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No. ECF2 016/2021

May 17, 2021

Subject: Management Discussion and Analysis of the 1st quarter ended 31 March, 2021

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 1st quarter ended 31 March, 2021. The details are as follows;

Operating Performance

1. Revenues

Unit: Million Baht

The 1st Quarter period for the Year 2021 compared to the 1st Quarter period for the Year 2020	Consolidated				Separate			
	Amount		Change		Amount		Change	
	Q1.21	Q1.20	Amount	%	Q1.21	Q1.20	Amount	%
Revenue from sale – net	407.31	289.72	117.59	40.59%	399.45	287.55	111.90	38.91%
Others income	3.69	3.18	0.51	16.04%	4.36	3.37	0.99	29.38%
Profit (loss) from exchange rate	2.82	3.49	-0.67	-19.20%	2.82	3.50	-0.68	-19.43%
Total Revenue	413.82	296.39	117.43	39.62%	406.63	294.42	112.21	38.11%
Profit from the sale of claims on accounts receivable and brand rights	-	18.80	-18.80	-100.00%				
Sharing of gain (loss) from investment amount of the associate and joint venture	8.32	16.89	-8.57	-50.74%				

In the overview of Revenue from sales - net during the first quarter of 2021, despite the situation of the Outbreak of Coronavirus (Covid-19) still remains, the Company could generate income from export sales and domestic sales continued to grow. The export sales and domestic sales of furniture products increased, accounting for 29.36 percent and 59.43 percent, respectively, resulting in the overall income from the consolidated financial statements increasing 39.62 percent or total income of 413.82. Million baht, increased from the same period of last year with total income of 296.39 million baht.

In this regard, the increase of export sales was mainly from exporting to the United States. The increase of domestic sales was due to the first quarter of 2021, the sales of furniture products began to recover again compared to the same period of the previous year that the government issued a lock-down order due to the Covid-19 situation which resulting in the hypermarket stores such as Tesco Lotus, Big C, Home Pro, etc., that are main domestic customers of the Company had to close sales through branches according to government orders from 22 March 2020.

For the first quarter, the Company has the proportion between export sales and domestic sales accounting for 58 percent and 42 percent of total Revenue-sales, respectively.

The realization of gain from investment value of the associates such as Green Earth Power (Thailand) Company Limited (GEP) that is the investor of solar power plant project with installation capacity 220 MW at Minbu District, Myanmar. ECF Power Company Limited (ECF-P) as the

Company's subsidiary holds 20 percent of total shares of GEP. At present, the project operates commercially in the 1st phase with an installed capacity of 50MW since 27 September 2019. Currently, the project is in the process of accelerating to further finish the 2nd 3rd, and 4th phase of the project immediately after the Covid-19 epidemic and the political unrest in Myanmar begins to resolve. In addition, the project has not confronted any problem with the electricity sold to the Myanmar Electricity Authority. For the share of profit from investments in associates and joint ventures that occurred during the first quarter of 2021, the value was 8.32 million baht decreased from the same period of the previous year that was equal to 16.89 million baht resulting from the decrease of the profit from the exchange rate, the increase of administrative expenses as the project has begun to generate commercial revenue and work preparation for the construction in the next phase, especially personnel costs and also the significant increase in finance costs.

For the 1st quarter of the year 2020, the Company gained the profit from selling the right to claim of accounts receivable and product brand under the name of "Costa" which is the brand used for distributing furniture products via wholesale shops and retail shops all over the country. In this regard, the Company has created a new idea to change the image of the brand, prospect customer and planned to change marketing strategy together with the management way for better efficiency. Therefore, the Company sold the right to claim of accounts receivable and product brand to a person who is not related person, then could generate the profit from such transaction at the amount of Baht 18.80 million whereas during the 1st quarter of the year 2021, there was no such transaction.

2. Cost of goods sold and expenses: Consolidated

Unit: Million Baht

The 1st Quarter period for the Year 2021 compared to the 1st Quarter period for the Year 2020	Consolidated						Separate	
	Amount		Change		Compare total income		Q1.21	
	Q1.21	Q1.20	Amount	%	Q1.21	Q1.20	Amount	%
Cost of goods sold	319.69	216.73	102.96	47.51%	91.60	-323.48	314.97	78.85%
Cost of sales	14.71	15.07	-0.36	-2.39%	4.21	-22.49		
Administrative expenses	34.03	35.23	-1.20	-3.41%	9.75	-52.58		
Other expense	-	22.93	-22.93	-100.00%	0.00	-34.22		
Financial cost	34.72	30.29	4.43	14.63%				
Corporate income tax	0.07	2.65	-2.58	-97.36%				
Total cost and expenses	403.22	322.90	80.32	24.87%				

The overview of costs and expenses of the 1st quarter of the year 2021, the Company could manage the proportion of the costs of distribution and administrative expenses compared to total revenue decreased from the same period of the last year whereas the Company had the revenue from sale – net growing up approximately 40 percent.

