WORLD FLEX

World Flex Public Company Limited

Management Discussion and Analysis

2nd Quarter Ending June 30, 2025

GLOBAL EXPANSION

Worldflex's global expansion

WORLD FLEX PUBLIC COMPANY LIMITED
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Subject: Management's Discussion and Analysis for the Second Quarter Ending June 30, 2025

To: Directors and Managers

The Stock Exchange of Thailand

World Flex Public Company Limited ("the Company") would like to clarify the operating results for the second quarter ending on June 30, 2025, which have been reviewed by a certified public accountant.

Table 1 Company financial figures

Unit: million baht

Statement of comprehensive income	Q2'2025	Q1'2025	%QoQ	Q2'2024	%YoY	6M2025	6M2024	%YoY
Revenue from sales - rubber thread	530.09	608.28	(12.85%)	744.41	(28.79%)	1,138.37	1,514.97	(24.86%)
Revenue from sales - scrap	0.11	0.08	37.50%	0.03	266.67%	0.19	0.07	171.43%
Total revene from sales	**530.20**	**608.36**	**(12.85%)**	**744.44**	**(28.78%)**	**1,138.56**	**1,515.04**	**(24.85%)**
Cost of sales of goods	563.93	597.16	(5.56%)	746.56	(24.46%)	1,161.08	1,525.82	(23.90%)
Gross profit (loss)	**(33.73)**	**11.20**	**(401.16%)**	**(2.12)**	**1491.04%**	**(22.52)**	**(10.78)**	**108.91%**
Other income	4.32	4.31	0.23%	3.46	24.86%	8.63	6.63	30.17%
Gain on foreign exchange	2.64	-	100.00%	7.27	(63.69%)	2.20	-	100.00%
Gain on derivative instruments	1.98	6.14	(67.75%)	-	100.00%	8.12	4.93	64.71%
Profit (loss) before expenses	**(24.79)**	**21.65**	**(214.50%)**	**8.61**	**(387.92%)**	**(3.57)**	**0.78**	**(557.69%)**
Distribution costs	7.09	8.17	(13.22%)	8.89	(20.25%)	15.26	18.32	(16.70%)
Administrative expenses	14.11	13.34	5.77%	13.16	7.22%	27.46	25.72	6.77%
Loss on foreign exchange	-	0.45	(100.00%)	-	0.00%	-	22.38	(100.00%)
Loss on derivative instruments	-	-	0.00%	6.50	(100.00%)	-	-	0.00%
Total expenses	**21.20**	**21.96**	**(3.46%)**	**28.55**	**(25.74%)**	**42.72**	**66.42**	**(35.68%)**
EBIT	**(45.99)**	**(0.31)**	**14735.48%**	**(19.94)**	**130.64%**	**(46.29)**	**(65.64)**	**(29.48%)**
Depreciation and amortization	39.83	39.92	(0.23%)	42.39	(6.04%)	79.74	84.45	(5.58%)
EBITDA	**(6.16)**	**39.61**	**(115.55%)**	**22.45**	**(127.44%)**	**33.45**	**18.81**	**77.83%**
Finance costs	4.40	4.53	(2.87%)	6.20	(29.03%)	8.94	11.43	(21.78%)
Tax (income) expense	0.26	(0.36)	(172.22%)	(0.04)	(750.00%)	(0.11)	(4.22)	(97.39%)
Loss for the year	**(50.65)**	**(4.48)**	**1030.58%**	**(26.10)**	**94.06%**	**(55.12)**	**(72.85)**	**(24.34%)**

Executive Summary

In 2025, the global economy is expected to continue to slow down due to the impact of the Trump administration's second term (Trump 2.0) policies, which include increased tariffs to protect trade, geopolitical risks that may create cost challenges, and market uncertainty that could impact the company. However, in light of these concerns, the company has made careful adjustments and plans, prioritizing financial stability and liquidity, and closely monitoring trade policies to mitigate impacts and maintain competitiveness. This is to support market recovery opportunities, under a flexible strategy for dealing with economic conditions.

For the six-month period ending June 30, 2025, the company reported sales revenue of 1,138.37 million baht, a decrease of 376.60 million baht year-over-year. This resulted in a net loss of 55.12 million baht and EBITDA of 33.45 million baht.

Furthermore, the company maintained its cash flow liquidity. As of June 30, 2025, the company had cash and cash equivalents of 10.68 million baht. In June 2025, the cash was used in financing activities to repay a financial institution loan of 67.62 million baht. This resulted in a significant decrease in the debt-to-equity (D/E) ratio to 0.35.

Company performance

- Revenue from sales of goods in the second quarter of 2025 amounted to 530.20 million baht (second quarter of 2024: 744.44 million baht), a decrease of 12.85 percent QoQ and a decrease of 28.78 percent YoY, due to the company reducing production capacity and focusing on producing only high-priced products.
- Cost of goods sold in Q2 2025 amounted to 563.93 million baht (Q2 2024: 746.56 million baht), a decrease of 24.46 percent YoY, which is consistent with sales revenue decreasing by 28.78 percent YoY.
- Distribution costs for Q2 2025 amounted to 7.09 million baht (Q2 2024: 8.89 million baht).

