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No. ECF2 025/2023

14 November 2023

Subject: Management Discussion and Analysis of the 3rd quarter ended 30 September 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 3rd quarter ended 30 September 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 in the details below;

With reference to the key event that occurred in the 2nd quarter of 2023 i.e. other expenses - losses from a fire accident which is a one-time loss, that resulted in an additional expense of 108.55 million baht.

However, given value in the amount of 109.55 million baht (including demolition/property removal costs of 1 million baht) has been concluded and compensated by the insurance company in the 3rd quarter at the amount of 93.28 million baht, resulting in the Company has got the damage cost at the net amount of 16.27 million baht for in 9-month period of 2023.

Revenue from sales of the 3rd quarter of 2023 grew from the same period of the previous year at 34 million baht or equivalent to 10 percent approximately and currently, it is the quarter that got the highest revenue from sales of this year.

In this regard, the Company had an increase in the cost of goods sold, cost of sales, administrative expenses, and financial costs.

However, since this 3rd quarter had the reversion of expenses - losses from a fire accident at the amount of 92.28 million baht, this resulted in the Company getting profit (Owners of the parent) from 9.67 million baht of the last 3rd quarter to be 26.92 million baht in this 3rd quarter.

Operating Results: Consolidated

1. Revenues

Unit: million baht

Revenue Structure	Consolidated			
	Amount		Change	
	Q3.2023	Q3.2022	Amount	%
Revenue from sales – net	379.59	345.32	34.27	9.93%

Revenue Structure	Consolidated			
	Amount		Change	
	Q3.2023	Q3.2022	Amount	%
Others income	11.44	10.04	1.40	13.94%
Gain on exchange rate	1.75	1.81	-0.06	-3.31%
Total Revenue	392.78	357.17	35.61	9.97%
Share of gain from investment value of the associates	4.57	7.93	-3.35	-42.29%

For the 3rd quarter of 2023, the Company had income from the business of the Company and its subsidiaries at a value of 379.59 million baht and the total revenues were 392.78 million baht, increasing when compared to the same period of last year equivalent to 9.93 percent and 9.97 percent respectively because of the significant increase of domestic sales.

The Company had a proportion of export sales and domestic sales in the 3rd quarter representing 41.78 percent and 58.22 percent respectively, and the export sales decreased by 4.52 percent. However, this decrease tends to be better than in the past and at present the Company tends to receive more orders from overseas for the year 2024. As for the revenue from domestic sales, it increased by 23.31 percent and has been a good sign of growth since the middle of 2022.

Revenue from sales – net occurred in the 3rd quarter of 2023 amounted to 379.59 million baht materially increased about 20 percent when compared to the same period of last year which was 315.81 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 1st phase with an installed capacity of 50MW. The project has been currently constructing the 2nd 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 applicable conditions.

The sharing of gain from the investment value of GEP for the 3rd quarter of 2023 amounted to 4.57 million baht decreasing from the same period of last year which was 7.93 million baht. That resulted from the increase of financial cost regarding the loan from shareholders according to shareholding proportion during the project is in the process of providing loans from financial institutions. However, the Company has the overview of received interest that increased from 3.62 million baht to 8.27 million baht when compared to the same period of the last year.

Unit: million baht

Revenue Structure	Consolidated			
	Amount		Change	
	9M.2023	9M.2022	Amount	%
Revenue from sales – net	1,008.76	1,091.78	-83.02	-7.60%
Others income	32.47	35.17	-2.70	-7.67%
Gain on exchange rate	2.36	3.04	-0.69	-22.58%
Total Revenue	1,043.58	1,129.99	-86.41	-7.65%
Share of gain from investment value of the associates	14.91	22.73	-7.82	-34.39%

For the 9-month period of 2023, the Company had income from the business of the Company and its Subsidiary's at a value of 1,008.76 million baht and the total revenues were 1,043.58 million baht, decreasing when comparing to the same period of the last year equivalent to 7.60 percent and 7.65 percent respectively. Overall, the Company had growth from the domestic sales, accounting for 16.91 percent whereas the export sales decreased 29.42 percent.

The sharing of gain from the investment value of GEP amounted to 14.91 million baht decreasing from the same period of the last year that received the gain of 22.73 million baht due to the increase of financial cost. However, the Company has the overview of received interest that increased from 10.31 million baht to 19.73 million baht when compared to the same period of the last year.

2. Cost of Goods Sold and Significant Expenses

Unit: million baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	Q3.2023	Q3.2022	Amount	%	Q3.2023	Q3.2022
Cost of goods sold	320.48	255.27	65.21	25.55%	81.59%	71.47%
Cost of sales	26.44	17.25	9.19	53.28%	6.73%	4.83%
Administrative expenses	66.24	38.42	27.82	72.41%	16.86%	10.76%
<i>Other expenses - losses from fire accident</i>	-92.28	-	-92.28	N.A.	-23.49%	0.00%
Financial cost	46.73	43.33	3.40	7.85%	11.90%	12.13%
Total cost and expenses	367.61	354.27	13.34	3.77%	93.59%	99.19%

Unit: million baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	9M.2023	9M.2022	Amount	%	9M.2023	9M.2022
Cost of goods sold	816.75	834.71	-17.96	-2.15%	78.26%	73.87%
Cost of sales	69.32	48.55	20.77	42.78%	6.64%	4.30%
Administrative expenses	133.22	115.34	17.88	15.51%	12.77%	10.21%
<i>Other expenses - losses from fire accident</i>	16.27	-	16.27	N.A.	1.56%	0.00%
Financial cost	133.81	118.51	15.30	12.91%	12.82%	10.49%
Total cost and expenses	1,172.47	1,118.32	54.15	4.84%	112.35%	98.97%

