

# **EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**Financial Statements  
For the Year Ended December 31, 2021  
and Report of Certified Public Accountant**

***M.R. & ASSOCIATES CO., LTD.  
Certified Public Accountants***

# M.R. & ASSOCIATES CO., LTD.

---

Suite # 705-706 Chaophya Tower  
(Shangri-La Hotel)  
89 Soi Wat Suan Plu, New Road  
Bangrak, Bangkok 10500, Thailand  
Tel : 66 (2) 630 7500  
Fax : 66 (2) 630 7506

---

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of East Coast Furnitech Public Company Limited

### Opinion

I have audited the consolidated financial statements of East Coast Furnitech Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, I have also audited the separate financial statements of East Coast Furnitech Public Company Limited, which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of comprehensive income, the separate statement of changes in shareholders' equity and the separate statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of East Coast Furnitech Public Company Limited and its subsidiaries as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended, and the accompanying separate financial statements present fairly, in all material respects, the financial position of East Coast Furnitech Public Company Limited as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements" section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions together with the ethical requirements that are relevant to my audit of the consolidated financial statements and the separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with such Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements and the separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Accuracy, Completeness and Proper Cutoff of the Company's Revenue from Sales of Goods

*Risk description*

Revenue from sales of goods is the increase in economic benefits in form of inflows or enhancements of assets triggered by the Company's performance obligation on transfers of goods to the customers that is attributable to the Company's core business activities. Revenue from sales is directly significant to financial performance of the Company and its amount is material to the financial statements. In addition, the Company's sales of goods in each year comprise voluminous number of entries through various sales channels and also increased in 2021 from those in 2020. Accordingly, the assurance is required to ensure that the Company's sales were accounted for with accuracy, completeness and proper cutoff.

Significant accounting policies and other information relating to revenue from sales of goods were disclosed in Notes 3 and 28 to the financial statements.

*Responses to the risk*

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to the appropriate and acceptable level and enable financial statements to be free from material misstatement:

- Read, inquire and gather understanding in the Company's revenue streams and revenue recognition policies on the Company's sales of goods.
- Test and assess efficiency, effectiveness and reliability of the design and operations of internal controls relating to revenue streams.
- Perform analytical reviews of information relating to sales of goods.
- Perform substantive test on sales of goods e.g. vouching of supporting documents for sales of goods, cutoff test both before and after yearend on sales of goods whether they were recorded in the proper period.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the consolidated financial statements and the separate financial statements as well as my auditor's report thereon. The aforesaid other information is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated financial statements and the separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements and the separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements and the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Separate Financial Statements**

My objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Group's internal control.
- Evaluate appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the consolidated financial statements and the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Mr. Akadet Pliensakul)  
Certified Public Accountant  
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 24, 2022

## EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021 AND 2020

## ASSETS

		In Baht			
		Consolidated		Separate Financial Statements	
		December 31,	December 31,	December 31,	December 31,
	Note	2021	2020	2021	2020
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		22,409,668	187,143,750	11,930,436	12,763,230
Trade receivables					
- Related parties	4, 5	8,441,010	7,554,917	52,354,704	38,609,356
- Other parties - net	5	445,983,778	323,753,862	430,131,702	310,157,778
Current portion of receivable from sales of rights	5	37,000,000	36,000,000	37,000,000	36,000,000
Current portion of other installment receivables					
- Related person	4, 7	5,954,749	5,550,000	5,954,749	5,550,000
- Other person	7	11,909,479	11,100,000	11,909,479	11,100,000
Inventories - net	6	1,314,471,404	1,370,207,622	1,312,877,570	1,369,772,706
Short-term loans to and interest receivables from related parties	4	30,000,000	-	13,715,364	189,707,397
Short-term loans to other persons	32	99,000,000	39,000,000	35,000,000	35,000,000
Other current assets					
- Interest receivables	4	11,046,814	5,556,793	8,399,910	5,277,560
- Deposits for purchases of raw materials and inventories		9,988,294	25,611,809	9,988,294	25,611,809
- Prepaid expenses		9,265,932	8,526,146	9,130,438	8,523,864
- Value-added tax receivable		7,924,717	11,076,370	5,578,672	9,556,825
- Others (net of allowance for credit losses of Baht 3,997,141 in 2021 and 2020)		7,238,465	4,687,759	7,139,390	4,597,132
<b>Total Current Assets</b>		<b>2,020,634,310</b>	<b>2,035,769,028</b>	<b>1,951,110,708</b>	<b>2,062,227,657</b>
<b>NON-CURRENT ASSETS</b>					
Receivable from sales of rights - net	5	-	12,000,000	-	12,000,000
Other installment receivables - net					
- Related person	4, 7	-	5,559,749	-	5,559,749
- Other person	7	-	11,119,479	-	11,119,479
Restricted deposits at banks	8	51,950,061	51,822,579	51,950,061	51,822,579
Investment in subsidiaries accounted for using the cost method	9	-	-	961,406,930	703,276,950
Investment in associate accounted for using the equity method	4, 10	823,866,135	672,120,881	-	-
Property, plant and equipment - net	4, 11, 14, 19	613,960,316	521,509,501	591,739,278	517,586,851
Right-of-use assets - net	12	12,158,600	5,334,216	12,158,600	5,334,216
Intangible assets - net	13	1,349,779	1,250,680	1,286,275	1,185,347
Deferred tax assets	24	8,694,960	5,834,932	8,694,960	5,834,932
Other non-current assets					
- Deposit for investment project	34	100,000,000	100,000,000	100,000,000	100,000,000
- Advance for purchase of investment	34	58,000,000	70,000,000	58,000,000	70,000,000
- Deposits and guarantees	4, 10, 19	65,588,845	52,344,904	36,126,645	29,282,595
- Others - net		-	58,374	-	774
<b>Total Non-Current Assets</b>		<b>1,735,568,696</b>	<b>1,508,955,295</b>	<b>1,821,362,749</b>	<b>1,513,003,472</b>
<b>TOTAL ASSETS</b>		<b>3,756,203,006</b>	<b>3,544,724,323</b>	<b>3,772,473,457</b>	<b>3,575,231,129</b>

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021 AND 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht			
		Consolidated		Separate Financial Statements	
		December 31,	December 31,	December 31,	December 31,
	Note	2021	2020	2021	2020
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings from financial institutions	8, 11, 14	704,970,398	601,834,706	704,970,398	601,834,706
Factoring payables	5	77,620,305	87,460,976	77,620,305	87,460,976
Trade payables		216,717,930	215,152,727	216,457,373	212,063,029
Other payables - related party	4	-	-	-	6,726,142
Short-term loans from and interest payable to related parties	4	-	54,178,113	130,332,392	82,746,223
Short-term loans from other parties	15	257,814,881	210,078,200	227,814,881	210,078,200
Current portion of long-term borrowings	11, 19	77,009,939	40,372,434	77,009,939	40,372,434
Current portion of debentures	17	287,424,847	379,024,689	287,424,847	379,024,689
Current portion of lease liabilities	20	2,844,728	2,318,268	2,844,728	2,318,268
Income tax payable		2,323,644	8,032,020	852,117	1,117,341
Accrued expenses and other current liabilities	4, 16	66,926,620	74,601,537	62,854,265	70,283,034
<b>Total Current Liabilities</b>		<u>1,693,653,292</u>	<u>1,673,053,670</u>	<u>1,788,181,245</u>	<u>1,694,025,042</u>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings - net	11, 19	158,501,453	45,599,452	158,501,453	45,599,452
Debentures - net	17	555,272,694	571,163,847	555,272,694	571,163,847
Lease liabilities - net	20	5,273,071	1,289,092	5,273,071	1,289,092
Deferred tax liabilities	24	2,570,492	2,222,293	2,570,492	2,222,293
Liability for post-employment benefits	18	14,320,659	11,614,301	14,320,659	11,614,301
<b>Total Non-Current Liabilities</b>		<u>735,938,369</u>	<u>631,888,985</u>	<u>735,938,369</u>	<u>631,888,985</u>
<b>Total Liabilities</b>		<u>2,429,591,661</u>	<u>2,304,942,655</u>	<u>2,524,119,614</u>	<u>2,325,914,027</u>
<b>SHAREHOLDERS' EQUITY</b>					
Authorized share capital - 1,151,385,108 common shares in 2021 and 1,196,646,188 common shares in 2020, Baht 0.25 par value	21	<u>287,846,277</u>	<u>299,161,547</u>	<u>287,846,277</u>	<u>299,161,547</u>
Issued and paid-up share capital - 959,487,590 common shares in 2021 and 959,487,557 common shares in 2020	21	239,871,897	239,871,889	239,871,897	239,871,889
Premium on shares	21	768,342,356	768,342,199	768,342,356	768,342,199
Retained earnings					
- Appropriated for legal reserve	22	28,950,000	28,950,000	28,950,000	28,950,000
- Unappropriated		468,332,252	430,840,442	428,581,386	429,544,810
Total		1,505,496,505	1,468,004,530	1,465,745,639	1,466,708,898
Other components of equity		(202,268,218)	(235,503,587)	(217,391,796)	(217,391,796)
<b>Equity attributable to Owners of the Parent</b>		<u>1,303,228,287</u>	<u>1,232,500,943</u>	<u>1,248,353,843</u>	<u>1,249,317,102</u>
Non-controlling interests		23,383,058	7,280,725	-	-
<b>Total Shareholders' Equity</b>		<u>1,326,611,345</u>	<u>1,239,781,668</u>	<u>1,248,353,843</u>	<u>1,249,317,102</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>3,756,203,006</u>	<u>3,544,724,323</u>	<u>3,772,473,457</u>	<u>3,575,231,129</u>

The accompanying notes are an integral part of these financial statements.

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2021	2020	2021	2020
<b>REVENUES</b>					
Net sales	4, 28	1,549,405,798	1,384,485,110	1,522,979,354	1,363,675,799
Other income					
- Sales of production scraps and supplies		28,639,830	11,994,600	28,639,830	11,994,600
- Interest income	4	7,564,182	7,656,367	6,742,569	12,460,338
- Gain on sales of non-current asset held for sale	10	-	6,171,006	-	-
- Others	4	6,578,318	4,759,768	5,274,546	4,724,423
Gain on exchange rate		8,615,112	560,772	8,618,560	571,460
<b>Total Revenues</b>		<b>1,600,803,240</b>	<b>1,415,627,623</b>	<b>1,572,254,859</b>	<b>1,393,426,620</b>
<b>EXPENSES</b>					
Cost of sales	4, 6, 18	1,237,048,762	1,077,228,060	1,226,971,078	1,069,056,386
Distribution costs		62,208,460	61,608,355	53,820,113	48,549,136
Administrative expenses	4, 11, 13, 18, 23, 35	133,967,511	136,642,753	122,853,320	127,297,890
Other expenses	9	-	18,128,063	-	-
<b>Total Expenses</b>		<b>1,433,224,733</b>	<b>1,293,607,231</b>	<b>1,403,644,511</b>	<b>1,244,903,412</b>
<b>Profit from Operating Activities</b>		<b>167,578,507</b>	<b>122,020,392</b>	<b>168,610,348</b>	<b>148,523,208</b>
<b>Gain on Sales of Rights in Trade Receivables and Product Brand</b>	5	-	18,796,156	-	18,796,156
<b>Finance Costs</b>	4, 20	(134,924,899)	(132,918,147)	(144,518,477)	(134,307,064)
<b>Reversal of Loss (Loss) on Impairment of Trade Receivables</b>	3, 5, 35	(12,483,100)	2,407,766	(11,431,649)	3,052,181
<b>Share of Profit from Investment in Associate</b>	10	32,416,552	35,141,738	-	-
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>52,587,060</b>	<b>45,447,905</b>	<b>12,660,222</b>	<b>36,064,481</b>
<b>Income Tax Expense</b>	24, 27	(1,668,637)	(13,795,295)	(265,120)	(5,609,640)
<b>PROFIT FOR THE YEAR</b>		<b>50,918,423</b>	<b>31,652,610</b>	<b>12,395,102</b>	<b>30,454,841</b>

The accompanying notes are an integral part of these financial statements.



EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF COMPREHENSIVE INCOME (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Note	In Baht			
		Consolidated		Separate Financial Statements	
		2021	2020	2021	2020
<b>Other Comprehensive Loss for the Year</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
- Actuarial loss on remeasurement of liability for post-employment benefits (net of income tax effect by Baht 341,271 in 2021)	18, 24	(1,365,085)	-	(1,365,085)	-
<i>Item that will be reclassified subsequently to profit or loss</i>					
- Share of other comprehensive income (loss) from associate	10	44,328,702	(13,954,078)	-	-
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u>42,963,617</u>	<u>(13,954,078)</u>	<u>(1,365,085)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>93,882,040</u>	<u>17,698,532</u>	<u>11,030,017</u>	<u>30,454,841</u>
<b>Profit (Loss) Attributable to:</b>					
Owners of the parent		50,850,336	41,160,421	12,395,102	30,454,841
Non-controlling interests		<u>68,087</u>	<u>(9,507,811)</u>	<u>-</u>	<u>-</u>
<b>Profit for the Year</b>		<u>50,918,423</u>	<u>31,652,610</u>	<u>12,395,102</u>	<u>30,454,841</u>
<b>Total Comprehensive Income (Loss) Attributable to:</b>					
Owners of the parent		93,813,953	27,206,343	11,030,017	30,454,841
Non-controlling interests		<u>68,087</u>	<u>(9,507,811)</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the Year</b>		<u>93,882,040</u>	<u>17,698,532</u>	<u>11,030,017</u>	<u>30,454,841</u>
<b>Basic Earnings per Share</b>	25	<u>0.0530</u>	<u>0.0429</u>	<u>0.0129</u>	<u>0.0317</u>
<b>Diluted Earnings per Share</b>	25	<u>0.0530</u>	<u>0.0429</u>	<u>0.0129</u>	<u>0.0317</u>

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

In Baht												
Consolidated												
Other Components of Equity												
	Note	Issued and Paid-up Share Capital	Retained Earnings			Surplus on Business Combination under Common Control	Share of Other Comprehensive Loss from Associate	Loss on Change in Proportion of Investment in Subsidiary	Total Other Components of Equity	Equity Attributable to Owners of the Parent	Non-Controlling Interests	Total Shareholders' Equity
			Premium on Shares	Appropriated for Legal Reserve	Unappropriated							
Beginning balance as at January 1, 2020		239,871,889	768,342,199	27,400,000	407,253,316	(217,391,796)	(2,822,000)	(1,335,713)	(221,549,509)	1,221,317,895	20,367,032	1,241,684,927
Appropriation for legal reserve	22	-	-	1,550,000	(1,550,000)	-	-	-	-	-	-	-
Payment of interim dividends	26	-	-	-	(16,023,295)	-	-	-	-	(16,023,295)	-	(16,023,295)
Decrease in non-controlling interests	9	-	-	-	-	-	-	-	-	-	(3,578,496)	(3,578,496)
Total comprehensive income for the year		-	-	-	41,160,421	-	(13,954,078)	-	(13,954,078)	27,206,343	(9,507,811)	17,698,532
Ending balance as at December 31, 2020		239,871,889	768,342,199	28,950,000	430,840,442	(217,391,796)	(16,776,078)	(1,335,713)	(235,503,587)	1,232,500,943	7,280,725	1,239,781,668
Proceeds from the exercised warrants	21	8	157	-	-	-	-	-	-	165	-	165
Payment of dividends	26	-	-	-	(11,993,441)	-	-	-	-	(11,993,441)	-	(11,993,441)
Increase in non-controlling interests from increase in share capital and change in investment proportion of subsidiary	9	-	-	-	-	-	-	(11,093,333)	(11,093,333)	(11,093,333)	11,093,333	-
Increase in non-controlling interests	9	-	-	-	-	-	-	-	-	-	4,940,913	4,940,913
Total comprehensive income for the year		-	-	-	49,485,251	-	44,328,702	-	44,328,702	93,813,953	68,087	93,882,040
Ending balance as at December 31, 2021		239,871,897	768,342,356	28,950,000	468,332,252	(217,391,796)	27,552,624	(12,429,046)	(202,268,218)	1,303,228,287	23,383,058	1,326,611,345

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

In Baht										
Separate Financial Statements										
Other Component										
of Equity										
Surplus on										
Business										
Combination under										
Common Control										
Equity										
Shareholders'										
Total										
Equity										
1,234,885,556										
22										
Appropriation for legal reserve										
26										
Payment of interim dividends										
Total comprehensive income for the year										
Ending balance as at December 31, 2020										
21										
Proceeds from the exercised warrants										
26										
Payment of dividends										
Total comprehensive income for the year										
Ending balance as at December 31, 2021										
1,248,353,843										

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	In Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the year	50,918,423	31,652,610	12,395,102	30,454,841
Adjustments				
Income tax expense	1,668,637	13,795,295	265,120	5,609,640
Depreciation and amortization	44,426,418	44,046,590	43,567,001	43,885,527
Gain on sales of rights in trade receivables and product brand	-	(18,796,156)	-	(18,796,156)
Loss (reversal of loss) on impairment of trade receivables	12,483,100	(2,407,766)	11,431,649	(3,052,181)
Expenses on post-employment benefits	1,000,002	926,911	1,000,002	926,911
Loss on allowance for diminution in value of inventories	211,018	453,833	162,136	453,833
Loss on written-off inventories for compensation on customer's claims	7,845,431	-	7,845,431	-
Share of profit from investment in associate	(32,416,552)	(31,974,367)	-	-
Loss (gain) on valuation of fair value of derivatives	188,306	4,043	188,306	4,043
Unrealized loss (gain) on exchange rate	361,836	(112,519)	346,181	(124,727)
Gain on sales of equipment	(114,678)	-	(114,678)	-
Gain on sales of non-current asset held for sale	-	(6,171,006)	-	-
Loss on written-off assets	30,898	18,436,272	30,898	70,070
Interest income	(7,564,182)	(7,656,367)	(6,742,569)	(12,460,338)
Intetest expense	134,924,899	132,918,147	144,518,477	134,307,064
Decrease (increase) in operating assets				
Trade receivables	(135,642,023)	(85,027,227)	(145,193,836)	(100,816,312)
Receivable from sales of rights	11,000,000	7,000,000	11,000,000	7,000,000
Inventories	47,679,769	8,711,993	48,887,569	8,618,207
Other current assets	15,551,934	(6,959,863)	16,353,603	(6,147,114)
Other non-current assets	(2,771,875)	(5,653,062)	(2,398,276)	(5,644,953)
Increase (decrease) in operating liabilities				
Trade payables	1,565,203	62,117,380	4,394,345	59,027,682
Other payables - related parties	-	-	(6,726,142)	6,726,142
Accrued expenses and other current liabilities	(13,545,180)	5,803,774	(13,283,377)	2,512,662
Net Cash Flows Provided by Operations	137,801,384	161,108,515	127,926,942	152,554,841
Income tax paid	(9,585,296)	(7,525,215)	(2,700,903)	(6,009,077)
<b>Net Cash Flows Provided by Operating Activities</b>	<b>128,216,088</b>	<b>153,583,300</b>	<b>125,226,039</b>	<b>146,545,764</b>

EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	In Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in restricted deposits at banks	(127,482)	42,058,129	(127,482)	42,058,129
Decrease (increase) in short-term loans to related parties	(30,000,000)	13,760,134	170,400,000	(149,000,000)
Collections on other installment receivables	15,465,000	24,975,018	15,465,000	24,975,018
Increase in short-term loans to other persons	(60,000,000)	(39,000,000)	-	(35,000,000)
Decrease (increase) in current investment	-	9,978,684	-	9,978,684
Increase in investment in subsidiary	-	-	(258,129,980)	-
Increase in non-controlling interests in the new subsidiary	500,000	-	-	-
Increase in investment in associate	(75,000,000)	(230,355,222)	-	-
Decrease in advance for purchase of investment	12,000,000	25,000,000	12,000,000	25,000,000
Decrease (increase) in advances for share subscription	-	-	-	78,375,000
Additions to plant and equipment	(149,949,888)	(99,979,655)	(124,825,220)	(99,979,657)
Additions to intangible assets	(453,840)	-	(453,840)	-
Proceeds from sale of non-current asset held for sale	-	233,882,006	-	-
Dividends received	-	11,393,824	-	-
Interest received	2,074,160	3,798,689	9,212,252	3,725,755
<b>Net Cash Flows Used in Investing Activities</b>	<b>(285,492,050)</b>	<b>(4,488,393)</b>	<b>(176,459,270)</b>	<b>(99,867,071)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in bank overdrafts and short-term borrowings from financial institutions	103,047,422	79,558,387	103,047,422	82,349,516
Decrease in factoring payables	(9,840,671)	(20,738,370)	(9,840,671)	(20,738,370)
Increase (decrease) in short-term loans from other parties	45,000,000	15,346,278	15,000,000	35,346,278
Increase in short-term loans from related parties	(53,500,000)	53,500,000	41,752,000	32,300,000
Increase in lease liabilities	8,139,600	-	8,139,600	-
Payments of lease liabilities	(3,629,161)	(2,779,346)	(3,629,161)	(2,779,346)
Increase in long-term borrowings	205,490,000	50,000,000	205,490,000	50,000,000
Repayments of long-term borrowings	(55,950,493)	(33,484,857)	(55,950,493)	(30,969,268)
Issuance of debentures	565,000,000	581,100,000	565,000,000	581,100,000
Redemption of debentures	(670,750,000)	(609,800,000)	(670,750,000)	(609,800,000)
Debenture issuance costs	(12,591,800)	(14,375,445)	(12,591,800)	(14,375,445)
Proceeds from the exercised warrants	165	-	165	-
Increase (decrease) in non-controlling interests	4,440,914	(3,578,496)	-	-
Dividends and interim dividends paid	(11,993,441)	(16,023,295)	(11,993,441)	(16,023,295)
Interest paid	(120,320,655)	(124,736,566)	(123,273,184)	(125,849,511)
<b>Net Cash Flows Provided by (Used in) Financing Activities</b>	<b>(7,458,120)</b>	<b>(46,011,710)</b>	<b>50,400,437</b>	<b>(39,439,441)</b>

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (Continued)**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	In Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(164,734,082)	103,083,197	(832,794)	7,239,252
<b>Cash and Cash Equivalents at Beginning of Year</b>	187,143,750	84,060,553	12,763,230	5,523,978
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	22,409,668	187,143,750	11,930,436	12,763,230

**Supplementary disclosures of cash flow information:**

**a. Cash and cash equivalents at end of year**

Cash in hand	315,644	420,385	265,644	310,385
Current accounts at banks	14,869,543	176,210,828	6,254,723	2,820,045
Savings deposits at banks	3,063,182	5,966,830	1,248,770	5,087,093
Short-term fixed deposits at banks	4,161,299	4,545,707	4,161,299	4,545,707
<b>Total</b>	22,409,668	187,143,750	11,930,436	12,763,230

**b. Non-cash transactions**

Purchases of equipment by means of payables	3,726,900	17,007,738	3,726,900	17,007,738
Transfer of trade receivables to receivables from sales of rights	-	55,000,000	-	55,000,000
Transfer of non-current assets to fixed assets	15,905,000	2,310,000	15,905,000	2,310,000
Transfer of non-current assets to intangible assets	31,309	-	-	-
Transfer of fixed assets to right-of-use assets	11,628,000	4,003,233	11,628,000	4,003,233
Transfer of fixed assets to intangible assets	-	950,000	-	950,000
Transfer of right-of-use assets to fixed assets	1,159,343	-	1,159,343	-
Initial recognition of right-of-use assets and lease liabilities	-	1,873,520	-	1,873,520
Increase in right-of-use assets by new hire purchase agreements	-	2,000,511	-	2,000,511
Transfer of investment in joint venture to non-current asset held for sale	-	227,711,000	-	-
Transfer of advances for share subscription to investment in associate	-	78,750,000	-	-

**c. Supplementary disclosures of cash flow information**

Total cash outflow for leases	8,196,828	2,949,564	8,196,828	2,949,564
-------------------------------	-----------	-----------	-----------	-----------

The accompanying notes are an integral part of these financial statements.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**1. GENERAL**

East Coast Furnitech Public Company Limited (“the Company”), formerly East Coast Furnitech Co., Ltd., was registered as a limited company in Thailand on October 12, 1999. The Company was transformed from being juristic person as a limited company under the Civil and Commercial Code to a limited public company under the Public Limited Companies Act B.E. 2535 on October 18, 2012 and was registered in the Market for Alternative Investment on March 26, 2013. The Company is engaged in manufacturing and sales of self-assembled furniture made from particle board, rubber wood furniture, dried sawn lumbers, laminating papers, and furniture-decorating supplies for domestic and international markets.

The Company’s head office is located at 37/9 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong 21110. The Company’s total number of branches is 3, comprising two branches located in Rayong and a branch located in Pathumthani.

VV-Décor Co., Ltd. (“VVD”), the subsidiary of which shares are held at 99.95% by the Company, was registered a limited company in Thailand on May 11, 2011 and is engaged in sales of laminating papers and furniture-decorating supplies in domestic market. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lamlukka, Pathumthani.

ECF Holdings Co., Ltd. (“ECF-H”), the subsidiary of which shares are held at 94.44% (75% in 2020) by the Company, was registered a limited company in Thailand on February 23, 2015 and is engaged in (1) sales of sundry goods imported from abroad and furniture through the local sale agents and (2) mining and sales of cryptocurrency (started in mid of November 2021). The registered office of the subsidiary is located at 37/4 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

ECF Power Co., Ltd. (“ECF-P”), the subsidiary of which shares are held at 99.99% by the Company, was registered a limited company in Thailand on January 16, 2017 and is engaged as holding company in the renewable energy business e.g. biomass or solar energy. The registered office of the subsidiary is located at 37/7 Moo 10 Banbung-Klaeng Rd., Tambon Tangkwian, Amphur Klaeng, Rayong.

Planet Board Co., Ltd. (“PNB”), the subsidiary of which shares are held at 57% by the Company, was registered a limited company in Thailand on December 19, 2017 whereby PNB is during the set up and arrangement of new business plan to replace the previous manufacturing and sales of wood-base panel, i.e. MDF board and particle board. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lamlukka, Pathumthani.

Somewa Plaza Co., Ltd. (“SOMEWA”), the subsidiary of which shares are held at 75% by the Company, was registered a limited company in Thailand on June 14, 2021 and is engaged in e-commerce and online platform for retail sales of goods through internet. The registered office of the subsidiary is located at 25/28 Moo 12 Tambon Bungkamproy, Amphur Lamlukka, Pathumthani.

