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Subject Management Department Discussion and Analysis for 2021, ended December 31, 2021

Dear Directors and Managers

at The Stock Exchange of Thailand

World Flex Public Company Limited ("the company") would like to inform about the consolidated operating results of the company for 2021 ended on December 31, 2021 (1 January– 31 December) with details as following ;

Comparison of annual operating results, ended December 31, 2021 and 2020

(in million baht)

Revenue	2021		2020		Increase (Decrease)	
	In million Baht	%	In million Baht	%	In million Baht	%
Revenue from sales of goods	3,763.52	99.65	2,394.15	99.40	1,369.37	57.20
Revenue from sales of rubber scraps	1.32	0.03	0.83	0.03	0.49	59.04
Revenue from sales of chemicals	1.18	0.03	1.94	0.08	(0.76)	(39.18)
Total revenue	3,766.02	99.72	2,396.92	99.51	1,369.10	57.12
Other income	10.56	0.28	6.70	0.28	3.86	57.61
Net gains on foreign exchange	0.00	0.00	5.03	0.21	(5.03)	(100.00)
Total income	3,776.58	100.00	2,408.65	100.00	1,367.92	56.79
Cost of sales of goods	3,061.90	81.30	2,218.95	92.58	842.94	37.99
Distribution costs	45.53	1.21	41.06	1.70	4.47	10.89
Administrative expense	187.61	4.97	67.04	2.78	120.57	179.85
Net losses on foreign exchange	22.93	0.61	0.00	0.00	22.93	100.00
Total expense	3,317.97	87.86	2,327.05	96.61	990.91	42.58
Profit from operating activities	458.61	12.14	81.60	3.39	377.01	462.02
Finance costs	23.49	0.62	21.38	0.89	2.11	9.87
Profit before income tax expense	435.12	11.52	60.22	2.50	374.90	622.55
Tax expense	76.02	2.01	2.41	0.10	73.61	3,054.36
Profit for the period	359.10	9.51	57.81	2.40	301.29	521.17
Basic earnings per share (in Baht)	1.10		0.19		0.91	478.95

Note : The ratio in the income statement is shown as a percentage of total revenue, and gross profit is shown as a percentage of sales revenue.



1. Sales Revenue

In 2021, the company's sales revenue 3,766.02 million baht, an increase of 1,369.10 million baht from the previous year or an increase of 57.12%, mainly due to an increase in the latex price, resulting in an increase in the selling price of rubber thread in accordance with the rising raw material cost and increase in the sale volume in comparison with previous year. In January and August 2021, the company has expanded the production capacity of rubber thread by 3,240 tons and 1,440 tons respectively with an increase in the utilization rate, could produce and sell more variety of rubber thread both in terms of distinctive sizes and quality. Therefore, it can support the different demands of rubber thread both from the existing and new customers. In addition, the company had an increase in the proportion of revenue from selling products to end-user customers, coupled with the epidemic situation of the COVID-19, resulting in a partial increase in demand for talcum coated rubber thread, which is the component of medical goods such as mask straps, PPE, elastic bandages and medical hair hoods.

2. Expenses

In 2021, the company had total expenses of 3,317.97 million baht, an increase of 990.92 million baht from the previous year or a 42.58% increase in line with the increase in sales revenue. Most of which is the cost of raw materials, latex and chemicals and production costs. These expenses saw an increase as the production of rubber thread increased, including labor cost, due to an increase in the number of employees in the factory and maintenance department workers, to support the expansion of production capacity. The company has increased the installed production capacity in January and August 2021 and the company's distribution costs increased by 4.47 million baht or an increase of 10.89% due to export expenses which corresponds to the increase in administrative expenses of 120.57 million baht from the previous year or an increase of 179.85% mainly due to employee expenses after increasing the number of employees to support business growth, including the adjustment of the salary base for employees and the payment of bonuses to increase the morale of the company's employees due to the performance that has grown exponentially including working together to get the company listed on the Stock Exchange of Thailand. In addition, there is a loss from the termination of the property because some of the unused assets were disposed of, such as buildings, machinery, etc. The company had appraised the assets in 2020, causing a surplus from the appraisal of the assets, which was recorded as a gain from the asset appraisal. Moreover, the company has expenses for professional fees that is a consulting fee for preparing for listing on the Stock Exchange of Thailand.

