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## -Translation-

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Subject: Management Discussion and Analysis of the Year 2023

To President  
The Stock Exchange of Thailand

East Coast Furnitech Public Company Limited (“the Company”) would like to report on Management Discussion and Analysis from the Consolidated Financial Statements of the year ended 31 December 2023. Since the Company has its main revenue from the furniture business, the information between the Consolidated Financial Statements and Separate Financial Statements does not differ significantly.

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

With reference to the key event that occurred in the 2<sup>nd</sup> quarter of 2023 i.e. other expenses - losses from a fire accident which is a one-time loss, that resulted in an additional expense of 108.55 million baht.

However, given value in the amount of 109.55 million baht (including demolition/property removal costs of 1 million baht) has been concluded and compensated by the insurance company in the 3<sup>rd</sup> quarter at the amount of 93.28 million baht, resulting in the Company has got the damage cost at the net amount of 16.27 million baht for in the year 2023.

Revenue from sales of the year 2023 slightly decreased by 3.13 percent from the previous year. Revenue from sales equaled 1,374.50 million baht, however, the direction of sales revenue of the Company has been increasing trend since the 3<sup>rd</sup> quarter of 2023, resulting from the growth of domestic customers.

For the cost of goods sold, the cost of sales, administrative expenses, and financial costs have continuously increased from the economic situation, increasing interest rate, the impact from the fire accident in the past, including other deterioration expenses according to the accounting standard. Since the costs and expenses happened, these resulted in the operating performance for the year 2023 getting a loss (Owners of the parent) of 144.46 million baht.

Therefore, from the operating performance decreased for the year 2023, the management has the solutions to manage by the main principle as follows;

- Sales Increase and Expense Control Policy: Emphasizing the maintenance of product quality standards and sustainable profit generation through the Product Focus team, focusing on cost management in terms of raw materials, labor costs, other production costs, and budget control.
- Importance of Staff Development: Prioritizing the development of knowledge and skills of personnel and ensuring that they perform tasks according to their abilities, setting goals, creating motivation, establishing performance evaluation systems, and implementing effective compensation schemes.
- Energy, Material, and Waste Management: Enhancing efficiency in energy, material, and waste management in the production process and minimizing environmental impacts.
- Planning for Financial Management Cost and Considering Various Risks to Align with the Current Rising Interest Rate Environment.
- Thorough Consideration and Caution for Investment Policies or Expansion of Any Projects That May Occur in the Year 2024.

## Operating Results: Consolidated

### 1. Revenues

Unit: million baht

Revenue Structure	Consolidated			
	Amount		Change	
	Y2023	Y2022	Amount	%
Revenue from sales – net	1,374.50	1,418.93	-44.42	-3.13%
Others income	42.01	44.47	-2.46	-5.54%
Gain on exchange rate	1.02	-0.81	1.83	-226.11%
<b>Total Revenue</b>	<b>1,417.53</b>	<b>1,462.59</b>	<b>-45.06</b>	<b>-3.08%</b>
Share of gain from investment value of the associates	16.61	28.20	-11.59	-41.11%

For the year 2023, the Company had income from the business of the Company and its subsidiaries at a value of 1,374.50 million baht and the total revenues were 1,417.53 million baht, slightly decreasing when compared to the last year equivalent to 3.13 percent and 3.08 percent respectively because of the significant decrease of export sales.

The Company had a proportion of export sales and domestic sales in the year 2023 representing 40.30 percent and 59.70 percent respectively, and the export sales decreased by 21.58 percent. During the 3<sup>rd</sup> quarter, we began to see signs of improvement compared to the previous period, and currently, there is a continuous increase in orders from foreign countries, extending into the beginning of the year 2024. As for the revenue from domestic sales, it increased by 15.17 percent and has been a good sign of growth since the middle of 2022.

