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## -Translation-

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Subject: Management Discussion and Analysis of the year ended 31 December 2020

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 Separate and Consolidated Financial Statements of the year ended 31 December 2020. The details are as follows.

### Operating Performance

#### 1. Revenues

Unit: Million Baht

12-month period for the Year 2020 comparing to 2019	Consolidated				Separate			
	Amount		Change		Amount		Change	
	Y2020	Y2019	Amount	%	Y2020	Y2019	Amount	%
Revenue from sale – net	1,384.49	1,254.18	130.31	10.39%	1,363.68	1,251.51	112.17	8.96%
Others income	30.58	36.41	-5.83	-16.01%	29.18	32.89	-3.71	-11.28%
Profit (loss) from exchange rate	0.56	0.34	0.22	N.A.	0.57	0.41	0.16	38.09%
<b>Total Revenue</b>	<b>1,415.63</b>	<b>1,290.93</b>	<b>124.70</b>	<b>9.66%</b>	<b>1,393.43</b>	<b>1,284.81</b>	<b>108.62</b>	<b>8.45%</b>
Profit from the sale of claims on accounts receivable and brand rights	18.80	0.00	18.80	N.A.				
Sharing of gain (loss) from investment amount of the associate and joint venture	35.14	10.76	24.38	226.69%				

For the furniture business, the Company's revenue from sales - net for the year 2020 compared to the year 2019 increased by 8.96 percent for the separate financial statements, and the revenue from sales – net increased by 10.39 percent for the consolidated financial statements. This was caused by the late of 2nd quarter; the Company has begun to resume the receiving of the orders for furniture from overseas customers after the confronting the situation of decreasing of sale orders since the 1st quarter until the mid of the 2nd quarter under the situation of the Coronavirus outbreak (COVID-19). The significant increase of orders comes from the customer groups of the U.S., India, and China by increasing equivalent to 658.47 percent 421.16 percent and 251.71 percent respectively when comparing to the year 2019 and this caused the growth of the Company from export sales 23.03 percent whereas the domestic sales decreased 5.92 percent under COVID-19 situation..

For the year 2020, the Company has the proportion between export sales and domestic sales accounting for 63 percent and 37 percent of total revenue-sales, respectively.

Other incomes of the year 2020 decreased when comparing to the year 2019 since the Company had a profit from the sale of assets equal to Baht 6.54 million, whereas in the year 2020 there was no such profit.

Total revenue from consolidated equaled Baht 1,415.63 million increasing from the year 2019 equivalent to Baht 124.70 million or 9.66 percent.

The sharing of gain from investment value of the associates and joint venture for the year 2020 was profit Baht 35.14 million increasing from the last year that had the amount of Baht 10.76 million, this caused from the realization of gain from investment in Green Earth Power (Thailand) Company Limited (GEP) that is the investor of solar power plant project with the installed capacity of 220 MW at Minbu District, Myanmar that ECF Power Company Limited (ECF-P) as the Company's subsidiary holds 20 percent of total shares of GEP. At present, the project has operated commercially for the 1st phase with an installed capacity of 50MW since 27 September 2019. Currently, the project has been commencing the 2<sup>nd</sup> phase and will accelerate the construction for the remaining phases until completed all 4 phases within the year 2022.

## 2. Cost of goods sold and expenses: Consolidated

Unit: Million Baht

The 12-month period for the Year 2020 comparing to 2019	Consolidated					Separate		
	Amount		Change		Compare to total income		Y2020	
	Y2020	Y2019	Amount	%	Y2020	Y2019	Amount	%
Cost of goods sold	1,077.23	851.54	225.68	26.50%	76.10%	65.96%	1,069.06	78.40%
Cost of sales	61.61	74.82	-13.22	-17.66%	4.35%	5.80%		
Administrative expenses	134.23	183.53	-49.30	-26.86%	9.48%	14.22%		
Other expense	18.13	0.00	18.13	N.A	1.28%	0.00%		
Financial cost	132.92	115.43	17.48	15.15%				
Corporate income tax	13.80	7.49	6.31	84.21%				
<b>Total cost and expenses</b>	<b>1,437.91</b>	<b>1,232.83</b>	<b>205.09</b>	<b>16.64%</b>				

