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No. ECF2 020/2023

14 August 2023

Subject: Management Discussion and Analysis of the 2<sup>nd</sup> quarter ended 30 June 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 2<sup>nd</sup> quarter ended 30 June 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;

Highlight: The key event that significantly impacted the overall performance in the 2<sup>nd</sup> quarter of 2023 was a one-time loss from the item of other expenses - losses from a fire accident. This event, as disclosed in the notification letter to the Stock Exchange of Thailand No.ECF2 011/2566 on 10 April 2023, resulted in an additional expense of 108.55 million baht. This fire accident-related loss directly affected the financial statements of the company during the past quarter. The Company got a loss from the fire accident in the amount of 108.55 million baht.

However, the Company is currently in discussions to finalize the compensation figures with the insurance company, which is still under consideration.

From the fire accident has led the company to recognize significant operational losses for the financial statements of the 3-month and 6-month periods of 2023. These loss figures are expected to be reversed in the future once the compensation from the insurance company is received. After the Company has accounted for the expense incurred from the aforementioned incident, as of 30 June 2023, the Company holds an accumulated unallocated profit of 367.72 million baht.

**Operating Results: Consolidated**

1. Revenues

Unit: million baht

Revenue Structure	Consolidated			
	Amount		Change	
	Q2.2023	Q2.2022	Amount	%
Revenue from sales – net	315.81	339.11	-23.30	-6.87%
Others income	11.20	12.52	-1.32	-10.54%

Revenue Structure	Consolidated			
	Amount		Change	
	Q2.2023	Q2.2022	Amount	%
Gain on exchange rate	0.97	0.63	0.35	55.36%
<b>Total Revenue</b>	<b>327.98</b>	<b>352.26</b>	<b>-24.28</b>	<b>-6.89%</b>
Share of gain from investment value of the associates	5.72	7.85	-2.13	-27.10%

For the 2<sup>nd</sup> quarter of 2023, the Company had income from the business of the Company and its subsidiaries at a value of 315.81 million baht and the total revenues were 327.98 million baht, slightly decreasing when compared to the same period of last year equivalent to 6.87 percent and 6.89 percent respectively because of the significant decrease of export sales.

The Company had a proportion of export sales and domestic sales in the 2<sup>nd</sup> quarter representing 39.59 percent and 60.41 percent respectively, and the export sales decreased by 36.12 percent, due to the impact of the world economy at this moment. In this regard, domestic sales grew in the proportion of 28.89 percent, the revenue from domestic sales has been a good sign of growth since the mid of 2022.

Revenue from sales – net occurred in the 2<sup>nd</sup> quarter of 2023 amounted to 315.81 million baht slightly increased when compared to the same period of last year which was 313.35 million baht.

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 1<sup>st</sup> phase with an installed capacity of 50MW. The project has been currently constructing the 2<sup>nd</sup> phase and will accelerate the construction for the remaining phases until completed all 4 phases accordingly.

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 2nd quarter of 2023 amounted to 5.72 million baht decreasing from the same period of last year which was 7.85 million baht. That resulted from the increase of financial cost regarding the loan from shareholders according to shareholding proportion whereas the project is in the process of providing loans from financial institutions.

Unit: million baht

Revenue Structure	Consolidated			
	Amount		Change	
	1H.2023	1H.2022	Amount	%
Revenue from sales – net	629.17	746.46	-117.29	-15.71%
Others income	21.03	25.13	-4.10	-16.31%
Gain on exchange rate	0.60	1.23	-0.63	-51.09%
<b>Total Revenue</b>	<b>650.80</b>	<b>772.82</b>	<b>-122.02</b>	<b>-15.79%</b>
Share of gain from investment value of the associates	10.34	14.80	-4.46	-30.16%

For the 6-month period of 2023, the Company had income from the business of the Company and its Subsidiary's at a value of 629.17 million baht and the total revenues were 650.80 million baht, decreasing when comparing to the same period of the last year equivalent to 15.71 percent and 15.79 percent respectively. Overall, the Company had growth from the domestic sales, accounting for 13.48 percent whereas the export sales decreased 39.47 percent.

The sharing of gain from the investment value of GEP amounted to 10.34 million baht decreasing from the same period of last year equivalent to 30.16 percent due to the increase of financial cost.

For the target growth rate for the year 2023, the Company still sets the goal of growth at the rate of 10 percent for the factor of coming to the sales seasons of the 3<sup>rd</sup> and 4<sup>th</sup> quarters which will help support the chance of growth from the orders that would come in the second half of this year.

## 2. Cost of Goods Sold and Significant Expenses

Unit: million baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	Q2.2023	Q2.2022	Amount	%	Q2.2023	Q2.2022
Cost of goods sold	269.77	256.07	13.70	5.35%	82.25%	72.69%
Cost of sales	25.07	13.37	11.70	87.50%	7.64%	3.80%
Administrative expenses	32.55	38.77	-6.22	-16.05%	9.92%	11.01%
<i>Other expenses - losses from fire accident</i>	108.55	-	08.55	N.A.	33.10%	0.00%
Financial cost	45.93	39.41	6.53	16.56%	14.01%	11.19%
<b>Total cost and expenses</b>	<b>481.87</b>	<b>347.62</b>	<b>134.26</b>	<b>38.62%</b>	<b>146.92%</b>	<b>98.68%</b>