During each quarter of the year 2023, the net income from sales amounted to 313.35 million baht in the 1<sup>st</sup> quarter, 315.81 million baht in the 2<sup>nd</sup> quarter, 379.59 million baht in the 3<sup>rd</sup> quarter, and 365.74 million baht in the 4<sup>th</sup> quarter. It's notable that growth has been observed since the 3<sup>rd</sup> quarter of the year.

The sharing of gain from the investment value of the associates comes from the realization of gain from investment in Green Earth Power (Thailand) Company Limited (GEP), which is the investor in a solar power plant project with an installed capacity of 220 MW at Minbu District, Myanmar. ECF Power Company Limited (ECF-P), as the Company's subsidiary, holds 20 percent of the total shares of GEP. At present, the project operates commercially for the 1<sup>st</sup> phase with an installed capacity of 50MW. The project has been currently constructing the 2<sup>nd</sup> phase and will accelerate the construction for the remaining phases until completed all 4 phases accordingly.

At present, the electricity payment from the Myanmar Electricity Authority is in line with the applicable conditions.

The sharing of gain from the investment value of GEP for the year 2023 amounted to 16.61 million baht decreasing from the last year which was 28.20 million baht. That resulted from the increase of financial cost regarding the loan from shareholders according to shareholding proportion during the project is in the process of providing loans from financial institutions. However, the Company has the overview of received interest that increased from 13.73 million baht to 27.28 million baht when compared to the last year.

## 2. Cost of Goods Sold and Significant Expenses

Unit: million baht

Structure of Costs and Expenses	Consolidated					
	Amount		Change		Compared to Total Income	
	Y2023	Y2022	Amount	%	Y2023	Y2022
Cost of goods sold	1,127.04	1,075.42	51.62	4.80%	79.51%	73.53%
Cost of sales	96.94	65.96	30.97	46.96%	6.84%	4.51%
Administrative expenses	184.08	148.17	35.91	24.24%	12.99%	10.13%
<i>Other expenses - losses from fire accident</i>	16.27	-	16.27	N.A.	1.15%	0.00%
Financial cost	181.72	158.47	23.25	14.67%	12.82%	10.83%
<b>Total cost and expenses</b>	<b>1,609.15</b>	<b>1,449.23</b>	<b>159.91</b>	<b>11.03%</b>	<b>113.52%</b>	<b>99.09%</b>

### The significant costs or expenses occurred during the 2023

From the 2nd quarter, the Company had the item "Other expenses - Losses from a fire accident" amounted to 108.55 million baht which is a one-time loss resulting from an incident of fire. After concluding the compensation with the insurance company, currently, the given figure could reverse to be the value of compensation of 92.28 million baht occurring in the financial statements of the 3rd quarter. However, for the 9-month period, the Company still had to receive the remaining amount of item "Other expenses - Losses from a fire accident" which could not be compensated by the insurance company at 16.27 million baht.

The overview of the cost of goods sold, cost of sales, administrative expenses, and financial costs still increased from the causes of labor cost, electric cost and other production costs from the impact of fire accident (One-time loss), transportation cost, fuel, rent of warehouse that increased from the growth of sales. Moreover, the company has been unable to fully pass on this burden through sales prices to customers, and in the year 2023, estimated regarding the reduction in the value of slow-moving or deteriorating inventory have been adjusted, resulting in increased expenses of approximately 39.10 million baht compared to 2022. Additionally, provisions for bad debts have increased due to overdue debts, estimated in accordance with accounting standards, by approximately 25 million baht, increasing from around 9 million baht in 2022. However, during the recent period, the company has managed to extend the sales period of goods, reduce the value of accounts receivable, and increase cash flow from operations, all in line with the management policy set forth.

As for the financial cost, it occurred from the offering and issuance of debentures which valued 1,196.91 million baht as of 31 December 2023 when compared to as of 31 December 2022 which was 1,173.73 million baht. Furthermore, the costs also came from borrowing from financial institutions and obtaining loans of various types.

This caused the increase of financial cost from the year 2022 at the amount of 158.47 million baht to 181.72 million baht of 2023.

