



**-Translated Version-**

No. ECF2 024/2021

16 August 2021

Subject: Management Discussion and Analysis of the 2<sup>nd</sup> quarter and 6-month period ended 30 June 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 Consolidated Financial Statements of the 2<sup>nd</sup> quarter and 6-month period ended 30 June 2021. Since the Company has main revenue from furniture business, hence the information between the Consolidated Financial Statements and Separate Financial Statements does not differ materially.

The key information for the Consolidated Financial Statements is shown as the details below;

**Operating Performance : Consolidated**

1. Revenues

Unit: Million THB

Revenue Structure	Consolidated			
	Amount		Change	
	Q2.21	Q2.20	Amount	%
Revenue from sale – net	382.79	282.42	100.37	35.54%
Others income	14.68	10.91	3.77	34.56%
Profit (loss) from exchange rate	2.6	-2.04	4.64	227.84%
<b>Total Revenue</b>	<b>400.07</b>	<b>291.29</b>	<b>108.78</b>	<b>37.34%</b>
Sharing of gain (loss) from investment value of the associates	7.81	3.54	4.27	120.79%

The revenue from sales from furniture of the Company and the revenue from its subsidiaries in Q2'21 recorded at THB 382.79 million increasing by 35.54%yoy and total revenue amounted to THB 400.07 million increasing by 37.34%yoy due to the increase of sales of furniture.

The sharing of gain (loss) from investment value of the associates has been caused by the realization of gain from investment in Green Earth Power (Thailand) Company Limited (GEP), that is the investor of 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 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. The project has been currently commencing the 2nd phase and would accelerate the construction for the remaining phases until completed all 4 phases accordingly.

The Company realized increasingly the sharing of gain from investment value of the solar power plant project or Minbu power plant, Myanmar for Q2'21 at THB 7.81 million from THB 3.54 million of the same period last year.

Unit: Million THB

Revenue Structure	Consolidated			
	Amount		Change	
	1H.21	1H.20	Amount	%
Revenue from sale – net	790.10	572.15	217.95	38.09%
Others income	18.37	14.08	4.28	30.42%
Profit (loss) from exchange rate	5.42	1.46	3.97	272.51%
<b>Total Revenue</b>	<b>813.89</b>	<b>587.69</b>	<b>226.20</b>	<b>38.49%</b>
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 associates	16.12	20.43	-4.30	-21.07%

For the 6-month period of 2021, the revenue from sales from furniture of the Company and the revenue from its subsidiaries in 1H'21 recorded at THB 790.10 million increasing by 38.09%yoy and total revenue amounted to THB 813.89 million increasing by 38.49%yoy, which was mainly attributable to the growth of export sales 40 percent and domestic sales at 36 percent.

Export sales grew by 21% from the Japanese customers and the United States customer, which grew exponentially from 15 million baht to 115 million baht in the past 6 months. Currently, the proportion of revenue from export sales and domestic sales accounted for 64 percent and 36 percent of total sales revenue, respectively.

For other incomes during the 6-month period of 2021, the company had other incomes that amounted to THB 18.37 million, increasing by 30.42%yoy. The main reason came from the management of production scraps and supplies from the previous period together with the increase of sales of scraps and supplies has been in line with the increase of the volume of furniture production of the Company.

In addition, during the past 6 months from the depreciation of the baht together with the company has the main income from exporting products to abroad. This resulted in an increase in foreign exchange gains with a value of THB 5.42 million, significantly increased when compared to the same period last year.

The sharing of gain from investment value of the associates for the 1H'21 amounted decreasingly to THB 16.12 million from THB 20.43 million of the same period last year, which was mainly attributable from GEP has recorded increasingly the expenses of the initial public offering preparation since May 2020.