For the overview of cost and expenses that happened in the 2020, the Company had cost of goods sold increasing significantly from 65.96 percent to 76.10 percent when comparing to total revenue. This was caused from labor cost increasing under COVID-19 outbreak since the Company could not hire foreign workers to add in the production line that the Company had to pay increasingly for overtime expense under the limited workers at that time whereas the Company has received more orders. In addition, this was caused from the improvement of work in process products holding for a long time to be the finished goods in order to be able to sell efficiently again. This resulted in an increase in the labor cost and raw materials since the 2<sup>nd</sup> quarter of this year. Even though this resulted in the Company had the production cost and the cost of goods sold increased, but this policy would finally help enhance the liquidity and cash flow to the Company. Moreover, the group of particle-board and MDF suppliers has adjusted the prices of particle-board and MDF increasing by 7 – 10 percent depending on each product since the end of 4<sup>th</sup> quarter of the year 2020, whereby particle-board and MDF are the main raw materials for furniture business. In addition, the Company has confronted the problem of container scarcity for loading the export products, even the Company sells in term of FOB price that the customer is responsible for the freight cost but this problem makes the Company has the opportunity cost from the delay of the goods delivery.

Whereas the Company has managed efficiently for the cost of sales and administrative expenses by continuously decreasing from the last year due to the change of strategy of the distribution channels in order to decrease cost and expenses from the past that the Company had ELEGA showrooms which currently been closed all including the new adjustment of business plan for the product distribution of the retail shops and wholesales shops nationwide.

For the financial cost which increased, this caused by the Company has recently issued and offered the debentures in June 2020 in the amount of Baht 581.10 million with the interest rate at 7.25 percent per annum. Not only the outstanding of the debenture issued since June but also the increase of outstanding of the overdrafts and all short-term loans that increased about Baht 866 million as of 31 December 2020 comparing to approximately Baht 720 million as of 31 December 2019. The amount of outstanding of the overdrafts and short-term loans has interest rates between 6.5 percent to 15 percent per annum. This caused not only for the objective to enhance the liquidity of furniture business but also for the obligation of the Company to inject equity portion for the solar power plant in Minbu district, Myanmar so as to be aligned with the conditions that determined by the prospect lenders of the solar power plant project about the equity injection according to the term sheet for the loan. However, such financing for some short-term loans with high interest rate has happened as an alternative under the COVID-19 outbreak since the main financial institutions of the Company have highly conservative for loans at the present.

However, the Company well realizes the problem of high financial cost at present the Company is considering the solution to reduce the financial cost happening by expecting to see a result since the 1<sup>st</sup> next year onwards.

### 3. Profit for the period

Unit: Million Baht

The 12-month period for the Year 2020 comparing to 2019	Consolidated				Separate			
	Amount		Change		Amount		Change	
	Y2020	Y2019	Amount	%	Y2020	Y2019	Amount	%
Gross Profit	307.26	402.64	-95.37	-23.69%	294.62	401.70	-107.09	-26.66%
<b>Profit (Owners of the parent)</b>	<b>41.16</b>	<b>69.89</b>	<b>-28.73</b>	<b>-41.10%</b>	<b>30.45</b>	<b>64.35</b>	<b>-33.89</b>	<b>-52.67%</b>
Profit for the period	31.65	68.87	-37.22	-54.04%				
Total Comprehensive Income for the Period	17.70	65.44	-47.75	-72.97%				
Profit ratio for the period to total revenue (%)	2.24%	5.33%						
<b>Profit ratio for the period (Owners of the parent) to total revenue (%)</b>	<b>2.91%</b>	<b>5.41%</b>						
Total comprehensive income ratio for the period to total revenue (%)	1.25%	5.07%						
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	1.92%	5.15%						

Overall the profit of the year 2020 (Consolidated), the Company had gross profit decreasing 23.69 percent that mainly caused by an increase of cost of goods sold as abovementioned including from the increase of the financial cost. The profit (Owners of the parent) amounted to Baht 41.16 million which decreased 41.10 percent or equivalent to 2.91 percent of total revenue for the year 2020 from 5.41 percent when comparing to the last year.