3. Finance Cost

For 2021, the company's financial cost is 23.49 million baht or 0.62% of total revenue. It increased from the previous year by 2.11 million baht or an increase of 9.87%. The finance cost of interest was interest from bank overdrafts, short-term loans from financial institutions and interest in financial lease contracts which refer to 16th edition of accounting in accordance with Financial Reporting Standard titled "Lease Agreements" including bank fees such as transfer fees international transaction fees for trading with overseas customers and suppliers, etc.



4. Profit for the year

The company has a net profit for 2021 and 2020 amounted to 359.10 million baht and 57.81 million baht, respectively. Comparing 2021 and 2020, the company's operating profit increased by 301.29 million baht or an increase of 521.17%, mainly due to an increase in sales revenue of the company's main products because the company has increased the installed capacity which makes the company can produce more variety of products in terms of size and quality, able to support the needs of customers in a variety of industries.

Statement of financial position

(in million baht)

	31 December 2021	31 December 2020	Increase (Decrease)	
			in million Baht	%
Assets				
Current assets				
Cash and cash equivalents	605.61	24.22	581.39	2,400.45
Trade accounts receivable and other current receivables	290.33	203.66	86.67	42.56
Inventories	373.87	245.49	128.38	52.30
Other current assets	41.93	13.76	28.17	204.72
Total current assets	1,311.74	487.13	824.61	169.28
Non-current assets				
Investment properties	339.80	338.27	1.53	0.45
Property, plant and equipment	1,293.99	856.53	437.46	51.07
Other non-current assets	7.20	6.00	1.20	20.00
Total non-current assets	1,640.99	1,200.80	440.19	36.66
Total assets	2,952.73	1,687.93	1,264.80	74.93
Liabilities and equity				
Trade accounts payable and other current payables	495.80	324.70	171.10	52.69
Short-term loans	0.00	379.84	(379.84)	(100.00)
Current portion of long-term from financial institution	25.20	0.00	25.20	100.00
Current portion of lease liabilities	2.38	3.71	(1.33)	(35.85)
Other current liabilities	177.61	8.41	169.20	2,011.89
Total current liabilities	700.99	716.66	(15.67)	(2.19)
Long-term loans from financial institution	64.77	0.00	64.77	100.00
Other non-current liabilities	144.84	143.41	1.43	1.00
Total non-current liabilities	209.61	143.41	66.20	46.16
Total liabilities	910.60	860.07	50.53	5.88
Total equity	2,042.13	827.86	1,214.27	146.68
Total liabilities and equity	2,952.73	1,687.93	1,264.80	74.93

Note : Summary Statement of Financial Position



1. Assets

As of December 31, 2021, the company had total assets of 2,952.73 million baht, an increase of 1,264.80 million baht compared to 31 December 2020, or an increase of 74.93%, mainly due to an increase in investment in land purchases, building and equipment to support the expansion of the production capacity of rubber thread, another reason is cash and cash equivalents increased due to the public offering of shares.

2. Liabilities

As of December 31, 2021, the company had total liabilities of 910.59 million baht, an increase of 49.92 million baht compared to December 31, 2020, or an increase of 5.80%, mainly due to long-term loans from financial institutions. In addition, the company received benefits from participating in the project to support the rubber products entrepreneurs from the Rubber Authority of Thailand that the government will compensate the interest to the company as actually paid but not more than 3.00% per year throughout the 10-year period of the project (2016-2026). However, the company participated in the project in 2021, thus the duration of participation in the project of the company has a total term of 5 years (2021-2026), which is consistent with the term of the loan that the company received from a financial institution for a period of 5 years.

3. Equity

As of December 31, 2021, the company had total shareholder equity of 2,042.13 million baht, an increase of 1,214.27 million baht compared to December 31, 2020, or an increase of 146.67% due to the company's IPO and the company has a profit from operations of 359.10 million baht.

Please be informed accordingly.

Yours faithfully,
World Flex Public Company Limited



Nat Vongsasuttikul
Manager Director