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

Unit: Million THB

Cost and Expenses Structure	Consolidated					
	Amount		Change		Compare total income	
	Q2.21	Q2.20	Amount	%	Q2.21	Q2.20
Cost of goods sold	308.62	219.65	88.97	40.51%	77.14%	75.41%
Cost of sales	13.89	14.69	-0.80	-5.43%	3.47%	5.04%
Administrative expenses	33.76	31.63	2.13	6.74%	8.44%	10.86%
Financial cost	31.99	31.66	0.33	1.03%	8.00%	10.87%
Corporate income tax	0.15	1.82	-1.67	-91.78%	0.04%	0.62%
<b>Total cost and expenses</b>	<b>388.41</b>	<b>299.45</b>	<b>88.96</b>	<b>29.71%</b>	<b>97.09%</b>	<b>102.80%</b>

For Q2'21, the cost of goods sold of the Company deriving from costs of furniture production has been increasing continuously of the proportion of the cost of goods sold to total revenue from 75 percent to 77 percent which was mainly attributable to the increase of the raw material cost. Besides, this resulted from the labor cost has been increasing under the Covid-19 pandemic since the Company could not hire additional labor to the production line from the measure of safety and spread protection of the disease.

However, the Company could manage the proportion of the cost of sales and administrative expenses to total revenue to be decreasing continuously when compared to the same period last year. This resulted from the strict control policy of expenses of the Company.

The financial cost of Q2'21 amounted to THB 31.99 million which was approximate to the same period last year.

Unit: Million THB

Cost and Expenses Structure	Consolidated					
	Amount		Change		Compare total income	
	1H.64	1H.63	จำนวน	ร้อยละ	1H.64	1H.63
Cost of goods sold	628.32	436.38	191.94	43.98%	77.20%	74.25%
Cost of sales	28.60	29.76	-1.16	-3.89%	3.51%	5.06%
Administrative expenses	67.79	66.86	0.93	1.39%	8.33%	11.38%
Financial cost	-	22.93	-22.93	-100.00%	0.00%	3.90%
Corporate income tax	66.71	61.95	4.76	7.69%	8.20%	10.54%
<b>Total cost and expenses</b>	<b>0.22</b>	<b>4.47</b>	<b>-4.25</b>	<b>-95.04%</b>	<b>0.03%</b>	<b>0.76%</b>

For the 6-month period of 2021, the Company has the proportion of the cost of goods sold to total revenue increasing from 74.25 percent to 77.20 percent which was mainly attributable to the increase of the raw material cost and the labor cost under the Covid-19 pandemic.

Even though, the cost of raw materials has been an inevitable factor from outside however the Company has solved the problem with various new methods such as the adjustment of product form, the adjustment of the production process to reduce wood or materials, and reuse of wood scrap for producing other products in order to less such impact.

The cost of sales and administrative expenses to total revenue has been decreasing continuously when compared to the same period last year. This resulted from the strict control policy of expenses of the Company.

Other expenses of the 6-month period of 2020 amounted to THB 22.93 million due to the realization of expenses from a subsidiary of the Company. These were one-time expenses and have no record in such manner for the 6-month period of 2021.

The financial cost of the 1H'21 amounted to THB 66.71 million increasing by 7.69%yoy. This resulted from the Company issued and offered the additional debenture in June 2020 in the amount of THB 581.10 million and later on, the debenture was issued and offered additionally in the amount of THB 225 million in January 2021.

### 3. Profit for the period

Unit: Million THB

Profit Information	Consolidated			
	Amount		Change	
	Q2.21	Q2.20	Amount	%
Gross Profit	74.17	62.77	11.40	18.16%
<b>Profit (Owners of the parent)</b>	<b>15.77</b>	<b>-1.82</b>	<b>17.59</b>	<b>966.65%</b>
Profit for the period	15.81	-2.11	17.92	849.38%
Total Comprehensive Income for the Period	23.92	-5.92	29.84	503.73%
Profit ratio for the period to total revenue (%)	3.95%	-0.72%		
<b>Profit ratio for the period (Owners of the parent) to total revenue (%)</b>	<b>3.94%</b>	<b>-0.62%</b>		
Total comprehensive income ratio for the period to total revenue (%)	5.98%	-2.03%		
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	5.97%	-1.93%		

For Q2'21, the Company recorded the Profit (Owners of the parent) at THB 15.77 million which significantly increasing from the loss amounted at THB 1.82 million when compared to the same period last year. This was mainly attributable to the increase of revenue from sales of furniture and the sharing of profit from the associates.

