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Subject: Management Discussion and Analysis of the year ended 31 December 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 year ended 31 December 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	
	Y2022	Y2021	Amount	%
Revenue from sale – net	1,418.93	1,549.41	-130.48	-8.42%
Others income	44.47	42.78	1.69	3.95%
<b>Total Revenue</b>	<b>1,463.40</b>	<b>1,592.19</b>	<b>-128.79</b>	<b>-8.09%</b>
Share of gain from investment value of the associates	28.20	32.42	-4.22	-13.01%

For the year 2022, the Company had income from the business of the Company and its Subsidiary at a value of 1,418.93 million baht and the total revenues were 1,463.40 million baht, decreasing when compared to the last year equivalent to 8.42 percent and 8.09 percent respectively because of the significant decrease of export sales.

The Company had a proportion of export sales and domestic sales representing 50 percent and 50 percent respectively and the export sales decreased by 26 percent, whereas the domestic sales increased by 19 percent owing to the increase in sales of knock-down furniture made from particle board & MDF.

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 1<sup>st</sup> phase with an installed capacity of 50MW. The project has been currently constructing the 2<sup>nd</sup> 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 2<sup>nd</sup> 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 condition stating the payment will be executed within 45 days.

The sharing of gain from the investment value of GEP for the year 2022 amounted to 28.20 million baht slightly decreasing from the last year which was 32.42 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 2<sup>nd</sup> phase. However, GEP has still earnings before interest expenses growing up 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	
	Y2022	Y2021	Amount	%	Y2022	Y2021
Cost of goods sold	1,075.42	1,237.05	-161.63	-13.07%	73.49%	77.69%
Cost of sales	65.96	62.21	3.76	6.04%	4.51%	3.91%
Administrative expenses	148.17	133.97	14.20	10.60%	10.12%	8.41%
Loss (profit) from exchange rate	0.81	-8.62	9.42	N.A.	0.06%	-0.54%
Financial cost	158.47	134.92	23.54	17.45%	10.83%	8.47%
Loss from impairment of accounts receivable	4.46	12.48	-8.03	-64.30%	0.30%	0.78%
(Reverse to income) / Corporate income tax	1.12	1.67	-0.54	-32.59%	0.08%	0.10%
<b>Total cost and expenses</b>	<b>1,454.41</b>	<b>1,573.69</b>	<b>-119.27</b>	<b>-7.58%</b>	<b>99.39%</b>	<b>98.84%</b>

With respect to the overview of costs and expenses incurred during the year 2022, the proportion of the cost of sales (when compared to net sales) decreased significantly from 79.84 percent to 75.79 percent which has been able to manage it decreased continuously since the 2<sup>nd</sup> 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, which resulted in the production costs have decreased significantly since the 2<sup>nd</sup> quarter.

However, the Company still had the proportion of costs of sales, administrative expenses, and financial costs increased when compared to the total revenues, which caused from the 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.

The financial costs in the last year amounted to 158.47 million baht, increasing from the previous year which was 134.92 million baht or equivalent to 17.45 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 331.03 million baht from as of 31 December 2021 that valued 842.70 million baht to be 1,173.73 million baht as of 31 December 2022.

### 3. Profit for the period

Unit: Million Baht

Profit Information	Consolidated			
	Amount		Change	
	Y2022	Y2021	Amount	%
Gross Profit	343.50	312.36	31.15	9.97%
<b>Profit (Owners of the parent)</b>	<b>37.46</b>	<b>50.85</b>	<b>-13.39</b>	<b>-26.33%</b>
Profit for the period	37.19	50.92	-13.73	-26.97%
Total Comprehensive Income for the Period	55.07	93.88	-38.82	-41.35%
Profit ratio for the period to total revenue (%)	2.54%	3.20%		
<b>Profit ratio for the period (Owners of the parent) to total revenue (%)</b>	<b>2.56%</b>	<b>3.19%</b>		
Total comprehensive income ratio for the period to total revenue (%)	3.76%	5.90%		
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	3.78%	5.89%		

Overall, the profit generated in 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 operating profits such as gross profit margin, profit from operation margin, and EBITDA margin which not included the profit ratio for the period (Owners of the parent).

The Company had profit (Owners of the parent) amounted to 37.46 million baht, which decreased from the previous year which was 50.85 million baht or it was a proportion of 2.56 percent to the total revenues. Because the decrease in export sales together with the increase in financial costs resulted finally in a decrease in the profit ratio for the period (Owners of the parent).

With respect to the cash flow generated in 2022, cashflow by operating declined from the cause of accounts receivable including the more use of 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 31 December 2022 equaled 14.31 million baht.

### **Financial Position: Consolidated Financial Statements**

#### 1. Total Assets

Unit: Million Baht

Statement of Financial Position	As of 31/12/2022		As of 31/12/2021		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	2,091.18	52.44%	2,020.63	53.79%	70.54	3.49%
Non-Current Assets	1,896.92	47.56%	1,735.57	46.21%	161.36	9.30%
<b>Total Assets</b>	<b>3,988.10</b>	<b>100.00%</b>	<b>3,756.20</b>	<b>100.00%</b>	<b>231.90</b>	<b>6.17%</b>

The Company had total assets as of 31 December 2022, which equaled 3,988.10 million baht increasing from 31 December 2021, which equaled 231.90 million baht. This was caused by the increases in accounts receivable equivalent to 141.61 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 31 December 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 a capacity of 50 MW at this time so that the progress of construction can be sped up as planned. Moreover, that increase in total assets came from the investment of land, buildings, and equipment valuing 89.65 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 30/12/2022		As of 31/12/2021		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	1,842.06	46.19%	1,693.65	45.09%	148.40	8.76%

Statement of Financial Position	As of 30/12/2022		As of 31/12/2021		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Non-Current Liabilities	779.43	19.54%	735.94	19.59%	43.49	5.91%
<b>Total Liabilities</b>	<b>2,621.49</b>	<b>65.73%</b>	<b>2,429.59</b>	<b>64.68%</b>	<b>191.90</b>	<b>7.90%</b>
<b>Shareholder's Equity</b>	<b>1,366.61</b>	<b>34.27%</b>	<b>1,326.61</b>	<b>35.32%</b>	<b>40.00</b>	<b>3.02%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>3,988.10</b>	<b>100.00%</b>	<b>3,756.20</b>	<b>100.00%</b>	<b>231.90</b>	<b>6.17%</b>

As of 31 December 2022, the Company's total liabilities were 2,621.49 million baht increasing by 191.90 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 31 December 2022 were 1,366.61 million baht increasing 40 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