  This decrease was 1.80 million baht, or 20.25%, due to management efforts to control export-related expenses and sales promotion expenses.
- Administrative expenses in the second quarter of 2025 amounted to 14.11 million baht (second quarter of 2024: 13.16 million baht), an increase of 0.95 million baht or 7.22 percent, resulting from an increase in personnel expenses.
- Net loss in Q2 2025 was 50.65 million baht (Q2 2024: net loss 26.10 million baht).

  Loss increased by 24.55 million baht, or 94.06%, due to increased competition, increased price competition, rapid fluctuations in concentrated latex prices, and exchange rate fluctuations.

Overview of the Company's operating results for the first 6 months of 2025: The Company had revenue from sales of 1,138.56 million baht (first 6 months of 2024: 1,515.04 million baht), a decrease of 376.48 million baht or 24.85 percent.

The Company's gross loss for the first 6 months of 2025 was 55.12 million baht (first 6 months of 2024: 72.85 million baht), a decrease of 17.73 million baht or 24.34 percent due to the focus on producing only high-priced products.

Distribution costs for the first six months of 2025 amounted to 15.26 million baht (first six months of 2024: 18.32 million baht).

This decrease was 3.06 million baht, or 16.70%, in line with decreased sales.

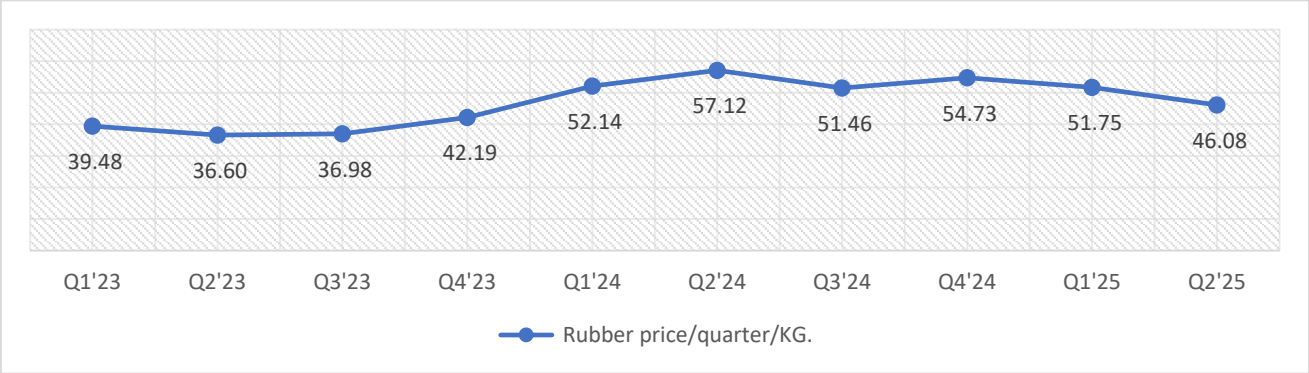
Administrative expenses for the first six months of 2025 amounted to 27.46 million baht (first six months of 2024: 25.72 million baht).

This represents an increase of 1.74 million baht, or 2.14%, due to an increase in personnel expenses.

Impact of concentrated rubber prices on the company

The domestic price of concentrated latex in Q2 2025 was 46.08 baht per kilogram, compared to 57.12 baht per kilogram in Q2 2024, a decrease of 11.04 baht per kilogram or 19.33 percent. The main reason for this price change was the impact of the announcement of the policies of the second term of the Donald Trump administration (Trump 2.0), which resulted in a delay in purchases from the Thai private sector, resulting in a decrease in rubber prices. This impacted the company as the company ordered latex in advance since Q4 2024 (at a price of 54.73 baht per kilogram) to ferment the latex to meet the required quality for use. This resulted in higher costs for the company, while the company was unable to immediately adjust the selling price, severely impacting the operating results in Q2 2025.

Graph 1: Price of concentrated latex in Thailand, Q1 2023 to Q2 2025



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

Table 2: Company financial statement figures

Financial position statement	30 June 2025		31 December 2024		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total asset	2,299.90	100.00	2,464.22	100.00	(164.32)	(6.67)
Total liabilities	590.21	25.66	699.40	28.38	(109.19)	(15.61)
Total equity	1,709.69	74.34	1,764.82	71.62	(55.13)	(3.12)
Total liabilities and equity	2,299.90	100.00	2,464.22	100.00	(164.32)	(6.67)

Note: Condensed financial statement

Total assets as of June 30, 2025 amounted to 2,299.90 million baht (2024: 2,464.22 million baht), a decrease of 164.32 million baht or 6.67 percent due to:

- Prepaid expenses of 3.75 million baht decreased by 29.29 million baht because the fourth quarter of 2024 coincides with the company's raw material purchase cycle.
- Trade receivables amounted to 202.72 million baht, a decrease of 93.63 million baht due to decreased sales.
- Land, buildings and equipment amounted to 1,353.02 million baht, a decrease of 67.89 million baht due to the Company's normal asset depreciation.