**2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION**

The accompanying financial statements are prepared in Thai Baht, which is core functional currency of the Company, and are in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Except as otherwise disclosed in significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The consolidated financial statements for the years ended December 31, 2021 and 2020 included the accounts of the Company and its subsidiaries (“the Group”) in which the Company has the controlling power or direct / indirect shareholding as discussed in Note 1.

Significant intercompany transactions between the Company and subsidiaries included in consolidated financial statements have been eliminated.

Starting from January 1, 2021, the Group has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Interpretation (TSIC) and Thai Financial Reporting Interpretation (TFRIC), revised by TFAC, which became effective from the accounting period starting on or after January 1, 2021. The aforesaid adoption of revised TAS / TFRS / TSIC / TFRIC did not have any material effect to the Group’s financial statements.

In addition, TFAC revised and newly issued certain TAS / TFRS / TSIC / TFRS as well as the accounting guidance which became effective from the accounting period starting on or after January 1, 2022 whereby their significant parts for 2022 relate to (1) the practical expedient relating to COVID-19-related rent concessions for lessee in respect of TFRS 16 and (2) the Interest Rate Benchmark (IBOR) Reform-Phase 2 which relates to certain significant TFRSs e.g. TFRS 4, TFRS 7, TFRS 9 and TFRS 16. Notwithstanding, the Group had not yet adopted them in preparation of the accompanying financial statements and has no policy to early adopt before the effective period. The Group’s management has preliminarily assessed and believed that there will be no material effect to the Group’s financial statements upon adoption of such TAS / TFRS / TSIC / TFRS as well as the accounting guidance.

The Group disclosed information for the year ended December 31, 2020 for being the comparative information in the financial statements for the year ended December 31, 2021 in form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and subsidiaries.

Significant intercompany transactions between the Company and subsidiaries included in consolidated financial statements have been eliminated.

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies as well as the variable returns of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When an entity loses control of a subsidiary, investment retained in the former subsidiary is measured at its fair value while any gain or loss is recognized in the statement of comprehensive income.

**Foreign Currencies**

*Transactions in foreign currencies*

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions.

**Investment in Associate and Joint Venture**

Investment in associate and joint venture in the consolidated financial statements is accounted for using the equity method.

Associate is the entity in which the Company or the Group has significant influence, but not control, over the financial and operating policies. Joint venture is joint arrangement in the entity in which the Company or the Group has joint control among other venturers in that entity. The consolidated financial statements of the Group include share of profit or loss of associate and joint venture, on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the share of loss exceeds its interest in any associate and joint venture, the investment in such associate and joint venture shall be reduced to nil and recognition of further loss shall be ceased except to the extent that the Company or the Group has legal or constructive obligations or consents to settle the obligations on behalf of the associate and joint venture.

**Current Investment**

Current investment in unit trusts which is held by the Company for trading is stated at fair value. Gains or losses arising from changes in the fair value of investment or sales of investment are included as profit or loss in statement of comprehensive income. In case the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold and the part still remained is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

Fair value of unit trusts is determined from the net asset value of mutual fund that issued the particular unit trust which is the Level 1 inputs of the fair value hierarchy.

Current investment in short-term bill of exchange (debt securities) that is held to maturity is stated at amortized cost net of allowance for impairment (if any).

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**Use of Estimates**

In order to prepare financial statements in conformity with the Thai financial reporting standards, management needs to use estimates and set assumptions that affect revenues, expenditures, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Allowance for impairment of trade and other receivables as well as loan receivables
- Net realizable value and allowance for losses on diminution in value of inventories
- Allowance for impairment of plant and equipment
- Useful lives and residual values of building and equipment, right-of-use assets and intangible assets
- Consideration for renewal option of leases and discount rate of lease liabilities
- Expected periods and amounts that deferred tax assets will be realized
- Assumptions used in calculation and estimate of liability for post-employment benefits
- Fair values and fair value measurements of financial assets, financial liabilities and other financial instruments.

About the pandemic of Coronavirus Disease 2019 (COVID-19), the Group's management has after the situation and continuously assessed the impacts from such matter. However, the COVID-19 situation has been highly uncertain and may affect, whether directly or indirectly, to the environment of business operations of the Group as well as estimates and judgements used for assessing values of assets, liabilities or provisions and contingent liabilities in the financial statements that are changeable depending on the assessment of the COVID-19 situation in each period done by the Group's management.

**Cash and Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

Restricted deposits at banks or being collateral were separately presented as "Restricted deposits at banks" under non-current assets in the statements of financial position.

**Trade Receivables, Other Receivables, and Allowance for impairment**

Trade and other receivables are carried at original invoice amount or at accrued amount net of allowance for impairment.

The Group provides allowance for impairment in accordance with the policy discussed in the section of "Financial instruments".

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**Inventories**

Inventories (including cryptocurrency held for sale by subsidiary and remained at the period-end - if any) are valued at the lower of cost and net realizable value and net of allowance for diminution in value for obsolete and slow-moving inventories. Cost is calculated and determined using the First-In, First-Out method.

Costs of inventories that are not cryptocurrency comprise the purchase cost, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In case of own-manufactured inventories and work in process, costs of inventories include the appropriate allocation of production overheads which is based on normal capacity of production facilities. Cost of cryptocurrency is discussed in the section of "Revenue recognition".

Net realizable value is the estimated selling price in ordinary course of business less necessary costs to sell. Net realizable value of cryptocurrency is based on fair value (closing price) at the period-end quoted in the central website that summarized information relating to cryptocurrency.

The Group determines the allowance for diminution in value for obsolete and slow-moving inventories based on consideration of inventory condition and estimates derived from past experiences.

**Property, Plant and Equipment**

Land, building and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying values are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of asset dismantlement, removal, and restoration are included as part of asset cost and subject to depreciation.

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each significant part of an item of assets. Depreciation methods, residual values, and useful lives are reviewed at each financial year-end, at least, and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. The useful lives of the assets are as follows:

	<u>No. of Years</u>
Land improvement	5
Building and building improvement	5 and 20
Machinery and equipment (including cryptocurrency-mining equipment)	3 - 15
Electric system	5
Furniture, fixtures and office equipment	3 and 5
Showroom equipment	3
Vehicles	5
Utilities	5

No depreciation has been charged for land and assets under construction or installation.

**Right-of-use Asset**

The Group measures right-of-use asset at cost less accumulated depreciation and the allowance for impairment (if any) with the adjustment pertaining to re-measurement of lease liabilities (if any).

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

At commencement date, cost of the right-of-use asset comprised (1) the amount of initial measurement of lease liability, (2) lease payments made at or before the commencement date, less any lease incentives received, (3) initial direct costs incurred by the lessee (if any) and (4) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (if any and being material).

Depreciation is charged as expense in profit or loss and calculated by the straight-line method attributable to the related lease terms as follows:

	Period
Vehicles and equipment	18 - 60 months

**Intangible Assets**

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 5 years.

*Amortization*

Amortization is charged as part of distribution costs and administrative expenses in the statement of comprehensive income on the straight-line method over the useful life of each type of intangible asset. Intangible assets with an indefinite useful life (if any) are not amortized but are tested for indication of impairment at each reporting date. Amortization methods, residual values, and useful lives are reviewed at least at each financial year-end and adjusted if appropriate.

**Impairment of Non-financial Assets**

The carrying amounts of the assets of the Group are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less cost to sell or value in use) shall be estimated and reviewed. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment loss by reducing the carrying amount of the asset to its recoverable amount and by recording the devaluation in the statement of comprehensive income. The reversal of impairment losses recognized in prior years is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

**Trade and Other Payables**

Trade and other payables are stated at cost.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**Lease Liability**

At commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group's incremental borrowing rates (average interest rates on borrowings with similar term and characteristics to the underlying asset) shall be used. The lease payments that are not paid comprised (1) fixed payments (less any lease incentives receivable, (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (if any), (3) amounts expected to be payable under residual value guarantees (if any), (4) exercise price of a purchase option if it is reasonably certain to exercise that option (if any) and (5) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease (if any).

After commencement date, the Group measures the lease liability by (1) increasing the carrying amount to reflect interest on the lease liability (if any), (2) reducing the carrying amount to reflect the lease payments made (if any) and (3) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments (if any). Interest on lease liability and variable lease payments not included in the measurement of the lease liability (if any) is charged as expense in profit or loss.

Lease fees attributable to short-term lease (not exceeding 12 months from commencement date) and lease of low-value asset are charged as expense in profit or loss.

Sales and leaseback of the asset which the Group (as seller and lessee) has assessed that it is not a sale for financial reporting, the Group shall continue to recognize the transferred asset as previously done and account for the lease liability equal to the amount of proceeds from the transfer of that assets.

**Employee Benefits**

*Short-term benefits*

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

*Post-employment benefits*

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed or at least every three years by the qualified actuary. Expenses from the liability for post-employment benefits comprise past service cost, current service cost and interest cost which are recognized as profit or loss whereas actuarial gain/loss on measurement is recognized as other comprehensive income or loss.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**Surplus on Business Combination under Common Control**

Business combination under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same persons, group of persons, entity, or group of entities both before and after the business combination, and that control is not transitory.

Unrealized gain or loss on internal restructuring of the entities under common control is the difference between the carrying amounts of the obtained assets and the purchase costs of the assets incurred on internal restructuring of the entity or group of entities under common control whereby such purchase of assets is the combination of the entities under the same shareholders and management. Such unrealized gain or loss is presented as “Surplus on business combination under common control” which is separately presented under other components of equity in the statement of financial position. When the assets relating to surplus on business combination under common control are retired or disposed of, the corresponding surplus on business combination under common control is directly transferred to the unappropriated retained earnings.

**Revenue Recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably whereby there is consideration about characteristics, amount, timing as well as uncertainty of revenue and contractual cash flows from contract with customer.

Sales are recognized, at a point in time, net of discounts and considerations paid to customer or buyer when delivery has taken place and transfer of risks and rewards of ownership as well as control of goods to the buyer has been completed.

Short-term service income is recognized, at a point in time, when the Group has rendered and transferred the services to customer and on an accrual basis.

Interest income is recognized, over time, on a time proportion basis that reflects the effective yield on the asset, if significant.

Rental income on operating lease is recognized over time on a straight-line basis over the lease term.

Dividend income is recognized at a point in time on the date the Group’s right to receive payments is established which in case of investment in quoted securities is usually the ex-dividend date. Dividends from investment in associate and joint venture are treat as capital return and, therefore, being a deduction to the value of investment accounted for using the equity method.

Revenue from services on cryptocurrency-mining is recognized at the time that the business transaction in blockchain system is confirmed whereby the subsidiary is remunerated with cryptocurrency (the digital currency asset) of which cost is initially measured based on fair value (closing price) prevailing on the date on which such asset is received. Fair value pertains to central website that summarized information relating to cryptocurrency and such fair value is considered the Level 2 inputs of the fair value hierarchy.

Other income is recognized on an accrual basis.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**Expense Recognition**

Other than the lease fees attributable to short-term lease and lease of low-value asset, other expenses are recognized on an accrual basis.

**Borrowing Costs**

Interest and financial charges on liabilities acquired for construction of building and installation of machinery and equipment is capitalized as part of the cost of the asset. The capitalization of such finance costs is ceased when the construction or installation are completed and ready for their intended use.

**Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1 inputs"), secondary priority to other observable inputs ("Level 2 inputs"), and the lowest priority to unobservable inputs ("Level 3 inputs").

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

**Financial instruments**

*Recognition and measurement*

The Group initially measures financial assets at fair value, plus transaction costs in case of financial assets that are not measured at fair value through profit or loss. Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset's contractual cash flows which is divided into three categories i.e. amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

The Group initially measures financial liabilities at fair value net of transaction costs. Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

*Classification and measurement*

Assets classified and measured at amortized cost

- Cash and cash equivalents, and restricted deposits at banks
- Trade receivables
- Other receivables (including refundable advances and deposits or guarantees)
- Loan receivables

Assets classified and measured at fair value through other comprehensive income - none

Assets classified and measured at fair value through profit or loss

- Derivatives assets (other current assets)

Liabilities classified and measured at amortized cost

- Bank overdrafts and short-term borrowings
- Trade payables
- Other payables (including accruals and deposits or guarantees with payment condition)
- Long-term borrowings and debentures
- Lease liabilities

Liabilities classified and measured at fair value through profit or loss

- Derivatives liabilities (other current liabilities)

*Impairment*

Impairment loss (previously before 2020 was known as provision for doubtful account) from expected credit loss of financial assets shall be recognized under the General approach in the following stages:

- Stage 1 (performing): the 12-month expected credit loss shall be recognized in profit or loss. Interest income (if any) shall be calculated base on gross carrying amount without netting the allowance for expected credit loss.
- Stage 2 (under-performing): upon significant rise in credit risk and not being at low level, the entity shall recognize the full lifetime expected credit loss in profit or loss. Interest income (if any) shall be calculated based on the same principle to Stage 1.
- Stage 3 (non-performing or credit-impaired): upon significant rise in credit risk of financial asset that is considered as credit impaired, the entity shall recognize the full lifetime expected credit loss in profit or loss. Interest income (if any) shall be calculated base on gross carrying amount net of the allowance for impairment.

