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Subject: Management Discussion and Analysis of the 1st quarter ended 31 March 2023

To President
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“the Company”) would like to report on Management Discussion and Analysis from the Consolidated Financial Statements of the 1st quarter ended 31 March 2023. Since the Company has its main revenue from the furniture business, the information between the Consolidated Financial Statements and Separate Financial Statements does not differ significantly.

The key information for the Consolidated Financial Statements is shown as the details below;

Operating Results: Consolidated

1. Revenues

Unit: Million Baht

Revenue Structure	Consolidated			
	Amount		Change	
	Q1.2023	Q1.2022	Amount	%
Revenue from sale – net	313.35	407.34	-93.99	-23.07%
Others income	9.83	12.61	-2.78	-22.03%
Total Revenue	323.19	419.96	-96.77	-23.04%
Share of gain from investment value of the associates	4.61	6.95	-2.34	-33.61%

For the 1st quarter of 2023, the Company had income from the business of the Company and its subsidiaries at a value of 313.35 million baht and the total revenues were 323.19 million baht, decreasing when compared to the same period of last year equivalent to 23.07 percent and 23.04 percent respectively because of the significant decrease of export sales.

The Company had a proportion of export sales and domestic sales in the 1st quarter representing 41.48 percent and 58.52 percent respectively and the export sales decreased by 42.24 percent, due to the impact of the world economy at this moment. In this regard, the domestic sales amounted was close to the same period of last year. However, the revenue from domestic sales has been a good sign of growth since the mid of 2022 and also the orders of export customers have resume again since this April 2023.

The sharing of gain from the investment value of the associates comes from the realization of gain from investment in Green Earth Power (Thailand) Company Limited (GEP), which is the investor in a solar power plant project with an installed capacity of 220 MW at Minbu District, Myanmar. ECF Power Company Limited (ECF-P), as the Company's subsidiary, holds 20 percent of the total shares of GEP. At present, the project operates commercially for the 1st phase with an installed capacity of 50MW. The project has been currently constructing the 2nd phase which the construction progress is in line as planned after the unrest situation in Myanmar and the COVID-19 pandemic unraveled. It is expected to be finished the 2nd phase by the end of 2023 and will accelerate the construction for the remaining phases until completed all 4 phases accordingly. Moreover, at present, the Company does not have any obligation to pay more equity to the project because the Company has already completed injecting money according to its stake.

At present, the electricity payment from the Myanmar Electricity Authority is in line with the normal process and does not have any delay from the applicable condition stating the payment of the government agency will be executed within 45 days.

The sharing of gain from the investment value of GEP for the 1st quarter 2023 amounted to 4.61 million baht decreasing from the same period of last year which was 6.95 million baht resulting from the increase of financial cost regarding the loan to be an advance payment for the construction to a company which is the contractor for the 2nd phase.

2. Cost of Goods Sold and Significant Expenses

Unit: Million Baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	Q1.2023	Q1.2022	Amount	%	Q1.2023	Q1.2022
Cost of goods sold	226.50	323.37	-96.87	-29.96%	70.08%	77.00%
Cost of sales	17.81	17.93	-0.12	-0.67%	5.51%	4.27%
Administrative expenses	34.44	38.15	-3.71	-9.73%	10.66%	9.08%
Financial cost	41.14	35.78	5.37	15.00%	12.73%	8.52%
Total cost and expenses	319.89	415.23	-95.34	-22.96%	98.98%	98.88%

With respect to the overview of costs and significant expenses incurred during the 1st quarter 2023, the proportion of the cost of sales (when compared to net sales) decreased continuously from 77.00 percent of the same period last year to 70.08 percent which has been able to manage it decreased continuously since the 2nd quarter 2022, resulting from the Company has used the new strategy to manage the cost of goods sold through the cost management to be more efficient by controlling from the order of raw materials, setting clearly the budget, setting the planning department that the control has been in every step. The management of using raw materials that are last in the production line to be used first, including the improvement of machines and

provision of more modern machines, the control of labor costs especially the overtime expenses, which resulted in the production costs have decreased significantly.