Total liabilities as of June 30, 2025 amounted to 590.21 million baht (2024: 699.40 million baht), a decrease of 109.19 million baht or 15.61 percent due to:

- Trade creditors amounted to 116.67 million baht, a decrease of 36.01 million baht due to the company reducing production, resulting in a decrease in the total creditors.
- The portion of long-term loans from financial institutions due within 1 year, amounting to 58.00 million baht, decreased by 42.80 million baht due to the Company repaying the loan to the financial institution.
- Long-term loans from financial institutions decreased by 24.82 million baht due to the Company's repayment of loans to financial institutions.

Shareholders' equity as of June 30, 2025 was 1,709.69 million baht (2024: 1,764.82 million baht), a decrease of 55.13 million baht or 3.12 percent from net loss from operations in the first 6 months of 2025.

Table 3 Cash Flow Statement Figures

Statement of cash flows	31 March 2025	31 December 2024
	Million Baht	
Net cash from (used in) operating activities	79.30	(9.39)
Net cash used in investing activities	(9.32)	(52.96)
Net cash from (used in) financing activities	(76.77)	47.11
Net increase (decrease) in cash and cash equivalents	(6.79)	(15.24)

Cash flow

As of June 30, 2025, the Company had cash and cash equivalents of 10.68 million baht, compared to 17.44 million baht in the previous year, a decrease from 6.75 million baht. Details are as follows:

The Company's cash flow from operating activities was 79.30 million baht, an increase of 88.89 million baht from the previous year (December 31, 2024: (99.43 million baht). This was primarily due to a decrease in foreign trade receivables, resulting from customer debt payments, which increased cash flow.

The Company had net cash flow used in investing activities of 9.32 million baht, primarily due to the purchase of materials and equipment for machinery modifications.

The Company had net cash flow used in financing activities of 76.77 million baht, primarily due to the repayment of 119.62 million baht of long-term loans to financial institutions in 2025.

Factors affecting operations

Summary of the general situation: Currently, the elastic yarn business has not stopped. It can still be traded and is in demand on the market. It is used in many industries such as textiles, medicine, furniture. Most elastic manufacturers are still in Asia and Southeast Asia. User groups are still in China, Bangladesh, Pakistan, Vietnam, Indonesia. Some markets are expanding, such as Latin America, where elastic is mostly used in countries with relatively low labor costs.

The trade barriers between the United States and China have severely impacted the demand for elastic products, as China, the world's largest producer and consumer of elastic, is unable to export textile products to the United States. This has led to fluctuations in exchange rates and financial products around the world, including significant impacts on exchange rates.

Given the economic challenges mentioned above, the Company has adopted a profit-enhancing strategy by focusing on the production and sales of high-margin products, targeting high-end customers and developing its position in this market segment, as well as reducing costs. The primary cost of rubber thread production is concentrated latex. Therefore, the Company continues to diversify its investments in the procurement of concentrated latex and other key raw materials to ensure the highest quality products at the best prices. This helps diversify risks and reduce production costs, as well as increase bargaining power. Production planning: When concentrated latex prices are relatively stable, the Company can plan sales and production two months in advance, reducing production costs. This, however, depends on rubber prices and market conditions, as product prices fluctuate with raw material prices.

The Company's Sustainability Performance for the Second Quarter of 2025:

Participated in the Annual General Meeting of Shareholders Quality Assessment (AGM Checklist) project, operated by the Thai Investors Association (TIA). The objective is to raise the quality of listed companies' AGMs to meet standards and serve to be a part of good corporate governance. It also contributes to the development of individual investors and encourages shareholders to recognize participation and equal access to information for investment decision-making. In 2025, the company received 5 medals, 100 points. Excellent, a worthy example.	 สรุปผลคะแนนประเมิน AGM Checklist ประจำปี 2568 โครงการ การประเมินคุณภาพการจัดประชุมสามัญผู้ถือหุ้น ของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย 5 เหรียญ 100 คะแนน ดีเยี่ยมสมควรเป็นตัวอย่าง (Excellent) 4 เหรียญ 90-99 คะแนน ดีเยี่ยม (Good) 3 เหรียญ 80-89 คะแนน พอใช้ (Fair) N/A ต่ำกว่า 79 คะแนน บริษัทจดทะเบียนที่ได้คะแนนประเมินฯ เต็ม 100 คะแนน (5 เหรียญ) จำนวน 338 บริษัท 327 WFX บริษัท เวิลด์เฟล็กซ์ จำกัด (มหาชน)

Participated in the campaign to prevent and solve air pollution and PM 2.5 dust problems at Nikhom Sang Ton Eng School, Rayong Province 10, Mae Nam Khu Subdistrict, Pluak Daeng District, Rayong Province. Activities included tree planting on the school grounds and a lecture on the topic "Environment - Resources" with the topic "Arming, Strengthening the Defense, Practicing Environmental Quality Monitoring."	
Provide financial support for the establishment of security checkpoints for people returning to their hometowns during the Songkran Festival at the Mae Nam Khu Subdistrict Headman's Office.	

Sincerely,

- Nat Wongsasutthikul -

Mr. Nat Wongsasutthikul

Managing Director

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Company Secretary and Legal Office

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