Unit: Million THB

Profit Information	Consolidated			
	Amount		Change	
	1H.21	1H.20	Amount	%
Gross Profit	161.78	135.77	26.02	19.16%
<b>Profit (Owners of the parent)</b>	<b>30.09</b>	<b>15.30</b>	<b>14.79</b>	<b>96.72%</b>
Profit for the period	29.70	6.89	22.81	331.02%
Total Comprehensive Income for the Period	54.63	6.78	47.84	705.46%
Profit ratio for the period to total revenue (%)	3.65%	1.17%		
<b>Profit ratio for the period (Owners of the parent) to total revenue (%)</b>	<b>3.70%</b>	<b>2.60%</b>		
Total comprehensive income ratio for the period to total revenue (%)	6.71%	1.15%		
Total comprehensive income ratio for the period (Owners of the parent) to total revenue (%)	6.76%	2.58%		

For the 6-month period of 2021, the Company recorded the Profit (Owners of the parent) at THB 30.09 million increasing significantly by 96.72%yoy when compared to the same period last year which was mainly attributable to the increase of furniture sales. In addition, the percentage of Profit ratio for the period (Owners of the parent) to total revenue was 3.70 percent which increasing from 2.60 percent at the same period last year. This resulted from the decrease of the proportion of cost and expenses to total revenue.

The Company could generate cash flow from operation in the 6-month period of 2021, which decreasingly amounted to THB 26.48 million from 134.62 million of the same period last year. This was caused by the increase of accounts receivable and the collecting process from the customers under the Covid-19 situation. However, the Company has issued the measure to control the increase of accounts receivable closely and in the 6-month period of 2021, the Collection Period was 85.01 days increasing from 83.59 days from the same period last year.

### Financial Position: Consolidated Financial Statements

#### 1. Total Assets

Statement of Financial Position	as of 30/6/2021		as of 31/12/2020		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	2,017.66	55.83%	2,035.77	57.43%	-18.11	-0.89%
Non-Current Assets	1,596.56	44.17%	1,508.96	42.57%	87.61	5.81%
<b>Total Assets</b>	<b>3,614.22</b>	<b>100.00%</b>	<b>3,544.72</b>	<b>100.00%</b>	<b>69.50</b>	<b>1.96%</b>

As of 30 June 2021, the Company's total assets were THB 3,614.22 million, increasing by THB 69.50 million from as of 31 December 2020, this was mainly caused by the increase of accounts receivable from THB 331.31 million as of 31 December 2020 to THB 396.61 million as of 30 June 2021.

## 2. Total Liabilities and Shareholder's Equity

Statement of Financial Position	as of 30/6/2021		as of 31/12/2020		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	2,005.31	55.48%	1,673.05	47.20%	332.26	19.86%
Non-Current Liabilities	324.66	8.98%	631.89	17.83%	-307.23	-48.62%
<b>Total Liabilities</b>	<b>2,329.98</b>	<b>64.47%</b>	<b>2,304.94</b>	<b>65.02%</b>	<b>25.03</b>	<b>1.09%</b>
<b>Shareholder's Equity</b>	<b>1,284.25</b>	<b>35.53%</b>	<b>1,239.78</b>	<b>34.98%</b>	<b>44.46</b>	<b>3.59%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>3,614.22</b>	<b>100.00%</b>	<b>3,544.72</b>	<b>100.00%</b>	<b>69.50</b>	<b>1.96%</b>

As of 30 June 2021, the Company's total liabilities were THB 2,329.98 million which did not change significantly when compared to as of 31 December 2020 at the amount of THB 2,304.94 million.

Shareholder's equity as of 30 June 2021 were THB 1,284.25 million increasing slightly from as of 31 December 2020, which was mainly caused by the increase of profit from the operation.

Kindly be informed accordingly,

Yours sincerely,

East Coast Furnitech Public Company Limited

-Signature-

(Arak Suksawad)

Managing Director