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No. ECF2 023/2022

10 November 2022

Subject: Management Discussion and Analysis of the 3rd quarter ended 30 September 2022

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 2022. 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	
	Q3.Y2022	Q3.Y2021	Amount	%
Revenue from sale – net	345.32	328.59	16.73	5.09%
Others income	10.04	10.16	-0.12	-1.16%
Profit (loss) from exchange rate	1.81	3.57	-1.76	-49.23%
Total Revenue	357.17	342.31	14.86	4.34%
Share of gain from investment value of the associates	7.93	9.33	-1.41	-15.08%

In the 3rd quarter of 2022, the Company had income from the business of the Company and its Subsidiary at a value of 345.32 million baht and the total revenues were 357.17 million baht, increasing when compared to the same period of the last year equivalent to 5.09 percent and 4.34 percent respectively due to the significant growth of domestic sales.

The Company had a proportion of export sales and domestic sales representing 48 percent and 52 percent respectively. In the 3rd quarter, the proportion of export decreased by 24 percent, whereas the

domestic sales increased by 61 percent owing to the increase in sales of furniture made from particle board, MDF, and rubber wood.

The sharing of gain from the investment value of the associates has come 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 and the Covid-19 pandemic unraveled. It is expected to be finished the 2nd phase by the beginning of the 2nd quarter 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 condition that the payment will be executed within 45 days.

GEP has gained the revenue with the USD currency under the condition of Power Purchase Agreement (PPA) which is engaged with the Government authority (EPGE), therefore, it does not have any impact on GEP from the policy of Myanmar Government that requests to control the loan repayment in term of USD currency to financial institutions.

Share of profit from GEP's investment in Q3 of 2022 had a profit of 7.93 million baht, which was close to the same period of the previous year that was worth 9.33 million baht.

Unit: Million Baht

Revenue Structure	Consolidated			
	Amount		Change	
	9M.Y2022	9M.Y2021	Amount	%
Revenue from sale – net	1,091.78	1,118.69	-26.91	-2.41%
Others income	35.17	28.53	6.65	23.30%
Profit (loss) from exchange rate	3.04	8.99	-5.94	-66.13%
Total Revenue	1,129.99	1,156.20	-26.21	-2.27%
Sharing of gain (loss) from investment value of the associates	22.73	25.46	-2.73	-10.72%

For the 9-month period of 2022, the Company had income from the business of the Company and its Subsidiary at a value of 1,091.78 million baht and the total revenues were 1,129.99 million baht, slightly decreasing when comparing to the same period of the last year equivalent to 2.41 percent and 2.27

percent respectively. Overall, the Company had growth from the domestic sales, accounting for 30 percent whereas the export sales decreased 20 percent.

The sharing of gain from the investment value of GEP for the 9-month period of 2022 amounted to 22.73 million baht decreasing by 10.72 percent 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. However, GEP has still earnings before interest expenses growing from the same period of the last year.

2. Cost of goods sold and expenses

Unit: Million Baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	Q3.Y2022	Q3.Y2021	Amount	%	Q3.Y2022	Q3.Y2021
Cost of goods sold	255.27	260.86	-5.59	-2.14%	71.47%	76.20%
Cost of sales	17.25	19.22	-1.97	-10.25%	4.83%	5.61%
Administrative expenses	38.42	30.10	8.32	27.62%	10.76%	8.79%
Financial cost	43.33	33.35	9.98	29.92%	12.13%	9.74%
Loss (reversal) from impairment of accounts receivable	-0.09	3.04	-3.13	N.A.	-0.02%	0.89%
(Reverse to income) / Corporate income tax	1.30	-0.79	2.08	N.A.	0.36%	-0.23%
Total cost and expenses	355.47	345.78	9.69	2.80%	99.52%	101.01%

As for the overview of costs and expenses incurred during the 3rd quarter of 2022, the proportion of the cost of sales (when compared to net sales) decreased significantly from 79.39 percent to 73.92 percent which has been able to manage it decrease continuously since the 2nd quarter, 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, resulting in production costs that have decreased significantly since the 2nd quarter.

