WORLD FLEX PUBLIC COMPANY LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended **September 30, 2026**

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Subject: Management Discussion and Analysis for the third quarter and the nine-month period ended 30 September 2026

To: The Board of Directors and the President of the Stock Exchange of Thailand

WorldFlex Public Company Limited (the "Company") wishes to provide an explanation regarding its operating results and financial position for the third quarter and the nine-month period ended September 30, 2026, which have been reviewed by a certified public accountant. The key details are as follows:

Performance Overview

In the third quarter of 2026, the Company recorded a net loss of 30.26 million baht (an increase in loss of 143.25% YoY) and an EBITDA of 5.26 million baht (a decrease of 82.51% YoY).

For the first nine months of 2026, the Company reported a net loss of 17.09 million baht (a decrease in loss of 74.70% YoY) and an EBITDA of 88.07 million baht (an increase of 38.61% YoY). Key changes are detailed as follows:

Table 1: Company Financial Figures (Statement of Comprehensive Income)

Unit: Million Baht	Quarter 3/2026	Quarter 3/2025	YoY (Q3) % +(-)	M9/2026	M9/2025	YoY (M9) % +(-)
Revenue from sales	416.96	510.63	(18.34%)	1,405.23	1,649.19	(14.79%)
Cost of sales	(423.91)	(508.37)	(16.61%)	(1,363.15)	(1,669.45)	(18.35%)
Gross profit (loss)	**(6.95)**	**2.26**	**(407.52%)**	**42.08**	**(20.26)**	**(307.70%)**
Idle costs	(14.29)	0.00	0.00%	(14.29)	0.00	0.00%
Distribution costs	(5.44)	(6.94)	(21.61%)	(19.79)	(22.20)	(10.86%)
Administrative expenses	(7.89)	(12.74)	(38.07%)	(37.76)	(40.19)	(6.05%)
Total other income (including FX gains)	7.84	7.46	5.09%	22.34	26.40	(15.38%)
EBIT	**(26.73)**	**(9.96)**	**168.37%**	**(7.42)**	**(56.25)**	**(86.81%)**
Financial costs	(2.32)	(3.13)	(25.88%)	(6.87)	(12.07)	(43.08%)
Income tax (expense)	(1.21)	0.65	(286.15%)	(2.80)	0.76	(468.42%)
Net profit (loss) for the period	**(30.26)**	**(12.44)**	**143.25%**	**(17.09)**	**(67.56)**	**(74.70%)**
Depreciation and Amortization	31.99	40.04	(20.10%)	95.49	119.79	(20.29%)
EBITDA	**5.26**	**30.08**	**(82.51%)**	**88.07**	**63.54**	**38.61%**
Gross Profit Margin (%)	(1.67%)	0.44%	(2.11%)	2.99%	(1.23%)	4.22%
EBITDA margin (%)	1.26%	5.89%	(4.63%)	6.27%	3.85%	2.41%
Net profit margin (%)	(7.26%)	(2.44%)	(4.82%)	(1.22%)	(4.10%)	2.88%

Company Performance

- **Revenue from the sale of goods :** In the third quarter of 2026, the company recorded revenue from sales of 416.96 million baht, while revenue for the nine-month period ending September 30, 2026, totaled 1,405.23 million baht. These figures represent a decline compared to the same period in the previous year, reflecting the challenging conditions in the textile and apparel market—characterized by constrained consumer purchasing power and cautious ordering patterns among international clients—as well as intense price competition within the industry. Meanwhile, the price of concentrated latex, a key raw material for the company's production of rubber elastic yarn, has also impacted production costs. Furthermore, uncertainties stemming from geopolitical conflicts and volatility in international shipping costs continue to affect the overall trading environment and the continuity of product deliveries.
- **Cost of Sales and Gross Profit:** Although revenue from the sale of goods declined compared to the same period of the previous year, the company was able to reduce its cost of sales by a greater margin. For the nine-month period ended September 30, 2026, the company's cost of sales amounted to 1,363.15 million baht—a decrease of 18.35% year-on-year—which aligns with the reduction in production volume. Consequently, the company recorded a gross profit of 42.08 million baht.
- **Idle Costs:** In the third quarter of 2026, the Company incurred idle capacity costs amounting to THB 14.29 million. These costs primarily resulted from adjustments to the Company's operational plans and production process management during the preceding period, resulting in periods of underutilized production capacity, while certain fixed costs continued to be incurred during such periods. The Company places importance on optimizing capacity utilization and aligning its operational planning with order volumes and market demand in order to enhance resource utilization efficiency and control production costs going forward.
- **Distribution Costs and Administrative Expenses:** For the nine-month period ended September 30, 2026, the Company reported total distribution costs and administrative expenses of THB 57.55 million. Distribution costs amounted to THB 19.79 million, representing a decrease of 10.86% YoY, in line with the slowdown in sales revenue. Meanwhile, administrative expenses amounted to THB 37.76 million, representing a decrease of 6.05% YoY, reflecting the Company's continued efforts to manage operating expenses efficiently despite the challenges facing the textile and apparel industry, which has been under pressure from intense competition and market volatility during the period.
- **Net Loss:** In the third quarter of 2026, the Company recorded a net loss of 30.26 million baht. For the nine-month period ended September 30, 2026, the net loss stood at 17.09 million baht. The Company's performance was pressured by intensifying price competition within the elastic yarn industry—particularly from manufacturers in China, as well as from other textile-producing nations

such as Vietnam and Bangladesh. Furthermore, the price of concentrated latex, a key raw material, remained volatile, impacting production costs. Meanwhile, the competitive pricing environment limited the Company's ability to adjust selling prices in line with rising costs, thereby exerting pressure on its profitability.