For trade receivables and contract assets (e.g. accrued income), the Group is able to adopt the Simplified approach by recognizing the full lifetime expected credit loss for financial assets considered as aforesaid. In consideration and measurement of expected credit loss for both General approach and Simplified approach, the historical credit loss shall be combined with the forward looking information pertaining to the assets and significant factors relating to economic environment.

For receivables and loan receivables, the Group categorized the population by focusing on aging balance information whereby the past records were captured for historical credit loss of approximately one year



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Notwithstanding, In 2020, the Group exercised certain mitigating measure indicated in the accounting guidance for Temporary Mitigating Policies for Alternative Accounting on the Effects from Pandemic Situation of the Coronavirus 2019 (COVID-19), issued by TFAC in April 2020 (within effective only in 2020). Such mitigating measure related to the exemption from combining forward looking information for the assets adopted the Simplified approach on consideration and measurement of the expected credit loss. The effect on allowance for impairment from the expected credit loss of "Trade receivables", when forward-looking information is included in consideration and measurement, increased from previously reported balances as at December 31, 2020 of approximately Baht 3.4 million and Baht 4.1 million in the separate and consolidated financial statements, respectively. Such amounts are integral part of loss on impairment that was recognized in 2021.

*Hedge accounting*

Hedge accounting is aimed for reflecting the impacts in the financial statements that are caused in risk management activities using the financial instruments on management of exposures to the risks and such risks shall affect profit or loss and/or other comprehensive income. Relationships and related accounting treatment of hedge accounting are divided into three categories i.e. fair value hedge, cash flows hedge, and hedge of net investment in foreign entity.

Derivative financial instruments are used to manage fair value risk exposed by change in foreign exchange rates arising from operating activities. Derivatives are not intended to use for trading purpose. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value and then are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized as profit or loss.

The fair value of derivatives is the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

**Provisions**

A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Income Tax**

Income tax on the profit or loss for the year, which is recognized in the statement of comprehensive income, is current tax and deferred tax.

*Current tax*

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

*Deferred tax*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Earnings per Share**

Basic earnings per share is determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year whereas diluted earnings per share is determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares.

**4. TRANSACTIONS WITH RELATED PARTIES**

Related parties are those parties controlled by the Company or have power control over the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

Types of relationship of related parties are as follows:

Name of Companies / Persons	Type of Business	Type of Relationship
VVD	See detail as discussed in Note 1	Subsidiary
ECF-H	See detail as discussed in Note 1	Subsidiary
ECF-P	See detail as discussed in Note 1	Subsidiary
PNB	See detail as discussed in Note 1	Subsidiary
SOMEWA	See detail as discussed in Note 1	Subsidiary
Green Earth Power (Thailand) Co., Ltd.	Holding company in energy business	Associate
GEP (Myanmar) Company Limited (incorporated and operated in Myanmar)	Manufacturing and sales of electricity generated from solar power	Subsidiary of associate and co-directors
Safe Energy Holdings Co., Ltd.	Holding company in energy business	Joint venture (until December 2020)
Prize of Wood Green Energy Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of joint venture and co-directors (until December 2020)
Safe Energy (Phrae) Co., Ltd. Co., Ltd.	Manufacturing and sales of electricity generated from biomass fuel	Subsidiary of joint venture (until December 2020)
Safe Biomass Co., Ltd.	Wood chip plant for use as fuel for biomass power plant	Subsidiary of joint venture (until December 2020)

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Name of Companies / Persons	Type of Business	Type of Relationship
Prize of Wood Industry Co., Ltd.	Manufacturing and sales of wood-base panel, i.e. wood sheet and rubber wood	Co-shareholders and co-directors with subsidiary of joint venture (until December 2020)
East Cost Design Co., Ltd.	Manufacturing and sales of furniture	Co-directors and co-shareholders
East Coast Industry Co., Ltd.	Sales of furniture	Co-directors and co-shareholders
V-Chat Décor Co., Ltd.	Manufacturing and sales of laminating papers	Co-directors and co-shareholders
V-Chat Industry Co., Ltd.	Manufacturing and sales of dried sawn lumbers	Co-directors and co-shareholders
B.V. Parawood Co., Ltd.	Manufacturing and sales of furniture and dried sawn lumbers	Co-directors and co-shareholders
Index Living Mall Public Co., Ltd.	Sales of furniture	Directors are spouse
Index Interfurn Co., Ltd.	Manufacturing and sales of furniture	Directors are spouse
Khun Wallop Suksawad	-	Shareholder and director (key management)
Khun Chalee Suksawad	-	Shareholder and director (key management)
Khun Arak Suksawad	-	Shareholder and director (key management)
Khun Tippawan Suksawad	-	Shareholder and relative of directors
Khun Waraporn Suksawad	-	Shareholder and relative of directors
General Terdsak Marrome	-	Director (key management)
Khun Montee Socratianurak	-	Director (key management)
Khun Songklod Jarusombuti	-	Director (key management)
Khun Ekarin Vasanasang	-	Director (key management)
Khun Phaiboon Arunprasobsuk	-	Director (key management)

Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether being as executive or otherwise).

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing Policies
Purchases - sales of inventories	Prices approximated market prices
Interest income / interest expense	MOR
Dividend income	Rate announced at the meeting of the investee
Other income	Mutually agreed price
Purchases of raw materials / inventories / supplies	Prices approximated market prices
Purchases - sales of equipment (if any)	Mutually agreed price
Other service fees and expenses (if any)	Mutually agreed price
Key management's remunerations	Mutually agreed amount
Guarantee of credit facilities by directors	No guarantee charge between parties

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Transactions with related parties for the years ended December 31, 2021 and 2020 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<b>Sales of inventories</b>				
Subsidiaries	-	-	86,726	76,480
Related companies	27,358	21,688	12,911	16,121
Total	<u>27,358</u>	<u>21,688</u>	<u>99,637</u>	<u>92,601</u>
<b>Interest income</b>				
Subsidiaries	-	-	1,570	5,707
Associate	66	16	-	-
Joint venture	-	624	-	-
Related person	557	888	557	888
Total	<u>623</u>	<u>1,528</u>	<u>2,127</u>	<u>6,595</u>
<b>Other income</b>				
Related company	-	579	-	579
<b>Dividend income (presented as a deduction to investment value)</b>				
Associate	-	11,394	-	-
<b>Purchases of inventories</b>				
Subsidiary	-	-	168	1
<b>Interest expense</b>				
Subsidiaries	-	-	9,733	2,383
Related persons	870	664	764	136
Total	<u>870</u>	<u>664</u>	<u>10,497</u>	<u>2,519</u>
<b>Key management's remunerations</b>				
Short-term benefits	22,697	21,033	18,659	18,513
Post-employment benefits	203	271	203	271
Total	<u>22,900</u>	<u>21,304</u>	<u>18,862</u>	<u>18,784</u>

Outstanding balances with related parties as at December 31, 2021 and 2020 are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<b>Trade receivables</b>				
Subsidiaries	-	-	48,050	35,809
Related companies	8,441	7,555	4,305	2,800
Total	<u>8,441</u>	<u>7,555</u>	<u>52,355</u>	<u>38,609</u>
<b>Other installment receivables (see Note 7)</b>				
Related person				
Due for payments within one year	5,955	5,550	5,955	5,550
Due for payments after one year	-	5,560	-	5,560
Total	<u>5,955</u>	<u>11,110</u>	<u>5,955</u>	<u>11,110</u>
Interest receivable (other current assets)	1,069	907	1,069	907
Total	<u>7,024</u>	<u>12,017</u>	<u>7,024</u>	<u>12,017</u>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<b>Short-term loans and interest receivables</b>				
<b>Interest receivables</b>				
Subsidiaries	-	-	115	5,707
Associate (other current assets)	66	-	-	-
<b>Short-term loans</b>				
Subsidiaries (interest rate at 5.5% p.a. and due at call)		-	13,600	184,000
Associate (interest rate at 10% p.a. and due under mutual agreement that is attributable to percentage of shareholding by ECF-P)	30,000	-	-	-
Total	<u>30,066</u>	<u>-</u>	<u>13,715</u>	<u>189,707</u>
<b>Guarantees on construction of power plant project</b>				
Associate	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
<b>Other payables</b>				
Subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,726</u>
<b>Other payable (other current liabilities)</b>				
Associate	<u>780</u>	<u>780</u>	<u>-</u>	<u>-</u>
<b>Short-term loan and interest payables</b>				
<b>Interest payables</b>				
Subsidiary	-	-	7,580	1,596
Related person	-	678	-	150
<b>Short-term loans</b>				
Subsidiary (interest rate at 5.5% p.a. and due at call)	-	-	122,752	68,500
Related person (interest rate at 5.25% p.a. and due at call)	-	53,500	-	12,500
Total	<u>-</u>	<u>54,178</u>	<u>130,332</u>	<u>82,746</u>

Movements of short-term loans to and from related parties during the year are as follows:

	Consolidated (In Thousand Baht)		
	December 31, 2020	Movements during the year	December 31, 2021
		Increase	Decrease
<b>Short-term loans to</b>			
Green Earth Power (Thailand) Co., Ltd.	-	30,000	-
			30,000

	Separate Financial Statement (In Thousand Baht)		
	December 31, 2020	Movements during the year	December 31, 2021
		Increase	Decrease
ECF-H	35,000	13,600	35,000
ECF-P	149,000	-	149,000
			-

	Consolidated (In Thousand Baht)		
	December 31, 2020	Movements during the year	December 31, 2021
		Increase	Decrease
<b>Short-term loans from</b>			
Director	53,500	-	53,500
Relative of director	-	100,000	100,000
			-

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	Separate Financial Statement (In Thousand Baht)		
	December 31, 2020	Movements during the year Increase      Decrease	December 31, 2021
ECF-P	62,500	221,652	173,000
PNB	6,000	10,600	5,000
Director	12,500	-	12,500
Relative of director	-	100,000	100,000

**5. TRADE RECEIVABLES**

As at December 31, 2021 and 2020, trade receivables classified by outstanding period are as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<i><u>Related companies</u></i>				
Current	6,793	4,384	19,142	16,285
Overdue :				
Not exceeding 3 months	1,648	3,162	10,334	15,014
Between 3 months - 6 months	-	-	13,178	7,055
Between 6 months - 12 months	-	-	4,242	246
Over 12 months		9	5,459	9
Total	8,441	7,555	52,355	38,609
<i><u>Other companies - net</u></i>				
Current	263,955	230,667	249,989	220,880
Overdue :				
Not exceeding 3 months	79,370	47,051	76,905	43,603
Between 3 months - 6 months	17,791	16,231	17,743	15,921
Between 6 months - 12 months	90,898	24,762	90,648	24,711
Over 12 months	11,313	9,903	8,273	7,037
Total	463,327	328,614	443,558	312,152
Less Allowance for impairment for expected credit loss	( 17,343)	( 4,860)	( 13,426)	( 1,994)
Net	445,984	323,754	430,132	310,158

As at December 31, 2021 and 2020, the Company discounted, under factoring, its trade receivables amounting to approximately Baht 83.9 million and Baht 89.7 million with three local financial institutions, respectively, (under credit facilities totalling Baht 150 million in 2021 and Baht 215 million in 2020), whereby such financial institutions can take recourse action on the Company amounting to approximately Baht 77.6 million and Baht 87.5 million, respectively. The Company presented such amounts of obligation under recourse action as “Factoring payables” in statements of financial position.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

At the Board of Directors' meeting in March 2020, the Board of Directors passed the resolution to approve the Company to sell a portion of trade receivables, incurred from sales through agents, together with the related rights in product brand to a non-related company, whose business is engaged in trading of construction and household decoration materials, at carrying amount of Baht 55 million whereby such trade receivables had carrying amount of approximately Baht 36.2 million and incurred gain on sales of approximately Baht 18.8 million of which mainly is attributable to payment for the related rights in product brand whereby the Company has transferred control in the rights for cash collection on trade receivables and rights in product brand to buyer. Such gain was separately presented in the consolidated and separate statements of comprehensive income for the year ended December 31, 2020. In addition, under the related sale-purchase agreement together with relevant letter compromising the debt, the Company has agreed with buyer to settle the aforesaid price in monthly installments starting from April 2020 to December 2022 with interest charge at the rate 6% p.a. until settlement is completed. As at December 31, 2021, entire balance of such receivable from sales of rights carrying for collection within one year while balance as at December 31, 2020 of such receivable from sales of rights carrying for collection within one year and exceeding one year amounted to Baht 36 million and Baht 12 million, respectively.

**6. INVENTORIES - NET**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
Finished goods	533,366	549,267	531,724	548,831
Work-in-process	656,015	682,739	656,015	682,739
Raw materials	68,142	80,677	68,142	80,677
Factory supplies	55,587	59,525	55,587	59,525
Inventories in transit	7,682	4,110	7,682	4,110
Total	1,320,792	1,376,318	1,319,150	1,375,882
Less Allowance for diminution in value for obsolete and slow moving inventories	( 6,321)	( 6,110)	( 6,272)	( 6,110)
Net	1,314,471	1,370,208	1,312,878	1,369,772

As at December 31, 2021 and 2020, written-down amount of inventory cost (excluding cryptocurrency) to net realizable value which was recognized as part of cost of sales in the statements of comprehensive income for the years ended December 31, 2021 and 2020 amounting to approximately Baht 10.5 million and Baht 13.0 million, respectively.