For the cost of sales, the Company could manage to decrease continuously but administrative expenses increased from the subsidiary's administrative expenses in relating to the cryptocurrency mining business.

At present, the Company adapts plans all the time in order to resiliently manage all working processes in the organization more carefully and concisely to be ready for the economic situation, inflation, the

increase in product price which may have a more negative impact on the future, including the consideration of product's price adjustment in order to reduce such impact.

The financial costs in the 3rd quarter of 2022 were valued at 43.33 million baht, increasing from the same period of the previous year which was valued at 33.35 million baht or equivalent to 30 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 327.51 million baht from as of 31 December 2021 that valued 842.70 million baht to be 1,170.21 million baht as of 30 September 2022.

Unit: Million Baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total income	
	9M.Y2022	9M.Y2021	Amount	%	9M.Y2022	9M.Y2021
Cost of goods sold	834.71	889.17	-54.47	-6.13%	73.87%	76.90%
Cost of sales	48.55	47.82	0.73	1.53%	4.30%	4.14%
Administrative expenses	115.34	97.89	17.45	17.83%	10.21%	8.47%
Financial cost	118.51	100.06	18.46	18.45%	10.49%	8.65%
Loss (reversal) from impairment of accounts receivable	2.15	11.71	-9.56	-81.64%	0.19%	1.01%
(Reverse to income) / Corporate income tax	1.76	-0.56	2.33	N.A.	0.16%	-0.05%
Total cost and expenses	1,121.02	1,146.09	-25.07	-2.19%	99.21%	99.13%

As for the costs and expenses occurring in the 9-month period of 2022, the Company could manage the cost of goods sold which is the highest cost of the Company decreasing from the policy to manage cost control more efficiently. However, the Company still had the proportion of costs of sales, administrative expenses, and financial costs increased when compared to the total revenues, which had the main causes from situation of higher costs and expenses from economic, inflation problem, the issuance and offering the debenture to prepare fund using in business, including the decrease of export sales in the year 2022 resulting in the value and proportion of expenses to the total revenues increased.

3. Profit for the period

Unit: Million Baht

Profit Information	Consolidated			
	Amount		Change	
	Q3.Y2022	Q3.Y2021	Amount	%
Gross Profit	90.05	67.73	22.32	32.95%
Profit (Owners of the parent)	9.67	5.45	4.22	77.32%
Profit for the period	9.62	5.87	3.76	64.05%
Total Comprehensive Income for the Period	52.92	30.97	21.96	70.90%
Profit ratio for the period to total revenue (%)	2.69%	1.71%		
Profit ratio for the period (Owners of the parent) to total revenue (%)	2.71%	1.59%		
Total comprehensive income ratio for the period to total revenue (%)	14.82%	9.05%		
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	14.83%	8.93%		

As for the profit generated in the 3rd quarter of 2022 of the consolidated financial statements, the decrease significantly in the cost of goods sold from the efficient management and the decrease of impairment value of accounts receivable resulted in the increase of all operating profits such as gross profit margin, profit from operation margin, and EBITDA margin including profit ratio for the period (Owners of the parent).

The Company had profit (Owners of the parent) valued at 9.67 million baht, which increased from the same period of the previous year equaled 5.45 million baht or it was a proportion of 2.71 percent to the total revenues.

Unit: Million Baht

Profit Information	Consolidated			
	Amount		Change	
	9M.Y2022	9M.Y2021	Amount	%
Gross Profit	257.07	229.51	27.56	12.01%
Profit (Owners of the parent)	31.76	35.54	-3.79	-10.65%
Profit for the period	31.69	35.56	-3.87	-10.88%
Total Comprehensive Income for the Period	105.40	85.59	19.80	23.14%
Profit ratio for the period to total revenue (%)	2.80%	3.08%		
Profit ratio for the period (Owners of the parent) to total revenue (%)	2.81%	3.07%		
Total comprehensive income ratio for the period to total revenue (%)	9.33%	7.40%		
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	9.33%	7.40%		

Overall, the profit generated in the 9-month period of 2022 of the consolidated financial statements, the decrease in the cost of goods sold from better management policy since the past quarter, resulted in the Company having gross profit margin, profit from operation margin, and EBITDA margin higher in all ratios but owing to the decrease in export sales and the increase in financial costs, this resulted in the profit (Owners of the parent) was 31.76 million baht, decreasing from the same period of the previous year that was 35.54 million baht or it was a proportion of 2.81 percent to the total revenues.