The significant costs or expenses occurred during the 3rd quarter and 9-month period of 2023,

From the 2nd quarter, the Company had the item "Other expenses - Losses from a fire accident" amounted to 108.55 million baht which is a one-time loss resulting from an incident of fire. After concluding the compensation with the insurance company, currently, the given figure could reverse to be the value of compensation of 92.28 million baht occurring in the financial statements of the 3rd quarter. However, for the 9-month period, the Company still had to receive the remaining amount of item "Other expenses - Losses from a fire accident" which could not be compensated by the insurance company at 16.27 million baht.

The overview of the cost of goods sold, cost of sales, administrative expenses, and financial costs still increased from the causes of labor cost, electric cost and other production costs from the impact of fire accident, transportation cost, fuel, rent of warehouse that increased from the growth of domestic sales. Moreover, it increased from the change of policy to forecast the decrease of inventory value at 27.2 million baht.

As for the financial cost, it occurred from the offering and issuance of debentures which valued 1,278.25 million baht as of 30 September 2023 when compared to as of 31 December 2022 which was 1,173.73 million baht. This caused the increase of financial cost from the 9-month period of 2022 from 118.51 million baht to 133.81 million baht of the 9-month period of 2023.

3. Profit for the period

Unit: million baht

Profit Information	Consolidated			
	Amount		Change	
	Q3.2023	Q3.2022	Amount	%
Gross Profit	59.11	90.05	-30.94	-34.36%
Loss (Owners of the parent)	26.92	9.67	17.25	178.39%
Loss for the period	26.65	9.62	17.03	177.03%

Profit Information	Consolidated			
	Amount		Change	
	Q3.2023	Q3.2022	Amount	%
Loss ratio for the period (Owners of the parent) to total revenue (%)	6.85%	2.71%		
Loss ratio for the period to total revenue (%)	6.79%	2.69%		

Unit: million baht

Profit Information	Consolidated			
	Amount		Change	
	9M.2023	9M.2022	Amount	%
Gross Profit	192.01	257.07	-65.06	-25.31%
Loss (Owners of the parent)	-85.54	31.76	-117.29	-369.36%
Loss for the period	-85.85	31.70	-117.55	-370.86%
Loss ratio for the period (Owners of the parent) to total revenue (%)	-8.20%	2.81%		
Loss ratio for the period to total revenue (%)	-8.23%	2.80%		

From the reversion of other expenses - losses from the fire accident amounted to 92.28 million in the 3rd quarter, this resulted in the Company gained profit (Owners of the parent) increase from 9.67 million baht to 26.92 million baht for the 3rd quarter this year.

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In the overview of profit for the 9-month period of 2023, the Company had gross profit to the net sales decreasing from the decrease of export sales, including the cost of goods sold in the part of the factory that has to adjust from the situation of the fire accident. The Company had a loss (Owners of the parent) equivalent to 85.54 million baht and the proportion of Loss (Owners of the parent) was 8.20 percent which is better than the 6-month period of this year which was 17.28 percent.

With respect to the cash flow generated in the 9-month period of 2023, cash flow from operation increased significantly from accounts payable resulting in the cash flow from operation amounting to 71.16 million baht. The Company has invested in buildings and machines decreasingly from 141.20 million baht to 61.60 million baht. Therefore the Company had a net cash flow as of 30 September 2023 equaled 28.50 million baht slightly decreased from the same period of the last year.

Financial Position: Consolidated Financial Statements

1. Total Assets

Unit: million baht

Statement of Financial Position	As of 30 September 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	2,063.78	48.91%	2,091.18	52.44%	- 27.40	-1.31%
Non-Current Assets	2,155.56	51.09%	1,896.92	47.56%	258.63	13.63%
Total Assets	4,219.33	100.00%	3,988.10	100.00%	231.23	5.80%

The Company had total assets as of 30 September 2023, which equaled 4,219.33 million baht increasing from 31 December 2022, equivalent to 231.23 million baht. This came from the increase in compensation money that will be receive from the insurance company equivalent to 93.23 million baht and followed by accounts receivable.

2. Total Liabilities and Shareholder's Equity

Unit: million baht

Statement of Financial Position	As of 30 September 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	2,467.50	58.48%	1,842.06	46.19%	625.44	33.95%
Non-Current Liabilities	471.36	11.17%	779.43	19.54%	- 308.07	-39.52%
Total Liabilities	2,938.87	69.65%	2,621.49	65.73%	317.38	12.11%
Shareholder's Equity	1,280.47	30.35%	1,366.61	34.27%	- 86.15	-6.30%
Total Liabilities and Shareholder's Equity	4,219.33	100.00%	3,988.10	100.00%	231.23	5.80%

As of 30 September 2023, the Company's total liabilities were 2,938.87 million baht increasing by 317.38 million baht from 31 December 2022. This was caused by the increase of liability from selling the right to claim accounts receivable 126.78 million baht and debentures increased about 100 million baht as well.

The shareholder's equities as of 30 September 2023, amounted to 1,280.47 million baht, decreasing in line with the expenses incurred from the fire accident and performance of the Company.

Please be informed accordingly,

Yours sincerely,

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