## 3. Profit for the period

Unit: million baht

Profit Information	Consolidated			
	Amount		Change	
	Y2023	Y2022	Amount	%
Gross Profit	247.46	343.50	-96.04	-27.96%

Profit Information	Consolidated			
	Amount		Change	
	Y2023	Y2022	Amount	%
<b>Loss (Owners of the parent)</b>	<b>-144.46</b>	<b>37.46</b>	<b>-181.92</b>	<b>-485.65%</b>
Loss for the period	-45.98	37.19	-183.16	-492.57%
<b>Loss ratio for the period (Owners of the parent) to total revenue (%)</b>	<b>-10.19%</b>	<b>2.56%</b>		
Loss ratio for the period to total revenue (%)	-10.30%	2.54%		

In the overview of profit for the year 2023, the Company had gross profit to the net sales decreasing from the decrease of export sales, including the cost of goods sold in the part of the factory that had to adjust from the situation of the fire accident and also the other reasons as explained above. The Company had a loss (Owners of the parent) equivalent to 144.46 million baht and the proportion of Loss (Owners of the parent) was 10.30 percent.

Concerning the cash flow generated in the year 2023, cash flow from operation increased significantly from the decrease of accounts receivable resulting in the cash flow from operation amounting to 148.05 million baht which increased from the last year equaled 77.73 million baht. The Company has invested in buildings and machines increasingly from the last year and had cash flow from investing equaled to 10.78 million baht. It decreased significantly from the last year when the cash flow from investing was equivalent to 150.85 million baht. The cash flow from financing increased significantly from factoring and repayment of debentures.

Therefore the Company had a net cash flow as of 31 December 2023 equaled 20.09 million baht increased from the last year which was 14.31 million baht.

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

#### 1. Total Assets

Unit: million baht

Statement of Financial Position	As of 31 December 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Assets	1,877.65	46.55%	2,091.18	52.44%	-213.53	-10.21%
Non-Current Assets	2,156.28	53.45%	1,896.92	47.56%	259.35	13.67%
<b>Total Assets</b>	<b>4,033.92</b>	<b>100.00%</b>	<b>3,988.10</b>	<b>100.00%</b>	<b>45.82</b>	<b>1.15%</b>

The Company had total assets as of 31 December 2023, which equaled 4,033.92 million baht increasing from 31 December 2022, equivalent to 45.82 million baht. This came from the increase in accounts receivable and land, buildings and equipment.

#### 2. Total Liabilities and Shareholder's Equity

Unit: million baht

Statement of Financial Position	As of 31 December 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Current Liabilities	2,126.20	52.71%	1,842.06	46.19%	284.14	15.43%
Non-Current Liabilities	27.98	18.05%	779.43	19.54%	-51.45	-6.60%
<b>Total Liabilities</b>	<b>2,854.17</b>	<b>70.75%</b>	<b>2,621.49</b>	<b>65.73%</b>	<b>232.69</b>	<b>8.88%</b>



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Statement of Financial Position	As of 31 December 2023		As of 31 December 2022		Increased / (Decreased)	
	MB	%	MB	%	MB	%
Shareholder's Equity	1,179.75	29.25%	1,366.61	34.27%	-186.87	-13.67%
<b>Total Liabilities and Shareholder's Equity</b>	<b>4,033.92</b>	<b>100.00%</b>	<b>3,988.10</b>	<b>100.00%</b>	<b>45.82</b>	<b>1.15%</b>

As of 31 December 2023, the Company's total liabilities were 2,854.17 million baht increasing by 232.69 million baht from 31 December 2022. This was caused by the increase of accounts payable from the ordering of raw materials to be used in line production.

The shareholder's equities as of 31 December 2023 amounted to 1,179.75 million baht, decreasing in line with the expenses incurred from the fire accident and performance of the Company.

As of 31 December 2023, the Company had debt to equity ratio equivalent to 2.42 times, increasing when compared to as of 31 December 2022, which was 1.92 times.

Please be informed accordingly,

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