52.96 million, resulting from payments for investment in assets.
- Net cash provided by net financing activities of Baht 47.11 million consisting of an increase in short-term loans from financial institutions of Baht189 million and repayment of long-term loans from financial institutions of Baht 107 million.

Please be informed accordingly.

Yours faithfully
Worldflex Public Company Limited

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