Table 2 Financial position figures of the company

Items	As of 30 Sep 2026	As of 31 Dec 2025	Increase (decrease)	Change (%)
Total Assets	2,226.90	2,261.03	(34.13)	(1.51%)
Total liabilities	515.25	532.30	(17.05)	(3.20%)
Shareholders' equity	1,711.65	1,728.73	(17.08)	(0.99%)

Note: Condensed Statement of Financial Position (Unit: Million Baht)

Financial Position Analysis

1. Total assets

As of September 30, 2026, the Company had total assets of 2,226.90 million baht, a decrease of 34.13 million baht or 1.51% from the 2,261.03 million baht in total assets recorded as of December 31, 2025. Key changes include the following:

- **Inventories [increased by 128.25 million baht]**, or 81.19%, to 286.21 million baht—up from 157.96 million baht at the end of 2025. This was primarily due to an increase in finished goods that had been produced and were awaiting delivery to customers. As the beginning of October coincided with the Chinese National Day holiday, customers in China delayed the receipt of goods and rescheduled some deliveries, resulting in a higher inventory level at the end of the third quarter.
- **Trade and other receivables [decreased by 108.88 million baht]**, or 34.34%, to 208.16 million baht—down from 317.04 million baht at the end of 2025. This is due to the company's improved efficiency in debt collection, which has resulted in a lower balance of outstanding receivables and enhanced the company's liquidity.
- **Property, Plant, and Equipment (PPE) [decreased by THB 65.63 million, or 4.89%]** to THB 1,277.08 million, down from THB 1,342.71 million at the end of 2025. This was primarily due to the regular depreciation of the company's assets during the period.

2. **Total liabilities**

As of September 30, 2026, the Company had total liabilities of 515.25 million baht, a decrease of 17.05 million baht (equivalent to 3.20%) from the 532.30 million baht recorded as of December 31, 2025. The significant changes are as follows:

- **Overdrafts and short-term loans [decreased by 12.44 million baht]:** Declined to 186.20 million baht from 198.64 million baht at the end of 2025, as the company reduced its reliance on short-term borrowing in line with a lower need for working capital—a trend consistent with the decrease in production volume and raw material procurement.
- **Trade and other payables [decreased by 8.35 million baht]**: Decreased to 153.71 million baht from 162.06 million baht at the end of 2025, in line with a reduction in the volume of raw material procurement.
- **Derivative liabilities [increased by THB 3.03 million]**: These rose to THB 3.11 million from THB 0.08 million at the end of 2025. This change reflects the accounting valuation of forward foreign exchange contracts, adjusted based on exchange rates as of the period-end. These contracts are used to hedge against exchange rate volatility and do not represent an immediate, realized loss.

3. Shareholders' equity

As of September 30, 2026, the Company's total shareholders' equity stood at 1,711.65 million baht, a decrease of 17.08 million baht—or 0.99%—from the 1,728.73 million baht recorded at the end of 2025. This decline was primarily driven by a net loss of 17.08 million baht incurred during the nine-month period of 2026, which resulted in a reduction in shareholders' equity compared to the end of the previous year.

Table 3 Cash Flow Statement Figures

Cash Flow Statement	As of 30 September 2026	As of 31 December 2025
	million baht	
Net cash flow from operating activities	63.08	169.34
Net cash flow used in investing activities	(30.66)	(15.89)
Net cash flows used in financing activities	(20.23)	(158.95)

Cash flow

For the nine-month period ended September 30, 2026, the Company experienced a net increase in cash and cash equivalents of 12.25 million baht—rising from 11.95 million baht as of January 1, 2026, to 24.20 million baht as of September 30, 2026. The details regarding these cash flow movements are as follows:

- **Net cash flow from operating activities** amounted to 63.08 million baht. Despite a net loss of 17.09 million baht, the company maintained a positive cash flow from operations, primarily driven by 95.49 million baht in depreciation and amortization—which are non-cash items—as well as cash inflows from a reduction in trade accounts receivable. Meanwhile, an increase in inventory served as a use of working capital during the period.
- **Net cash used in investing activities** amounted to 30.66 million baht, primarily consisting of cash payments of 31.04 million baht for the acquisition of property, plant, and equipment, as well as 0.32 million baht for the purchase of intangible assets. This was partially offset by cash receipts of 0.66 million baht from the disposal of property, plant, and equipment. These investments were made with the objective of enhancing the efficiency of the production lines.
- **Net cash flow used in financing activities** amounted to 20.23 million baht, primarily driven by a 12.44 million baht decrease in bank overdrafts and short-term loans from financial institutions, interest payments of 5.70 million baht, and other financial cost payments of 1.56 million baht.