However, the Company still had the proportion of costs of sales, administrative expenses, and financial costs increased when compared to the total revenues, which was caused by the situation of higher costs and expenses from economics, inflation problem, the issuance and offering the debenture to prepare fund for using in business, including the decrease of export sales resulting in the value and proportion of expenses to the total revenues increased accordingly.

The financial costs of the 1st quarter amounted to 41.14 million baht, increasing from the same period of last year which was 35.78 million baht or equivalent to 8.52 percent because the Company issued and offered the debenture on 9 June 2022 total 3 series at the interest rate of 7 percent, 7.15 percent, and 7.30 percent with a total value of 850 million baht that caused the outstanding value of debentures increasing 330.58 million baht from as of 31 March 2022 that valued 846.61 million baht to be 1,177.19 million baht as of 31 March 2023.

3. Profit for the period

Unit: Million Baht

Profit Information	Consolidated			
	Amount		Change	
	Q1.2023	Q1.2022	Amount	%
Gross Profit	86.85	83.97	2.88	3.43%
Profit (Owners of the parent)	9.49	12.25	-2.76	-22.52%
Profit for the period	9.65	12.35	-2.70	-21.90%
Profit ratio for the period (Owners of the parent) to total revenue (%)	2.94%	2.92%		
Profit ratio for the period to total revenue (%)	2.98%	2.94%		

Overall, the profit generated in the 1st quarter 2023 of the consolidated financial statements, the decrease significantly in the cost of goods sold from the efficient management, and the reverse value of impairment of accounts receivable resulted in the increase of operating profits namely gross profit margin to sales revenue, profit from operation margin to total revenues, EBITDA margin to total revenues, and also profit (Owners of the parent) to total revenues has adjusted higher for all above ratios when compared to the same period of last year.

The Company had profit (Owners of the parent) amounted to 9.49 million baht, which decreased from the same period of last year which was 12.25 million baht whereas if considers in terms of the ratio of profit (Owner of the parent), it has been increased slightly when compared to the same period of last year.

With respect to the cash flow generated in the 1st quarter of 2023, cashflow by operating declined from the cause of accounts receivable, the increase of sales period including the more expenses from investing in buildings and machines in order to improve the efficiency of the production line, whereas the

Company gained more cash flow from selling the right to claim of accounts receivable, therefore the Company had a net cash flow as of 31 March 2023 equaled 19.00 million baht.

Financial Position: Consolidated Financial Statements

1. Total Assets

Unit: Million Baht

Statement of Financial Position	As of 31/03/2023		As of 31/12/2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	1,999.87	48.88%	2,091.18	52.44%	-91.31	-4.37%
Non-Current Assets	2,091.11	51.12%	1,896.92	47.56%	194.19	10.24%
Total Assets	4,090.98	100.00%	3,988.10	100.00%	102.88	2.58%

The Company had total assets as of 31 March 2023, which equaled 4,090.98 million baht increasing from 31 December 2022, equivalent to 102.88 million baht. This was caused by the increases in accounts receivable equivalent to 33 million baht and the value of inventory increased by 60 million baht approximately.

2. Total Liabilities and Shareholder's Equity

Unit: Million Baht

Statement of Financial Position	As of 31/03/2023		As of 31/12/2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	1,934.97	47.30%	1,842.06	46.19%	92.91	5.04%
Non-Current Liabilities	787.14	19.24%	779.43	19.54%	7.70	0.99%
Total Liabilities	2,722.10	66.54%	2,621.49	65.73%	100.61	3.84%
Shareholder's Equity	1,368.88	33.46%	1,366.61	34.27%	2.27	0.17%
Total Liabilities and Shareholder's Equity	4,090.98	100.00%	3,988.10	100.00%	102.88	2.58%

As of 31 March 2023, the Company's total liabilities were 2,722.10 million baht increasing by 100.61 million baht from 31 December 2022. This was caused by the increase of accounts payable and liability from selling the right to claim accounts receivable.

Shareholder's equities as of 31 March 2023 were 1,368.88 million baht slightly increasing 2.27 million baht which resulted from the increase of profit from the operation of the Company.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director