However, in the year 2020, the Company could generate cash flow from operation amounted to Baht 153.58 million from the negative cash flow of Baht 58.89 million of the last year. This caused by the more orders from customers resulted in more cash flow receiving from sales revenue together with the better management of accounts receivable by decreasing the debt collective days to be 83.59 days from 91.81 days.

## Financial Position: Consolidated Financial Statements

### 1. Total Assets

Statement of Financial Position	As of 31/12/2020		As of 31/12/2019		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	2,035.77	57.43%	1,837.49	54.88%	198.28	10.79%
Non-Current Assets	1,508.96	42.57%	1,510.83	45.12%	-1.87	-0.12%
<b>Total Assets</b>	<b>3,544.72</b>	<b>100.00%</b>	<b>3,348.31</b>	<b>100.00%</b>	<b>196.41</b>	<b>5.87%</b>

As of 31 December 2020, the Company's total assets were Baht 3,544.72 million, increasing by Baht 196.41 million from as of 31 December 2019, this mainly caused by the increase of cash and cash equivalent from Baht 84.06 million to Baht 187.14 million as of 31 December 2020 and investment in an associate and joint venture accounted for using the equity method that such increase came from more equity injected by ECF Power Co., Ltd. (ECF-Power) as the subsidiary of the Company for the solar power plant at Minbu, Myanmar under the management of Green Earth Power (Thailand) Co., Ltd. (GEP) which ECF-Power holds share 20 percent in GEP. In the year 2020, ECF-Power has additionally invested equity to GEP equaled Baht 227.20 million and there is the remaining about Baht 91.50 million has to be injected within the year 2021.

For the transaction that ECF-Power sold all of the ordinary shares which were held in the proportion of 33.37 percent of SAFE Energy Holdings Co., Ltd. or equivalent to the ordinary shares in the amount of 1,938,760 shares at the par value of Baht 100 per share with the total value of Baht 233.88 million to Prize of Wood Holdings Co., Ltd. as the purchaser in accordance with the resolution of the Board of Directors of the Company No. 12/2020 on 22 December 2020. At the present, such a transaction was completed and closed on 24 December 2020. Therefore, as of 31 December 2020, there was no item of current asset holding for sales as appeared on the financial positions of the Company.

### 2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	As of 31/12/2020		As of 31/12/2019		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	1,673.05	47.20%	1,676.02	50.06%	-2.97	-0.18%
Non-Current Liabilities	631.89	17.83%	430.61	12.86%	201.28	46.74%
<b>Total Liabilities</b>	<b>2,304.94</b>	<b>65.02%</b>	<b>2,106.63</b>	<b>62.92%</b>	<b>198.31</b>	<b>9.41%</b>
<b>Shareholder's Equity</b>	<b>1,239.78</b>	<b>34.98%</b>	<b>1,241.68</b>	<b>37.08%</b>	<b>-1.90</b>	<b>-0.15%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>3,544.72</b>	<b>100.00%</b>	<b>3,348.31</b>	<b>100.00%</b>	<b>196.41</b>	<b>5.87%</b>

As of 31 December 2020, the Company's total liabilities were Baht 2,304.94 million increased by Baht 198.31 million from as of 31 December 2019. This caused by the increase of the outstanding balance of the overdrafts and short-term loans from the financial institutions increasing from the amount of Baht 522.48 million as of 31 December 2019 to be Baht 601.83 million as of 31 December 2020 including the increase of accounts payable equaled Baht 62.08 million when comparing to the last year that aligned with the more quantity of raw materials to support more orders from customers.

Shareholder's equities as of 31 December 2020 were Baht 1,239.78 million decreased slightly from Baht 1,241.68 million as of 31 December 2019 about Baht 2 million.



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Kindly be informed accordingly,

Yours sincerely,  
East Coast Furnitech Public Company Limited  
-Signature-  
(Arak Suksawad)  
Managing Director