Except for the cost of goods sold which had an increased proportion, the cost of goods sold in the furniture business, the company had the proportion of the cost of goods sold increased to 78.85 percent of the revenue from sales. While the same period of the previous year, the ratio was 75.28 percent, which was due to an increase in the cost of particleboard and MDF since the fourth quarter. The overall cost of wood raw materials increased by approximately 6 percent. In addition, it was due to higher labor costs from overtime payment in order to accommodate more orders for the furniture production line. While the Covid-19 epidemic, the Company is unable to employ more foreign workers on its production lines to ensure safety and to prevent the spread of disease.

During the first quarter of 2020, the Company had other expenses equaled to 22.93 million baht which was the expense incurred from amortization of assets of Planet Board Co., Ltd., as a subsidiary that the Company holds 57 percent of the total shares that currently has no commercial income. Such amortization of assets resulted in an expense to the financial statements amounting to

22.93 million baht while the first quarter of 2021 did not appear such transaction. On the part of Planet Board Co., Ltd. has currently delayed its investment in the business of producing and selling MDF and is in the process of procuring suitable business to generate commercial income accordingly.

The financial cost increased at 14.65 percent or equaled to 4.44 million baht, due to the increase of debt from the debentures that have been issued and offered for sales in June 2020 and January 2021 at a value of 581.10 million baht and 225 million baht respectively, with the interest rate of 7.25 percent per annum. In this regard, as of March 31, 2021, the Company had a total outstanding of debentures at a value of 972.58 million baht increased from 950.19 million baht as of December 31, 2020. For other interest-bearing liabilities, such as bank overdrafts, short-term loan, and long-term loans from financial institutions, overall there was a decrease of approximately 50 million baht from 31 December 2020.

3. Profit for the period

Unit: Million Baht

The 1st Quarter period for the Year 2021 compared to the 1st Quarter period for the Year 2020	Consolidated				Separate			
	Amount		Change		Amount		Change	
	Q1.21	Q1.20	Amount	%	Q1.21	Q1.20	Amount	%
Gross Profit	87.62	72.99	14.63	20.04%	84.48	71.09	13.39	18.84%
Profit (Owners of the parent)	14.32	17.12	- 2.80	-16.36%	5.85	15.92	- 10.07	-63.25%
Profit for the period	13.89	9.00	4.89	54.33%				
Total Comprehensive Income for the Period	30.71	12.71	18.00	141.62%				
Profit ratio for the period to total revenue (%)	3.36%	3.04%						
Profit ratio for the period (Owners of the parent) to total revenue (%)	3.46%	5.78%						
Total comprehensive income ratio for the period to total revenue (%)	7.42%	4.29%						
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	7.52%	7.02%						

The overview of the profit generated during the first quarter of 2021 could be described as follows:

Separated: Profit for the period was 5.85 million baht, representing to 63 percent decreased from the same period of the last year, mainly due to the absence of profit from the sale of claims on trade receivables and branded rights "Costa brand", financial costs that increased including an impairment loss of trade accounts receivable amounting to 4.48 million baht, which was an impairment of trade receivables in accordance with accounting standards.

Consolidated: Profit for the period was 13.89 million baht, representing an increase of 54 percent from the previous year, with the profit value for the period equal to 9.00 million baht. Mainly reason was to does not have the expense of Planet Board Co., Ltd. same as the previous period at a value of 22.93 million baht. The profit attributable to the parents was 14.32 million baht, representing the percentage of profit attributable to the parents to a total income of 3.46 percent.

Financial Position: Consolidated Financial Statements

1. Total Assets

Statement of Financial Position	as of 31/3/2021		as of 31/12/2020		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	2,025.28	57.14%	2,035.77	57.43%	- 10.49	-0.52%
Non-Current Assets	1,519.00	42.86%	1,508.96	42.57%	10.05	0.67%
Total Assets	3,544.28	100.00%	3,544.72	100.00%	- 0.44	-0.01%

As of March 31, 2021, the Company's total assets were 3,544.28 million baht which was a slight change from 31, 2020, at a value of 3,544.72 million baht. The item that significant change came from the value of accounts receivable increased 92.27 million baht or equivalent to 28.76 percent from the same period of the last year which was in line with the increase of revenue from sales.

2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	as of 31/3/2021		as of 31/12/2020		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	1,426.13	40.24%	1,673.05	47.20%	-246.92	-14.76%
Non-Current Liabilities	846.77	23.89%	631.89	17.83%	214.88	34.01%
Total Liabilities	2,272.90	64.13%	2,304.94	65.02%	-32.04	-1.39%
Shareholder's Equity	1,271.38	35.87%	1,239.78	34.98%	31.60	2.55%
Total Liabilities and Shareholder's Equity	3,544.28	100.00%	3,544.72	100.00%	-0.45	-0.01%

As of March 31, 2021, the Company's total liabilities were 2,272.90 million baht decreased when comparing to December 31, 2020 equivalent to Baht 32.04 million which caused by the decrease of short-term loans from persons and other businesses with the amount of 41.37 million baht together with the Company redeemed the maturity portion of the debentures in the amount of 199.13 million baht in the last March.

Shareholder's equities as of March 31, 2021, were 1,271.38 million baht increased slightly from December 31, 2020, which caused by the increase of unappropriated retained earnings from the ordinary business operation.

Kindly be informed accordingly,

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