As at December 31, 2021, the Group had no digital asset (cryptocurrency) outstanding on hand.

**7. LOANS TO OTHER PARTIES OF WHICH RIGHTS DISPOSED TO BE OTHER INSTALLMENT RECEIVABLES**

Previously, this account represented loan to Inter Far East Energy Corporation Public Company Limited ("IFEC") amounting to Baht 50 million with interest charge at the rate of 6.25% per annum that is secured by common shares of a subsidiary of IFEC and is in the form of deposit for feasibility study of investment in the 1-Megawatt solar power plant project of CR Solar Co., Ltd. ("CRS"), located at Amphur Thern in Lampang province, whereby CRS is other subsidiary of IFEC. On December 22, 2017, the Company, IFEC, and CRS entered into the Memorandum of Understanding ("MOU") for determining the condition that such loan and related interest receivable will be able to use as deposit on future settlement of the price on purchase-sale of the business if the Company is satisfied by outcome of the feasibility study and decides to invest. Such loan had been charged for interest until all conditions under such MOU are fulfilled. The Company and IFEC had negotiated and mutually agreed to extend duration for due diligence process to be within November 30, 2019 as well as duration for entering into purchase-sale agreement of the business to be within December 31, 2019.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

However, the due diligence process has been in progress and cannot be assessed for its completion, the Board of Directors' meeting on December 24, 2019, therefore, passed the resolution to approve the Company to dispose the rights under aforesaid loan agreement as well as related pledge agreement and MOU to (1) a non-related person who is shareholder of the venturer and director of the Company's joint venture and (2) a major shareholder and director of the Company at the portion of two-third and one-third, respectively, of the balance of loan principal including interest as at December 24, 2019 (totalling approximately Baht 58.30 million). Such amount is attributable to (1) totalling approximately Baht 38.87 million and (2) totalling approximately Baht 19.43 million. The disposal to (1) and (2) shall be collected in 7 installments, six-month period per installment, starting from December 2019. Installment for (1) and (2) amounted to approximately Baht 5.55 million and Baht 2.78 million, respectively. The Company also charges interest on installments from (1) and (2) at the rate of 6% per annum. Since December 24, 2019, the Company has not had any rights or agreements in connection with IFEC and the Company is no longer have intention to continue the due diligence and purchase-sale of the business with CRS. As at December 31, 2021, current portion of "Other installment receivables" to be collected from (1) and (2) amounted to in total of approximately Baht 17.9 million while current portion and non-current portion as at December 31, 2020 amounted to in total of approximately Baht 16.7 million and Baht 16.7 million, respectively.

**8. RESTRICTED DEPOSITS AT BANKS**

As at December 31, 2021 and 2020, the Company has collateralized its fixed deposits with three local banks amounting to approximately Baht 52.0 million and Baht 51.8 million, respectively, as guarantees for its short-term loan facilities with such banks.

**9. INVESTMENT IN SUBSIDIARIES ACCOUNTED FOR USING THE COST METHOD**

	Separate Financial Statements					
	Authorized Share Capital (In Thousand Baht)		Percentage of Shareholding		Cost of Investment (In Thousand Baht)	
	2021	2020	2021	2020	2021	2020
VVD	1,000	1,000	99.95	99.95	1,000	1,000
ECF-H	45,000	10,000	94.44	75.00	42,500	7,500
ECF-P	909,283	687,652	99.99	99.99	909,282	687,652
PNB	50,000	50,000	57.00	57.00	7,125	7,125
SOMEWA	2,000	-	75.00	-	1,500	-
Total					<u>961,407</u>	<u>703,277</u>

During 2021 and 2020, the subsidiaries did not declare any dividends to the shareholders.

Significant financial information of PNB in the financial statements for the years 2021 and 2020 which included non-controlling interests at the proportion of 43% is as follows:

	In Million Baht	
	2021	2020
Current assets	17.7	13.0
Non-current assets	3.9	4.0
Current liabilities	0.6	0.8
Shareholders' equity	21.0	16.2
Other income	0.7	1.6
Profit (Loss) for the year	0.4	(17.1)
Total comprehensive income (loss) for the year	0.4	(17.1)



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

At the Board of Directors' meeting on May 14, 2021, the Board of Directors approved the following significant matters relating to the investing activities:

- Increase in authorized share capital of ECF-H from Baht 10 million to Baht 45 million by issuance of new 350,000 common shares, Baht 100 par value, whereby the Company will wholly invest in these incremental shares of ECF-H and, therefore, the Company's percentage of shareholding in ECF-H will increase from 75% to 94.44%. Increase in authorized share capital of ECF-H was completely registered in July 2021.
- Establishment of the new subsidiary in June 2021, i.e. Somewa Plaza Co., Ltd. ("SOMEWA"), for conducting online platform and e-commerce business with initial authorized share capital of Baht 2 million whereby the Company invests in SOMEWA at the percentage of shareholding of 75%.
- Entering into the Memorandum of Understanding for feasibility study of investment in the business relating to export of dried sawn timbers.

Subsequently, at the Board of Directors' meeting on December 23, 2021, the Board of Director approved (1) ECF-H to invest in the new business with budget of Baht 60 million in addition to the existing business that is being dealer on sales of the Company's furniture products. Such new business is mining for digital currency asset whereby the Company has the specialized personnel and team to oversee and manage this new business and brief direction on operations is that ECF-H will sell its digital currency asset, received from mining, with the digital asset trading centers and (2) establishment of the new subsidiary (the sixth subsidiary, subsequently incorporated on February 10, 2022), i.e. VV Rich Co., Ltd., in order to conduct the business relating to cultivation and sales of agricultural products with initial authorized share capital of Baht 1 million whereby the Company invests in such company at 99.97% of shareholding with the total investment budget of Baht 80 million. Cash flows for this investment will be derived from the Company's working capital and/or borrowings.

Further, during 2021, the Company additionally invests, at the existing percentage of shareholding, in ECF-P with respect to increase in authorized share capital of ECF-P amounting to approximately Baht 221.6 million.

In 2020, ECF-P entered into a plan for sales of its investment in joint venture to a venturer under the sale-purchase agreement, jointly arranged with another venturer, with total price of approximately Baht 233.9 million. The investment value under equity method of the joint venture amounted to approximately Baht 227.7 million whereby the Group transferred such investment to non-current asset held for sale. The Group ceased using the equity method of accounting on valuation of such investment and used such value as a deemed cost of the investment which is less than its fair value less cost to sell of approximately Baht 6.2 million (gain on sales). The aforesaid plan for sales was completed in December 2020. In addition, for reporting of significant financial information disaggregated by operating segment, such item is categorized under segment "Other products".

Further in 2020, PNB had a plan to discontinue its project for manufacturing and sales of MDF board and particle board whereby the Company's management is during consideration for appropriate new project in the future for PNB. A portion of PNB's fixed assets amounting to approximately Baht 18.1 million was accordingly no longer in use and written-off as expense (approved by the Company's director) which was presented as "Other expenses" in the consolidated statement of comprehensive income for the year ended December 31, 2020.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**10. INVESTMENT IN ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD**

	Percentage of Shareholding by Subsidiary (ECF-P)		Consolidated (In Thousand Baht)			
			Authorized Share Capital		Investment Value	
	2021	2020	2021	2020	2021	2020
<i>Investment in associate</i>						
Green Earth Power (Thailand) Co., Ltd. ("GEP")	20.00	20.00	2,252,716	2,252,716	823,866	672,121
					-	11,394

Share of profit and other comprehensive income from GEP for the year 2021 amounted to approximately Baht 32.4 million and Baht 44.3 million, respectively. In addition, during 2021, the subsidiary additionally paid for investment in GEP amounting to Baht 75 million. Share of profit from GEP for the year 2020 amounted to approximately Baht 35.1 million whereas share of other comprehensive loss for the same year amounted to approximately Baht 13.8 million. In addition, during 2020, ECF-P additionally invested in GEP amounting to approximately Baht 227.2 million and by means of transfer from advance for share subscription amounting to approximately Baht 78.8 million.

In the future, GEP will increase its share capital to support the investment in construction of power plant and production of the electric power for sales of its subsidiary (100% held by GEP), i.e. GEP (Myanmar) Company Limited ("GEPM"), whereby the project will be separated into 4 phases until reaching full capacity of 220 megawatts. According to such increase in share capital, ECF-P shall additionally invest in the future for its portion amounting to approximately Baht 94.5 million within 2021. GEP is engaged as a holding and management company in the 220 megawatt solar power plant project of GEPM which is located in Minbu province, Myanmar.

In 2019, ECF-P has placed guarantee for construction of the solar power plant of its associate amounting to Baht 20.0 million which is refundable upon completion of construction of the solar power plant (all four phases). Such guarantee was presented as part of "Deposits and guarantees" in the consolidated statements of financial position as at December 31, 2021 and 2020.

ECF-P has used its 4,505,433 share certificates (the entire shares invested) of investment in GEP as guarantee for payments of construction costs of the solar power plant project in Myanmar of GEPM to two subsidiaries of Meta Corporation Public Company Limited who are the construction contractors. This matter was made with respect to the payment condition of such project that payments shall be made after the completion of construction works.

**EAST COAST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Significant financial information of GEP for 2021 and 2020 is as follows:

	In Million Baht	
	2021	2020
Current assets (including other subscription receivables)	242.4	269.8
Non-current assets	3,932.6	3,451.9
Current liabilities	1,838.7	1,765.5
Non-current liabilities	29.0	32.6
Core revenues	380.6	318.7
Profit for the year	162.1	180.0
Total comprehensive income for the year	383.7	110.2
Shareholders' equity (not deducting other subscription receivables)	2,307.3	1,923.6
The Group's interest at the investment proportion	461.5	384.7
Purchase price of investment in excess of the Group's interest	362.4	287.4
Carrying amount of investment in which equity method is applied	823.9	672.1

**11. PROPERTY, PLANT AND EQUIPMENT - NET**

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2021	Movements During the Year			Ending Balance as at December 31, 2021
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	200,038	6,000	-	11,500	217,538
Land improvement	9,709	-	-	31,388	41,097
Building	189,852	-	-	-	189,852
Building improvement	48,693	28	-	22,187	70,908
Machinery and equipment	388,466	21,821	11,656	21,249	419,880
Electric system	49,145	-	-	890	50,035
Furniture, fixtures and office equipment	18,842	456	272	-	19,026
Vehicle	49,296	-	2,114	7,100	54,282
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	60,843	99,021	-	(71,309)	88,555
<b>Total Cost</b>	<b>1,018,781</b>	<b>127,326</b>	<b>14,042</b>	<b>23,005</b>	<b>1,155,070</b>
<b>Accumulated Depreciation</b>					
Land improvement	9,189	777	-	-	9,966
Building	70,629	9,043	-	-	79,672
Building improvement	22,798	3,176	-	-	25,974
Machinery and equipment	315,348	19,334	131	-	334,551
Electric system	7,798	5,094	-	-	12,892
Furniture, fixtures and office equipment	15,759	1,335	268	-	16,826
Vehicle	46,394	1,652	2,114	5,941	51,873
Utilities	3,897	-	-	-	3,897
<b>Total Accumulated Depreciation</b>	<b>491,812</b>	<b>40,411</b>	<b>2,513</b>	<b>5,941</b>	<b>535,651</b>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2021	Movements During the Year			Ending Balance as at December 31, 2021
		Addition	Deduction	Transfer	
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	5,459	-	-	-	5,459
<b>Net</b>	521,510				613,960

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	162,809	37,229	-	-	200,038
Land improvement	9,709	-	-	-	9,709
Building	184,101	5,684	-	67	189,852
Building improvement	48,053	556	-	84	48,693
Machinery and equipment	365,744	7,629	300	15,393	388,466
Electric system	41,025	2,632	-	5,488	49,145
Furniture, fixtures and office equipment	18,258	549	-	4	18,811
Showroom equipment	31	-	-	-	31
Vehicle	56,396	-	-	( 7,100)	49,296
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	51,439	47,208	18,128	( 19,676)	60,843
<b>Total Cost</b>	941,462	101,487	18,428	( 5,740)	1,018,781
<b>Accumulated Depreciation</b>					
Land improvement	8,960	229	-	-	9,189
Building	61,270	9,359	-	-	70,629
Building improvement	19,736	3,062	-	-	22,798
Machinery and equipment	296,768	18,804	230	6	315,348
Electric system	3,551	4,247	-	-	7,798
Furniture, fixtures and office equipment	13,888	1,851	-	( 6)	15,733
Showroom equipment	20	6	-	-	26
Vehicle	46,021	3,470	-	( 3,097)	46,394
Utilities	3,897	-	-	-	3,897
<b>Total Accumulated Depreciation</b>	454,111	41,028	230	( 3,097)	491,812
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	5,459	-	-	-	5,459
<b>Net</b>	481,892				521,510