Unit: million baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	1H.2023	1H.2022	Amount	%	1H.2023	1H.2022
Cost of goods sold	496.27	579.44	-83.17	-14.35%	76.26%	74.98%
Cost of sales	42.88	31.30	11.58	37.00%	6.59%	4.05%
Administrative expenses	66.99	76.92	-9.93	-12.91%	10.29%	9.95%
<i>Other expenses - losses from fire accident</i>	108.55	-	108.55	N.A.	16.68%	0.00%
Financial cost	87.08	75.19	11.89	15.81%	13.38%	9.73%
<b>Total cost and expenses</b>	<b>775.75</b>	<b>765.62</b>	<b>10.13</b>	<b>1.32%</b>	<b>119.20%</b>	<b>99.07%</b>

The significant cost or expense that occurred during the 2<sup>nd</sup> quarter and 6-month period of 2023 was the item "Other expenses - Losses from a fire accident," amounting to 108.55 million Baht. This is a one-time loss resulting from an incident of fire. These loss figures are expected to be reversed in the future once the compensation from the insurance company is received.

Due to such event, the Company has been prompted to address issues in its production processes and internal factory management over the past two quarters. Consequently, there has been a noticeable rise in the proportion of cost of goods sold compared to total income, including cost of sales, administrative expenses, and financial cost. This increase can be attributed to escalating costs and expenses resulting from economic conditions, inflationary pressures, fluctuating oil prices, the issuance of debentures to secure funds for business operations, and a decline in revenue from exports. As a result of these factors, there has been an upward adjustment in the value and ratio of expenses relative to total income.

The Company issued and offered the debenture on 9 June 2022 total of 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 resulted in the financial cost increasing from the 6-month period of 2022 amounted to 75.19 million baht to be 87.80 million baht in the 6-month period of 2023.

### 3. Profit for the period

Unit: million baht

Profit Information	Consolidated			
	Amount		Change	
	1H.2023	1H.2022	Amount	%
Gross Profit	132.90	167.02	-34.12	-20.43%
<b>Loss (Owners of the parent)</b>	<b>-112.45</b>	<b>22.09</b>	<b>-134.54</b>	<b>-609.16%</b>
Loss for the period	-112.50	22.07	-134.58	-609.71%

Profit Information	Consolidated			
	Amount		Change	
	1H.2023	1H.2022	Amount	%
Loss ratio for the period (Owners of the parent) to total revenue (%)	-17.28%	2.86%		
Loss ratio for the period to total revenue (%)	-17.29%	2.86%		

From item of other expenses - losses from the fire accident amounted to 108.55 million baht had an impact on the overall profit for the 6-month period of 2023. With respect to the consolidated financial statements, it has been affected by decreasing gross profit compared to net sales and gaining loss (Owners of the parent) equivalent to 112.45 million baht, and loss ratio for the period (Owners of the parent) to total revenue equivalent to 17.28 percent which decreased when compared to the same period of last year.

With respect to the cash flow generated in the 6-month period of 2023, cash flow from operation increased significantly from accounts payable resulting in gaining cashflow from operation equivalent to 22.43 million baht. The Company has invested in buildings and machines increasingly 79.74 million baht in order to improve buildings and machines damaged from the fire accident, whereas the Company gained more cash flow from the issuance of debentures in the amount of 300 million baht in the past. Therefore the Company had a net cash flow as of 30 June 2023 equaled 53.29 million baht.

### Financial Position: Consolidated Financial Statements

#### 1. Total Assets

Unit: million baht

Statement of Financial Position	As of 30 June 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	1,998.39	48.10%	2,091.18	52.44%	-92.79	-4.44%
Non-Current Assets	2,156.23	51.90%	1,896.92	47.56%	259.31	13.67%
<b>Total Assets</b>	<b>4,154.62</b>	<b>100.00%</b>	<b>3,988.10</b>	<b>100.00%</b>	<b>166.52</b>	<b>4.18%</b>

The Company had total assets as of 30 June 2023, which equaled 4,154.62 million baht increasing from 31 December 2022, equivalent to 166.52 million baht. This was caused by the increase in the Non-current portion of trade receivables – net (from the restructuring of trade receivables installment payment) equivalent to 164.92 million baht.

## 2. Total Liabilities and Shareholder's Equity

Unit: million baht

Statement of Financial Position	As of 30 June 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	2,442.79	58.80%	1,842.06	46.19%	600.73	32.61%
Non-Current Liabilities	475.05	11.43%	779.43	19.54%	-304.38	-39.05%
<b>Total Liabilities</b>	<b>2,917.84</b>	<b>70.23%</b>	<b>2,621.49</b>	<b>65.73%</b>	<b>296.35</b>	<b>11.30%</b>
<b>Shareholder's Equity</b>	<b>1,236.78</b>	<b>29.77%</b>	<b>1,366.61</b>	<b>34.27%</b>	<b>-129.83</b>	<b>-9.50%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>4,154.62</b>	<b>100.00%</b>	<b>3,988.10</b>	<b>100.00%</b>	<b>166.52</b>	<b>4.18%</b>

As of 30 June 2023, the Company's total liabilities were 2,917.84 million baht increasing by 296.35 million baht from 31 December 2022. This was caused by the increase of liability from selling the right to claim accounts receivable 100 million approximately and debentures increased about 100 million baht as well.

The shareholder's equities as of 30 June 2023, amounted to 1,236.78 million baht, decreasing in line with the expenses incurred from the fire accident, which totaled 108.55 million baht.

Please be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director