The Company's Operational Strategy and future outlook

The company places great importance on diversifying its export markets—including China, South Asia, Southeast Asia, the Americas, and other high-potential regions—to reduce its reliance on any single market. This strategy is a response to intensifying competition within the textile industry, particularly from manufacturers in China and other textile-exporting nations, where price-based competition is fierce. At the same time, global demand for products remains uncertain, influenced by broader economic conditions and the state of international trade.

In terms of costs, the company places importance on planning the procurement of raw materials and managing inventories appropriately. This is because the price of concentrated latex, which is the main raw material for producing elastic yarn, continues to fluctuate according to the demand and supply conditions of the world market. In addition, geopolitical conflicts and the uncertainty of international transportation routes are also factors that may affect energy prices, transportation costs, and product delivery times.

In terms of production and risk management, the company prioritizes enhancing production line efficiency, minimizing waste, and developing products that align with customer needs. Simultaneously, it manages foreign exchange risk through the use of forward contracts and "natural hedges"—as appropriate—to mitigate the impact of exchange rate volatility on revenue and operating cash flow.

Overall, the company maintains a prudent and flexible business approach to navigate challenges such as price competition, fluctuations in raw material costs, and global economic uncertainty. It places a strong emphasis on cost management, liquidity preservation, operational efficiency, and the expansion of market opportunities, all with the goal of strengthening its competitive position and supporting the company's sustained long-term growth.

Sustainability (ESG)

The Company places great importance on sustainable business operations, taking into account environmental, social, and governance (ESG) impacts, while simultaneously maintaining production efficiency, managing costs, and building competitiveness within the elastic yarn market. Furthermore, the Company is committed to the optimal management of resources, the control of operational risks, and the support of long-term business growth.

Regarding the environment, the Company prioritizes the efficient use of energy and raw materials—most notably concentrated latex, the primary input for the production of elastic yarn. The Company also promotes the reduction of waste from manufacturing processes, the optimal use of resources, and the proper maintenance of machinery to enhance operational efficiency. Furthermore, the Company places importance on monitoring energy costs and risks associated with climate change, which could potentially impact production costs, raw material procurement, and supply chain continuity.

Regarding social aspects, the company is committed to ensuring the health and safety of its employees, while fostering a suitable and fair working environment. This includes developing the knowledge and skills necessary for job performance, in support of production process improvements and the integration of technology to enhance operational efficiency. Furthermore, the company places great importance on the appropriate treatment of employees, respect for labor rights, and conducting business with due regard for all relevant stakeholders.

Regarding corporate governance, the Company conducts its business in adherence to the principles of good corporate governance, placing a strong emphasis on transparency, accountability, and compliance

with all relevant laws and regulations. This includes maintaining robust internal control and risk management systems—specifically addressing risks such as exchange rate volatility, fluctuations in raw material costs, and competition within export markets—as well as implementing sound procurement and supplier management practices. These measures are designed to support efficient business operations, mitigate the impact of business uncertainties, and sustain the long-term confidence of all stakeholders.

Sustainability-related operations of the company for the first 9 months of 2026:

Worldflex Public Company Limited places great importance on conducting its business in tandem with social and environmental responsibility. The company is committed to creating shared value with the community, fostering educational opportunities, supporting public safety, and conserving natural resources—as demonstrated by the following key activities undertaken during the first nine months of 2026:

- **Supporting Farmers and the Local Economy**: The Company supported local farmers by purchasing 1,000 aromatic coconuts and sourced high-quality mangoes directly from farmers. This initiative helps alleviate the issue of market oversupply, bolsters farmers' incomes, and fosters "Creating Shared Value" (CSV)—with the acquired mangoes subsequently distributed among employees.
- **Promotion of Education and Youth**: The Company provides funding and supports Children's Day activities for local organizations and educational institutions within the community. Additionally, the Company contributes to *pha pa* (merit-making) funds dedicated to education for Nikhom Sang Ton-eng Rayong 8 School, with the aim of fostering learning opportunities and youth development.
- **Ensuring Public Safety**: During the Songkran festival, from April 10–16, 2026, the Company is providing financial support for the operation of checkpoints and public service stations, aimed at preventing and reducing road accidents. This initiative also supports campaigns promoting "don't drink and drive" and "safe driving."
- **Environmental Conservation:** From September 1–4, 2026, the company organized a tree-planting activity, during which 300 trees were planted to increase green space, promote the conservation of natural resources, and foster a sense of responsibility toward sustainable environmental stewardship.

Highlights of Key Activities

		
Support agricultural produce from farmers	Educational Promotion Activities	Tree-planting activity

For your information.

Sincerely,
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