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Separate Financial Statements (In Thousand Baht)					
	Beginning Balance as at January 1, 2021	Movements During the Year			Ending Balance as at December 31, 2021
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	200,038	6,000	-	11,500	217,538
Land improvement	9,709	-	-	31,388	41,097
Building	189,852	-	-	-	189,852
Building improvement	48,693	28	-	22,187	70,908
Machinery and equipment	388,466	2,696	11,656	21,249	400,755
Electric system	49,145	-	-	890	50,035
Furniture, fixtures and office equipment	18,253	456	272	-	18,437
Vehicle	49,296	-	2,114	7,100	54,282
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	56,985	99,021	-	(71,309)	84,697
<b>Total Cost</b>	<b>1,014,334</b>	<b>108,201</b>	<b>14,042</b>	<b>23,005</b>	<b>1,131,498</b>
<b>Accumulated Depreciation</b>					
Land improvement	9,189	777	-	-	9,966
Building	70,629	9,043	-	-	79,672
Building improvement	22,799	3,176	-	-	25,975
Machinery and equipment	315,348	18,565	131	-	333,782
Electric system	7,797	5,094	-	-	12,891
Furniture, fixtures and office equipment	15,235	1,277	268	-	16,244
Vehicle	46,394	1,652	2,114	5,941	51,873
Utilities	3,897	-	-	-	3,897
<b>Total Accumulated Depreciation</b>	<b>491,288</b>	<b>39,584</b>	<b>2,513</b>	<b>5,941</b>	<b>534,300</b>
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	<b>5,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,459</b>
<b>Net</b>	<b>517,587</b>				<b>591,739</b>

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
<b>Cost</b>					
Land	162,809	37,229	-	-	200,038
Land improvement	9,709	-	-	-	9,709
Building	184,101	5,684	-	67	189,852
Building improvement	48,053	556	-	84	48,693
Machinery and equipment	365,744	7,629	300	15,393	388,466
Electric system	41,025	2,632	-	5,488	49,145
Furniture, fixtures and office equipment	17,700	549	-	4	18,253
Vehicle	56,396	-	-	( 7,100)	49,296
Utilities	3,897	-	-	-	3,897
Construction in progress and machinery under installation	29,453	47,208	-	( 19,676)	56,985
<b>Total Cost</b>	<b>918,887</b>	<b>101,487</b>	<b>300</b>	<b>( 5,740)</b>	<b>1,014,334</b>
<b>Accumulated Depreciation</b>					
Land improvement	8,960	229	-	-	9,189
Building	61,270	9,359	-	-	70,629
Building improvement	19,737	3,062	-	-	22,799
Machinery and equipment	296,768	18,804	230	6	315,348
Electric system	3,550	4,247	-	-	7,797
Furniture, fixtures and office equipment	13,513	1,728	-	( 6)	15,235
Vehicle	46,021	3,470	-	( 3,097)	46,394
Utilities	3,897	-	-	-	3,897
<b>Total Accumulated Depreciation</b>	<b>453,716</b>	<b>40,899</b>	<b>230</b>	<b>( 3,097)</b>	<b>491,288</b>
<b>Allowance for Impairment</b>					
Buildings and building improvement	2,527	-	-	-	2,527
Machinery and equipment	2,932	-	-	-	2,932
<b>Total Allowance for Impairment</b>	<b>5,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,459</b>
<b>Net</b>	<b>459,712</b>				<b>517,587</b>

As at December 31, 2021 and 2020, the Company's land, building and building improvement, machinery and equipment of which carrying amount totalling approximately Baht 374.5 million and Baht 357.5 million, respectively, were used as guarantees for the credit facilities with financial institutions as discussed in Notes 14 and 19.

As at December 31, 2021 and 2020, cost of the Company's building and building improvement and equipment which have been fully depreciated but still in use amounting to approximately Baht 338.5 million and Baht 284.3 million, respectively.

Depreciation of building and equipment for 2021 amounted to approximately Baht 40.4 million in the consolidated financial statements and Baht 39.6 million in separate financial statements while for 2020 amounted to approximately Baht 41.0 million in the consolidated financial statements and Baht 40.9 million in separate financial statements.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**12. RIGHT-OF-USE ASSETS - NET**

	Consolidated and Separate Financial Statements (In Thousand Baht)			
	Balance as at January 1, 2021	Movements During the Year		Balance as at December 31, 2021
		Increase	Decrease	
<b>Vehicles and equipment</b>				
Cost	7,877	11,628	(7,115)	12,390
Accumulated depreciation	(2,543)	( 3,629)	5,941	( 231)
Net	5,334			12,159

	Consolidated and Separate Financial Statements (In Thousand Baht)			
	Balance as at January 1, 2020	Movements During the Year		Balance as at December 31, 2020
		Increase	Decrease	
<b>Vehicles and equipment</b>				
Cost	5,877	2,000	-	7,877
Accumulated depreciation	-	(2,543)	-	( 2,543)
Net	5,877			5,334

**13. INTANGIBLE ASSETS - NET**

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2021	Movements During the Year			Ending Balance as at December 31, 2021
		Addition	Deduction	Transfer	
Cost	10,793	454	-	31	11,278
Accumulated amortization	( 9,542)	(386)	-	-	( 9,928)
Net	1,251	68	-	31	1,350

	Consolidated (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
Cost	9,843	-	-	950	10,793
Accumulated amortization	( 9,067)	(475)	-	-	( 9,542)
Net	776	(475)	-	950	1,251

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1, 2021	Movements During the Year			Ending Balance as at December 31, 2021
		Addition	Deduction	Transfer	
Cost	10,634	454	-	-	11,088
Accumulated amortization	( 9,449)	(353)	-	-	( 9,802)
Net	1,185	101	-	-	1,286

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	Separate Financial Statements (In Thousand Baht)				
	Beginning Balance as at January 1, 2020	Movements During the Year			Ending Balance as at December 31, 2020
		Addition	Deduction	Transfer	
Cost	9,684	-	-	950	10,634
Accumulated amortization	( 9,005)	(444)	-	-	( 9,449)
Net	679	(444)	-	950	1,185

Amortization for the years ended December 31, 2021 and 2020 amounted to approximately Baht 0.4 million and Baht 0.5 million, respectively, both in the consolidated and separate financial statements, which was presented as part of “Administrative expenses” in statements of comprehensive income.

**14. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
Bank overdrafts	53,965	62,863	53,965	62,863
Loans under packing credits	320,584	303,309	320,584	303,309
Loans under promissory notes	323,173	230,000	323,173	230,000
Loans under trust receipts	7,248	5,663	7,248	5,663
Total	704,970	601,835	704,970	601,835

As at December 31, 2021 and 2020, the Company had overdraft lines with four local banks totalling Baht 75 million and Baht 60 million, respectively, which bear interest at Minimum Overdraft Rate.

As at December 31, 2021 and 2020, the Company had packing credit facilities with four and three local banks totalling Baht 350 million and Baht 250 million, respectively, which bear interest rates referenced to Minimum Loan Rate.

As at December 31, 2021 and 2020, the Company had promissory note facilities with four and three local banks totalling Baht 380 million and Baht 330 million, respectively, which bear interest ranging between 4.47% and 5.25% p.a. in 2021 and between 4.25% and 6.25% p.a. in 2020.

As at December 31, 2021 and 2020, the Company had trust receipt facilities with three local banks totalling Baht 113 million and Baht 123 million, respectively, which bear interest rates referenced to Minimum Loan Rate.

The abovementioned credit facilities are guaranteed by certain directors and relative of director of the Company as well as their land and fixed deposits, the Company’s fixed deposits as discussed in Note 8, and the Company’s land, buildings, and machinery and equipment as discussed in Note 11.



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**15. SHORT-TERM LOANS FROM OTHER PARTIES**

As at December 31, 2021, this account represented short-term loans under bill of exchange, unsecured and partially secured by the Company's common shares of totalling 108.1 million held by two directors and a relative of such two directors, issued by the Company and a subsidiary to several non-related persons between April to December 2021. These loans bear interest ranging between 6.5% p.a. and 15.0% p.a. which have maturities not exceeding nine months from the particular issuance dates.

As at December 31, 2020, this account represented short-term loans under bill of exchange, unsecured and partially secured by the Company's common shares of totalling 108.1 million held by two directors and a relative of such two directors, issued by the Company and a subsidiary to several non-related persons between July to December 2020. These loans bear interest ranging between 6.5% p.a. and 15.0% p.a. which have maturities not exceeding nine months from the particular issuance dates.

**16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
Other payables	15,586	36,932	13,299	34,168
Accrued advertising and sales promotion expenses	14,124	12,291	14,124	12,291
Advances from customers	9,433	1,522	9,405	1,522
Accrued salary, wage, and welfares	7,938	8,308	7,293	7,226
Accrued interest	7,338	5,613	7,338	5,613
Accrued electricity	3,510	3,629	3,510	3,629
Accrued sales discount	2,729	1,928	2,729	1,928
Others	6,269	4,379	5,156	3,906
Total	66,927	74,602	62,854	70,283

**17. DEBENTURES**

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2021	2020
Debentures	855,550	961,300
Less Deferred direct transaction costs on debenture issuance	( 12,852)	( 11,111)
Net	842,698	950,189
Less Due for payments within one year	(287,425)	(379,025)
Net	555,273	571,164

As at December 31, 2021 and 2020, such debentures had fair values of approximately Baht 855.8 million and Baht 962.8 million, respectively (fair value is the level 2 inputs of the fair value hierarchy which was the price announced and referenced by the Thai Bond Market Association).

On March 22, 2019, the Company limitedly issued and offered the registered, unsubordinated, and partially secured debentures to the institutional investors of 200,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.75% p.a. whereby interest is payable on a quarterly basis and matured for redemption on March 22, 2021. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

On July 31, 2019, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional investors of 180,200 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.50% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on July 31, 2021. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1.

On June 12, 2020, the Company limitedly issued and offered the registered, unsubordinated, and partially secured debentures to the institutional investors of 581,100 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 7.25% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on June 12, 2022. Close to the end of 2021, the Company early redeemed these debentures at a half of face value, amounting to Baht 290.55 million. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1. These debentures are guaranteed by ECF-P's common share of 34,452,569 held by the Company.

On January 29, 2021, the Company limitedly issued and offered the registered, unsubordinated, and secured debentures to the institutional investors of 225,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 7.25% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on January 29, 2023. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1. These debentures are guaranteed by ECF-P's common share of 22,023,107 held by the Company.

On December 8, 2021, the Company limitedly issued and offered the registered, unsubordinated, and secured debentures to the institutional investors of 340,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.80% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on December 8, 2023. The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 4:1. These debentures are guaranteed by ECF-P's common share of 34,452,569 held by the Company.

Direct transaction costs on debenture issuance were debenture issuance costs, which were recorded as deferred item and systematically amortized on straight-line method as part of finance costs over the term of related debentures.

**18. LIABILITY FOR POST-EMPLOYMENT BENEFITS**

Movements of liability for post-employment benefits for the years ended December 31, 2021 and 2020 are as follows:

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2021	2020
Liability for post-employment benefits as at January 1	11,614	10,687
Current service cost	890	731
Interest cost	110	196
Expense recognized as profit or loss in statement of comprehensive income	1,000	927
Actuarial loss on re-measurement	1,706	-
Liability for post-employment benefits as at December 31	14,320	11,614

In the second quarter of 2021, the abovementioned provisions were recalculated and re-measured by the qualified actuary. Thus, actuarial loss on re-measurement in 2021 comprised of (1) loss from experience adjustment of approximately Baht 891 thousand, (2) loss from changes in financial assumptions of approximately Baht 1,221 thousand, and (3) gain from changes in demographic assumptions of approximately Baht 406 thousand.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate 1.17% p.a. in 2021 and 2.66% p.a. in 2020
- Salary escalation rate 3.00% p.a. in 2021 and 2020
- Employee turnover rate 9% - 46% p.a. in 2021 and 8% - 35% p.a. in 2020

The abovementioned changes in significant assumptions may affect the sensitivity of the provision for post-employment benefits in respect of information as per calculation report of the qualified actuary as follows:

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	If assumption increased	If assumption decreased
Discount rate (increase/decrease by 1%)	(827)	925
Salary escalation rate (increase/decrease by 1%)	1,010	(915)
Employee turnover rate (increase/decrease by 20%)	(1,796)	2,268

As at December 31, 2021 and 2020, the subsidiaries hired only few numbers of employees. Therefore, the subsidiaries have no material obligation to be recognized on post-employment benefits.

#### **19. LONG-TERM BORROWINGS**

This account represented long-term borrowings from three local banks and a local leasing company in 2021 and two local banks and a local leasing company in 2020 which comprised of:

	Consolidated and Separate Financial Statements (In Thousand Baht)	
	2021	2020
1) Loans under facilities of Baht 184.6 million, repayable monthly until June 2026, bear interest at 3.5% p.a. and rate referenced to Minimum Loan Rate	90,520	41,745
2) Loans under facilities of Baht 100 million, repayable monthly until June 2026, bear interest at 2% p.a. and rate referenced to Minimum Loan Rate	91,900	20,000
3) Loans under facilities of Baht 30 million, repayable monthly until July 2026, bear interest ranging between 2% and 7% p.a.	30,000	-
4) Loans under facilities of Baht 45.49 million, repayable monthly until September 2023, bear interest at 10.5% and 11.105% p.a.	23,091	24,226
Total	235,511	85,971
Less Current portion	( 77,010)	(40,372)
Net	158,501	45,599

The above loans have guarantees as discussed in Note 11. The aforesaid loans 3) are guaranteed by the Company's two directors and Thai Credit Guarantee Corporation (TCG) while the loans 4) are secured by cash which the Company has deposited with the lender amounting to Baht 7.55 million and Baht 6.00 million, which was presented as part of "Deposits and guarantees" in the consolidated and separate statements of financial position as at December 31, 2021 and 2020, respectively.