As for the cash flow generated in the 9-month period of 2022, the Company could manage cashflow by operating better and using more cash flow investing in buildings and machines in order to improve the efficiency of the production line, whereas receiving the cash flow from issuing of debenture, therefore the Company had a net cash flow as of 30 September 2022 equaled 23.14 million baht.

The operating result of the cryptocurrency mining business of the Company occurred during the 9-month period of 2022 has been the figures of ECFH. It was found that ECFH was able to mine 2 kinds of cryptocurrency consisting of Bitcoin and Ethereum. ECFH gained profit from the valuation of the inventory of Bitcoin and Ethereum in the amount of 0.22 million baht and 5.98 million baht respectively. All of the costs of service to cryptocurrency mining, the costs of selling, and the administrative expenses were 9.91 million baht and the loss for the 9-month period of 2022 was 3.71 million baht. However, the Company gained profit plus depreciation expenses (EBITDA) equivalent to 2.90 million baht and the depreciation expenses were 6.61 million baht.

After the Board of Directors' Meeting No.6/2021 on 16 December 2021, the Board of Directors resolved the approval for ECFH's investment in the cryptocurrency mining business with a value of 80 million baht. In this regard, from the period up to 30 September 2022, the Company has used the working capital investing in such business equivalent to the net book value of 21.23 million baht according to the information from the financial statements of the Company as of 30 September 2022. The Company has not additionally invested in such business since the first quarter of 2022, and does not have the net value of remaining digital products as of 30 September 2022.

Financial Position: Consolidated Financial Statements

1. Total Assets

Unit: Million Baht

Statement of Financial Position	As of 30/09/2022		As of 31/12/2021		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	2,059.31	51.34%	2,020.63	53.79%	38.68	1.91%
Non-Current Assets	1,951.67	48.66%	1,735.57	46.21%	216.10	12.45%
Total Assets	4,010.98	100.00%	3,756.20	100.00%	254.78	6.78%

The Company had total assets as of 30 September 2022, which equaled to 4,010.98 million baht increasing from 31 December 2021, which equaled to 254.78 million baht. This was caused by the increases in accounts receivable equivalent to 73.10 million baht, including the cause of lending a short-term loan to a related company that is the loan in line with the shareholding proportion of ECF Power Company Limited (ECF-Power), as a subsidiary of the Company that invests in the solar power plant project at Minbu city, Myanmar under the management by Green Earth Power (Thailand) Co., Ltd. (GEP), in which ECF-Power holds a 20% stake which as of 30 September 2022, such loan equaled to 98.50 million baht. The loan is used for working capital during the construction period of the 2nd phase with the capacity of 50 MW at this time so as to the progress of construction will be in line as planned. Moreover, that increase in total assets came from the investment of land, buildings, and equipment valuing 89.59 million baht to renovate the buildings, infrastructure, and landscape including machines of the factory to have more efficiency.

2. Total Liabilities and Shareholder's Equity

Unit: Million Baht

Statement of Financial Position	As of 30/09/2022		As of 31/12/2021		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	1,469.41	36.63%	1,693.65	45.09%	-224.24	-13.24%
Non-Current Liabilities	1,124.62	28.04%	735.94	19.59%	388.68	52.81%
Total Liabilities	2,594.03	64.67%	2,429.59	64.68%	164.44	6.77%
Shareholder's Equity	1,416.95	35.33%	1,326.61	35.32%	90.34	6.81%
Total Liabilities and Shareholder's Equity	4,010.98	100.00%	3,756.20	100.00%	254.78	6.78%

As of 30 September 2022, the Company's total liabilities were 2,594.03 million baht increasing by 164.44 million baht from 31 December 2021. This was caused by the issuance and offering of the debenture totaling 850 million baht in June.

Shareholder's equities as of 30 September 2022 were 1,416.95 million baht increasing 90.34 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

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(Arak Suksawad)

Managing Director