In addition, the Company must comply with certain loan covenants and undertakings e.g. maintaining Debt Service Coverage Ratio, Debt-to-Equity Ratio, and Current Ratio, etc.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**20. LEASE LIABILITIES**

	Consolidated and Separate Financial Statements (In Thousand Baht)			
	Balance as at	Movements During the Year		Balance as at
	January 1,			December 31,
	2021	Increase	Decrease	2021
Vehicles and equipment	3,607	8,140	3,629	8,118

Consolidated and Separate Financial Statements (In Thousand Baht)				
	Balance as at	Movements During the Year		Balance as at
	January 1,			December 31,
	2020	Increase	Decrease	2020
Vehicles and equipment	4,386	2,000	2,779	3,607

Consolidated and Separate Financial Statements (In Thousand Baht)		
	2021	2020
Lease liabilities		
- Due for payments within one year	3,276	2,439
- Due for payments between 2-5 years	5,748	1,308
Total	9,024	3,747
Less Deferred interest	( 906)	( 140)
Lease liabilities - net of deferred interest	8,118	3,607
Less Current portion	(2,845)	(2,318)
Net	5,273	1,289

Decrease in lease liabilities during 2021 and 2020 entirely pertained to lease payments as scheduled.

Amortized interest, which was presented as part of “Finance costs” in statements of comprehensive income for years 2021 and 2020, amounted to approximately Baht 0.4 million and Baht 0.2 million, respectively.

In 2017, 2019 and 2020, the Company entered into lease and hire purchase agreements for its vehicles and equipment with four local leasing companies for the periods of 29, 36 and 48 months whereby such agreements will end during 2021 to 2024.

In 2021, the Company entered into a sale and leaseback agreement for its equipment with a local leasing company for a period of 48 months whereby such agreement will end in 2025.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**21. SHARE CAPITAL, PREMIUM ON SHARES AND WARRANTS**

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2021		2020	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital					
As at December 31					
- Common shares	0.25	<u>1,151,385</u>	<u>287,846</u>	<u>1,196,646</u>	<u>299,162</u>
Issued and paid-up shares					
as at January 1					
- Common shares	0.25	959,488	239,872	959,488	239,872
Exercise of warrants					
(see page 52)	0.25	-	-	-	-
As at December 31					
- Common shares	0.25	<u>959,488</u>	<u>239,872</u>	<u>959,488</u>	<u>239,872</u>

At the general shareholders' meeting on April 22, 2021, the shareholders passed the resolutions to approve (a) decrease in the Company's authorized share capital of Baht 59,289,649.50 (from previously Baht 299,161,547.00 to Baht 239,871,897.50) by eliminating the unissued 237,158,598 common shares, Baht 0.25 par value, and (b) increase in the Company's authorized share capital of Baht 47,974,379.50 (from previously Baht 239,871,897.50 to Baht 287,846,277.00), which is divided into 191,897,518 common shares, Baht 0.25 par value, that shall be appropriated to support issuance of ECF-W4 warrants of 191,897,518 units as discussed in Note 13. The Company registered such decrease and increase in its share capital with the Ministry of Commerce on May 3, 2021 and May 5, 2021, respectively.

At the general shareholders' meeting on July 8, 2020, the shareholders passed the resolutions to approve and acknowledged the following significant matters:

- Decrease in the Company's authorized share capital of Baht 40,100,543.75 (from previously Baht 312,462,090.75 to Baht 272,361,547.00) by eliminating the unissued 160,402,175 common shares, Baht 0.25 par value. Such common shares comprised of (1) 53,402,175 common shares that were previously appropriated for the exercise of ECF-W2 warrants whereby the exercise period has ended, (2) 95,000,000 common shares that were previously appropriated for offering under the Private Placement with General Mandate method and (3) 12,000,000 common shares that were previously appropriated to shareholders for adjustment of rights of ECF-W3 warrants. Such decrease in share capital was registered with the Ministry of Commerce on July 21, 2020.
- Increase in the Company's authorized share capital of Baht 26,800,000 (from previously Baht 272,361,547 to Baht 299,161,547) which is divided into 107,200,000 common shares, Baht 0.25 par value. Such incremental common shares shall be appropriated by (1) 95,000,000 shares for offering under the Private Placement with General Mandate method and (2) 12,200,000 shares to the existing shareholders for adjustment of rights of ECF-W3 warrants whereby this portion of common shares is included 200,000 shares that must be appropriated with respect to the condition that the Company paid dividends at the portion exceeding 80% of profit for the year 2018. Such increase in share capital was registered with the Ministry of Commerce on July 23, 2020.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires the public company to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account, premium on shares, separated from the reserve account referred to in Section 116 of the Public Limited Companies Act, B.E. 2535 (1992) (Legal reserve). Premium on shares is not available for dividend distribution.

**Warrants**

On October 20, 2017, the Company issued and offered 129,951,632 units of free warrants (“ECF-W3”) for purchase of incremental shares on the basis of 6 common shares for 1 unit of warrant. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant to purchase 1 incremental common share (adjusted right in April 2019 to 1 unit to purchase 1.0008 common shares)
Exercise price	Baht 5 per share (adjusted right in April 2019 to Baht 4.9958 per share)
Exercise period	The warrants shall be exercisable with the first exercise date on May 25, 2019 and other 7 times, i.e. the 25th of August and November 2019, February, May, August, November 2020 and the last exercise date is February 20, 2021.
Term of warrants	3 years 4 months from the date on which warrants are issued to shareholders

Later on November 6, 2017, the Stock Exchange of Thailand granted the Company’s 129,951,632 (ECF-W3) units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since November 7, 2017. Detail of the exercised ECF-W3 warrants is as follows:

Exercise Date	Number of warrants exercised for purchases of common shares (Unit)	Proceeds from the exercise of warrants (Baht)	Paid-up share capital (Baht)	Premium on shares (Baht)	Number of unexercised warrants	Date of the registered increase in issued and paid-up share capital with the Ministry of Commerce
February 19, 2021	33	165	8	157	129,951,599	March 1, 2021

Presently, ECF-W3 warrants were no longer the listed securities.

On June 2, 2021, the Company issued and offered 191,894,988 units of free warrants (“ECF-W4”) to existing shareholders for purchase of incremental shares on the basis of 5 common shares for 1 unit of warrant. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant to purchase 1 incremental common share
Exercise price	Baht 2 per share
Exercise period	The warrants shall be exercisable with the first exercise date on July 20, 2021 and other 9 times, i.e. the 20th of November 2021, March, July, November 2022, March, July, November 2023, March 2024 and the last exercise date is June 2, 2024.
Term of warrants	3 years from the date on which warrants are issued to shareholders

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Later on June 21, 2021, the Stock Exchange of Thailand has granted the Company's 191,894,988 (ECF-W4) units of warrants as listed securities and has permitted such warrants to be traded on the Market for Alternative Investment since June 22, 2021. As at December 31, 2021, no ECF-W3 warrants have been exercised.

**22. LEGAL RESERVE**

Section 116 of the Public Limited Companies Act B.E. 2535 requires the public company to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account ("Legal reserve") until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

**23. EXPENSES BY NATURE**

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
Assemblies, raw materials, and supplies used	923,372	765,168	912,087	757,090
Employee expenses	245,310	238,437	237,481	230,930
Finance costs	134,925	132,918	144,518	134,307
Depreciation and amortization	44,426	44,047	43,567	43,886
Changes in finished goods and work-in-process	42,625	39,856	43,831	39,762
Freight and transportation charges	37,594	36,680	32,553	28,025
Electricity	37,526	35,694	37,526	35,694
Bank charges	15,753	12,873	15,390	11,916
Repair and maintenance expenses	10,912	11,692	10,912	11,692
Customers' claims from abroad	8,682	965	8,682	965
Fuels	4,804	8,683	4,804	8,683
Lease fees attributable to short-term leases	3,159	2,664	3,159	1,584
Loss (reversal of loss) on impairment of trade receivables	12,483	( 2,408)	11,432	( 3,052)

**24. INCOME TAX**

Corporate income tax recorded as expense (income) for the years ended December 31, 2021 and 2020 consists of:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
Income tax computed from accounting profit	10,517	8,442	2,532	7,213
Effects from non-deductible expenses	7,228	10,839	6,877	2,698
Effects from additional deductible expenses or non-taxable income	(10,537)	( 3,914)	(3,605)	(2,730)
Effects from reduction in income tax rate under investment promotion	( 3,368)	( 5,658)	(3,368)	(5,658)
Current tax on taxable profit	3,840	9,709	2,436	1,523
Decrease (increase) in deferred tax assets	( 2,519)	3,704	(2,519)	3,704
Increase in deferred tax liabilities	348	382	348	382
Income tax presented in statement of comprehensive income	1,669	13,795	265	5,609
Increase in deferred tax assets pertaining to other comprehensive loss (see Note 18)	341	-	341	-

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

As at December 31, 2021, a subsidiary had tax loss carryforward of approximately Baht 56.7 million whereby such loss is able to be used as tax credit during 2022 until 2026.

Deferred tax assets and liabilities presented in the statements of financial position as at December 31, 2021 and 2020 consist of:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
<i>Deferred tax assets</i>				
Effects from temporary non-deductible items or item not yet recognized in accounting				
- Allowance for diminution in value of obsolete and slow moving inventories	1,254	1,222	1,254	1,222
- Allowance for impairment of trade receivables and other receivables	3,485	1,198	3,485	1,198
- Allowance for impairment of building and equipment	1,092	1,092	1,092	1,092
- Liability for post-employment benefits	2,864	2,323	2,864	2,323
Total deferred tax assets	<u>8,695</u>	<u>5,835</u>	<u>8,695</u>	<u>5,835</u>
<i>Deferred tax liabilities</i>				
Effects from temporary non-recognized items as expense in accounting or taxable income:				
- Unamortized debenture issuance costs	2,570	2,222	2,570	2,222
Total deferred tax liabilities	<u>2,570</u>	<u>2,222</u>	<u>2,570</u>	<u>2,222</u>

## **25. EARNINGS PER SHARE**

### **Basic earnings per share**

Basic earnings per share for the years ended December 31, 2021 and 2020 are determined by dividing profit for the year, attributable to owners of the Company, by weighted average number of common shares outstanding during the year as follows:

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statements	
	2021	2020	2021	2020
Profit for the year, attributable to owners of the Company	<u>50,850</u>	<u>41,160</u>	<u>12,395</u>	<u>30,455</u>
Basic weighted average number of outstanding common shares	<u>959,488</u>	<u>959,488</u>	<u>959,488</u>	<u>959,488</u>
Basic earnings per share (Baht)	<u>0.0530</u>	<u>0.0429</u>	<u>0.0129</u>	<u>0.0317</u>

### **Diluted earnings per share**

Diluted earnings per share for the years ended December 31, 2021 and 2020 are determined by dividing the profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year after adjusting effect from dilutive potential common shares as follows:



**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	In Thousand Baht / In Thousand Shares			
	Consolidated		Separate Financial Statements	
	2021	2020	20201	2020
Profit for the year attributable to owners of the Company	50,850	41,160	12,395	30,455
Basic weighted average number of outstanding common shares	959,488	959,488	959,488	959,488
Effect from the right under the exercise of warrants	-	-	-	-
Diluted weighted average number of outstanding common shares	959,488	959,488	959,488	959,488
Diluted earnings per share (Baht)	0.0530	0.0429	0.0129	0.0317

Diluted earnings per share for the years ended December 31, 2021 and 2020 were the same amount to basic earnings per share because the average market price of the Company's common shares in 2021 and 2020 was less than the exercise price specified in the warrants. Accordingly, there was no virtual effect from the right under the assumed exercise of warrants that create dilutive potential common shares.

**26. PAYMENT OF DIVIDENDS AND INTERIM DIVIDENDS**

At the general shareholders' meeting held on April 22, 2021, the shareholders unanimously approved the Company to pay dividends for the 2020 operations at approximately Baht 0.0125 per share, totalling approximately Baht 12.0 million, to the shareholders and scheduled the date for dividend payment was May 21, 2021.

At the Board of Directors' meeting on April 24, 2020, the Company's Board of Directors unanimously passed the resolution to approve the declaration of interim dividends for the 2019 operations at approximately Baht 0.0167 per share, totalling approximately Baht 16.0 million, to the shareholders and scheduled the date for dividend payment on May 22, 2020.

**27. PROMOTIONAL PRIVILEGES UNDER INVESTMENT PROMOTION**

The Company has been granted promotional privileges pertaining to the promotional certificate on manufacturing and sales of furniture that is made in the plant installed the system for electricity generated from the solar power. Such privileges include among others, exemption from import duty on the imported machinery used in the promoted business and exemption from corporate income tax on net profit from the promoted business attributable in the extent not exceeding the specified amount in the promotional certificate for a period of three years from the date income was first derived from the promoted business i.e. September 10, 2019.

As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

Operating results classified by promoted and non-promoted businesses for the year ended December 31, 2021 and 2020 are as follows:

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

	2021 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	905,828	643,578	1,549,406
Other income (including gain on exchange rate)	5,126	46,272	51,398
Share of profit from investment in associate	-	32,416	32,416
Cost of sales	(713,953)	(523,096)	(1,237,049)
Distribution costs	( 31,317)	( 30,891)	( 62,208)
Administrative expenses and others	( 78,140)	( 68,311)	( 146,451)
Finance costs	( 84,093)	( 50,832)	( 134,925)
Income tax expense	-	( 1,669)	( 1,669)
Profit for the year	3,451	47,467	50,918

	2021 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	905,828	617,151	1,522,979
Other income (including gain on exchange rate)	5,126	44,149	49,275
Cost of sales	(713,953)	(513,018)	(1,226,971)
Distribution costs	( 31,317)	( 22,503)	( 53,820)
Administrative expenses and others	( 78,140)	( 56,145)	( 134,285)
Finance costs	( 84,093)	( 60,425)	( 144,518)
Income tax expense	-	( 265)	( 265)
Profit for the year	3,451	8,944	12,395

	2020 - Consolidated (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	778,420	606,065	1,384,485
Other income (including gain on exchange rate)	326	49,612	49,938
Share of profit from investment in associate	-	35,142	35,142
Cost of sales	(590,547)	(486,681)	(1,077,228)
Distribution costs	( 18,360)	( 43,248)	( 61,608)
Administrative expenses and others	( 70,319)	( 82,044)	( 152,363)
Finance costs	( 74,191)	( 58,727)	( 132,918)
Income tax expense	-	( 13,795)	( 13,795)
Profit for the year	25,329	6,324	31,653

	2020 - Separate Financial Statement (In Thousand Baht)		
	Promoted Business	Non-Promoted Business	Total
Net sales	778,420	585,256	1,363,676
Other income (including gain on exchange rate)	326	48,221	48,547
Cost of sales	(590,547)	(478,509)	(1,069,056)
Distribution costs	( 18,360)	( 30,189)	( 48,549)
Administrative expenses and others	( 70,319)	( 53,927)	( 124,246)
Finance costs	( 74,191)	( 60,116)	( 134,307)
Income tax expense	-	( 5,610)	( 5,610)
Profit for the year	25,329	5,126	30,455

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**28. SIGNIFICANT FINANCIAL INFORMATION DISAGGREGATED BY OPERATING SEGMENT**

Sales, other income, cost of sales, other expenses, and profit/loss before income tax expense are significant financial and core information of the Company and its subsidiaries that are provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. The Company and its subsidiaries have two significant operating segments (identified by internal reporting segments), i.e. (1) wood furniture and particle boards (rubber wood furniture and particle board furniture) and (2) other segments (e.g. laminating papers, dried sawn lumbers, furniture-decorating supplies, dealer on furniture business, mining and sales of cryptocurrency and renewable energy business operated by associate) which in overall has been insignificant portion as compared to entire volumes and size of business activities and, therefore, are insignificant minor segments. The operating results on renewable energy business, operated by associate, was the share of profit presented in the consolidated statements of comprehensive income. Transfers between segments were accounted for at cost whereby accounting policies applied to operating segments of the Company and its subsidiaries are similar to those accounting policies discussed in Note 3. Further, the Company and its subsidiaries are unable to apportion the segment information for assets and liabilities without incurring undue costs.

*Information on Products*

	In Thousand Baht	
	Consolidated	
	2021	2020
Net sales		
- Wood furniture and particle boards	1,498,179	1,334,006
- Other products	51,227	50,478
Total	1,549,406	1,384,484
Other income		
- Wood furniture and particle boards	39,636	29,286
- Other products (including share of profit from associate)	44,178	55,795
Total	83,814	85,081
Cost of sales		
- Wood furniture and particle boards	1,198,660	1,034,265
- Other products	38,389	42,962
Total	1,237,049	1,077,227
Other expenses		
- Wood furniture and particle boards	335,334	306,952
- Other products	8,250	39,938
Total	343,584	346,890
Profit (loss) before income tax expense		
- Wood furniture and particle boards	3,821	22,075
- Other products (including share of profit from associate)	48,766	23,373
Net	52,587	45,448

The operating results on mining and sales of cryptocurrency business started in the mid of November 2021, which was included as part of Other Products segment, featured profit of approximately Baht 0.53 million. Such profit featured revenues from Bitcoin and Ethereum of approximately Baht 0.14 million and Baht 1.16 million, respectively, and operating expenses of approximately Baht 0.77 million.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

Information on Geographic Areas

	In Thousand Baht	
	Consolidated	
	2021	2020
Export sales - net		
- Japan	613,917	629,355
- United States of America	154,917	103,053
- India	135,330	79,393
- Kuwait	14,579	4,288
- Philippines	12,603	9,247
- China	7,522	37,517
- Bahrain	6,248	4,202
- Dubai	4,781	1,680
- Malaysia	-	560
Total	949,897	869,295
Domestic sales - net	599,509	515,189
Total sales - net	1,549,406	1,384,484

Other income, classified by products, included revenues from contracts with other customers who are not attributable to core businesses. Such revenues had timing of recognition as follows:

	In Thousand Baht			
	Consolidated			
	Wood furniture and particle boards		Other products	
	2021	2020	2021	2020
At a point in time	28,640	11,995	-	-
Over time	-	-	684	1,107

The Group has no any non-current assets located in the countries other than Thailand.

Information on Key Customers

(customers whose transactions exceeding 10% of total balance of transactions)

	Percentage of Balance	
	Attributable to Key Customers	
	to Total Balance	
	Consolidated	
	2021	2020
Net sales		
- Wood furniture and particle boards	14.65	23.88
- Other products	-	-
- Export	23.10	36.55
- Domestic	-	-
- Total	14.16	22.95

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**29. DISCLOSURE OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT**

The Group is exposed to normal business risks relating to liquidity risk, credit risk, foreign currency exchange rate risk, and interest rate risk. The Group has used derivative financial instruments for hedging against the foreign currency exchange rate risk without intention for trading or speculation purposes and there was no significant change in risk management policy relating to financial instruments and finance during 2021 and 2020.

*Liquidity Risk*

The Group manages its liquidity risk and maintains a level of cash and cash equivalents including necessary borrowings as deemed adequate to finance the Group's normally continuous operations and to mitigate the effects of fluctuations in cash flows.

*Credit Risk*

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Group periodically assess the financial position and viability of customers and counterparties. The carrying amounts of receivables and loan receivables presented in the statements of financial position are the maximum exposure to credit risk.

*Foreign Currency Exchange Rate Risk*

The Group has significant business transactions internationally, including import of products and raw materials as well as export of its products, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Group reduces this risk by matching cash receipt from its customers (receivables) against cash payment to its suppliers (payables). Since 2009, the Company has started using forward exchange contracts (buy-sell) to mitigate this risk.

As at December 31, 2021 and 2020, the Company had the outstanding forward exchange contracts (sell) as follows:

	In Thousand			
	Foreign Currency		Fixed Baht	
	2021	2020	2021	2020
Forward exchange contracts - sell				
- U.S. Dollar	1,676	54	55,959	1,623

In addition, the fair values of forward exchange contracts (sell) outstanding as at December 31, 2021 and 2020 were as follows:

	In Thousand Baht	
	2021	2020
Forward exchange contract - sell		
- U.S. Dollar	56,147	1,627

The forward exchange contracts - sell as at December 31, 2021 had maturities between April and July 2022.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

As at December 31, 2021 and 2020, significant outstanding non-hedged foreign currency assets and liabilities were as follows:

	Consolidated and Separate Financial Statements			
	Foreign Currency Assets		Foreign Currency Liabilities	
	2021	2020	2021	2020
- U.S. Dollar	558,451	1,632,688	336,461	285,106

*Interest Rate Risk*

Interest rate risk arises from the fluctuation of market interest rates in the future, which may have a negative effect to the current and future operations and cash flows of the Group. The Group's management believes that the interest rate risk is minimal because the Group's deposits at banks, other installment receivables, short-term and long-term loan receivables, bank overdrafts and short-term and long-term loan payables as well as other interest bearing liabilities of the Group bear fixed rate interest approximated or at the floating market interest rates.

*Fair Value Measurements*

The following assumptions were used by the Group in estimating the fair values of financial assets and financial liabilities:

Cash and cash equivalents, short-term investment, restricted deposits at banks, trade and other receivables, short-term and long-term loan receivables, bank overdrafts, short-term and long-term loan payables, trade and other payables and lease liabilities have carrying amounts that did not materially differ from their fair values because these financial assets and liabilities will mature in the short-term period or bear the fixed interest rates that approximated or at the floating market interest rates (Level 2 inputs of the fair value hierarchy).

Fair value of debentures, which are stated at the amortized cost, was disclosed as discussed in Note 17.

**30. CAPITAL MANAGEMENT**

Significant objectives of capital management of the Group are to ensure that they have the appropriate financial structure and fund structure as well as maintaining the financial liquidity and ability to continue their businesses as a going concern. The Group did not have any significant change relating to capital management policy during 2021 and 2020.

As at December 31, Debt-to-Equity ratio for the consolidated and separate financial statements was 1.83 : 1.00 and 2.02 : 1.00, respectively, in 2021 and 1.86 : 1.00 in 2020.

**31. REGISTERED PROVIDENT FUND**

The Company has arranged a contributory registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 3% of the employees' basic salaries. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's contribution, which was charged as expense for each of the years 2021 and 2020, amounted to approximately Baht 0.2 million.

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

**32. LOANS TO OTHER PERSONS**

This account in 2021 represented the unsecured loans of the Company and a subsidiary to two non-related persons in consolidated financial statements and a non-related person in separate financial statements (Baht 60 million with interest at 7.5% p.a. and another Baht 39 million with interest at 7% p.a. in consolidated financial statements while interest at 7% p.a. in separate financial statements). These loans were due at call.

This account in 2020 represented the unsecured loans of the Company and a subsidiary to a non-related person (interest at 7% p.a. both in consolidated and separate financial statements). These loans were due at call.

**33. SECURITIES TRADING ACCOUNT OF THE COMPANY**

The Company was approved by the Board of Directors' meeting on December 20, 2018 to open the securities trading account for debt instruments and equity instruments with two local securities companies whereby the amounts for debt securities amounted to Baht 50 million and for equity securities amounted to Baht 1. The Managing Director or any other persons designated by the Managing Director is authorized to open the account, execute the securities trading, sign the documents to purchase-sale-transfer of the Company's securities, and change the amounts between debt securities and equity securities.

**34. OTHERS**

As at December 31, 2021;

- a. The Company had letters of guarantee issued by three local banks to four private companies and a government agency totalling approximately Baht 53.6 million;
- b. The Company had commitment on construction of office building, construction of warehouse, and improvements of infrastructure and factory systems amounting to approximately Baht 43.5 million, Baht 34.4 million and Baht 9.2 million, respectively;
- c. The Company had advance amounting to Baht 58.0 million for purchase of investment in common shares of a local company, whose business is engaged in electricity generated from wind power, from shareholder of such company who is non-related person to the Company. Such purchase of investment was approved in the Company's Board of Directors' meeting on September 10, 2019 in total amount of not exceeding Baht 200.0 million;
- d. The Company had unused letter of credit with a local bank amounting to approximately Baht 3.4 million;
- e. The Company has been during the feasibility study on investment project relating to biomass power plant located in Saga prefecture of Japan with a condition that the refundable deposit of Baht 100 million shall be paid to the project owner as part of the process for such feasibility study whereby such deposit will be refunded in case the Company or the Group finally decides not to invest in the project. In 2018 and 2019, the Company partially paid such deposit amounting to Baht 75 million and Baht 25 million, respectively (totalling Baht 100 million);

**EAST COST FURNITECH PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Financial Statements (Continued)**  
**December 31, 2021 and 2020**

- f. A subsidiary (ECF-H) had commitment on purchase of digital currency mining devices amounting to approximately Baht 5.5 million under cryptocurrency mining business project. In addition, at the Board of Directors' meeting of ECF-H on September 24, 2021, ECF-H was approved to open accounts in order to receive the financial services with a private company and with digital asset trading centers which are two private companies;
- g. A subsidiary (SOMEWA) had commitment on purchase of computer software and related services for supporting its e-commerce business amounting to approximately Baht 1.2 million.

**35. RECLASSIFICATION OF ACCOUNTS**

The Group reclassified certain accounts in the 2020 statements of comprehensive income in order to conform to and be comparable with presentation of the 2021 statements of comprehensive income without effect to previously reported profit or shareholders' equity. Such reclassification is as follows:

	In Thousand Baht			
	Consolidated		Separate Financial Statements	
	Reclassified Balance	Previously Reported Balance	Reclassified Balance	Previously Reported Balance
Administrative expenses	136,643	134,235	127,298	124,246
Reversal of loss on impairment of trade receivables	( 2,408)	-	( 3,052)	-

**36. EVENT AFTER THE REPORTING PERIOD**

At the Board of Directors' meeting on February 24, 2022, the Company's Board of Directors unanimously passed the resolution approving the payment of cash dividends for the 2021 operations at Baht 0.0157 per share (from the promoted profit of Baht 0.0043 per share and non-promoted profit of Baht 0.0114 per share), totalling approximately Baht 15.064 million, to shareholders and scheduled the date for dividends payment on May 20, 2022. This matter will be proposed for approval in the upcoming shareholders' meeting.

**37. APPROVAL OF THE FINANCIAL STATEMENTS**

The accompanying financial statements have been approved for issuance by the Company's Board of Directors' meeting on February 24, 2022.