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Subject: Management Discussion and Analysis for the Year 2024 as of December 31, 2024

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 December 31, 2024. 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.

Business Overview

The Company is a manufacturer and distributor of household furniture products, covering bedroom sets, living room furniture, dining tables, and sofas. These are available in both self-assembly and pre-assembled forms. Currently, the Company's main customer base consists of domestic customers, accounting for approximately 60%, with exports making up about 40%. The primary domestic customers include large retail chains (Thai Hypermarkets), followed by small retailers across the country and sales through various online platforms. For international customers, the Company has major clients in Japan, India, the Philippines, and the United States.

Summary of Key Events and Developments

There are no further significant events or developments beyond what has been disclosed.

Summary of Operating Results and Financial Position

Key highlights from the consolidated financial statements are as follows:

Sales revenue and total revenue in 2024 decreased slightly compared to the same period of the previous year, with sales revenue at 1,345.82 million baht and total revenue at 1,363.43 million baht.

For the proportion of cost of sales compared to income from sales, there was a significant increase. In terms of distribution costs, administrative expenses, and financial costs, when compared to total income, the proportions were similar when compared to the previous year. In addition, the Company has important items for expenses to comply with accounting standards, including an increase in losses from impairment of financial assets and an increase in allowances for impairment of obsolete goods in the fourth quarter.

Operating Results: Consolidated

1. Revenues

Unit: million baht

| Revenue Structure | Consolidated | | | |
|---|-----------------|-----------------|---------------|---------------|
| | Amount | | Change | |
| | Year 2024 | Year 2023 | Amount | % |
| Revenue from sales – net | 1,345.82 | 1,374.50 | -28.68 | -2.09% |
| Others income | 15.89 | 14.73 | 1.16 | 7.89% |
| Foreign exchange gain | 1.71 | 1.02 | 0.69 | 68.07% |
| Total Revenue | 1,363.43 | 1,390.25 | -26.82 | -1.93% |
| Share of gain from investment value of the associates | 19.35 | 16.61 | 2.74 | 16.51% |

For the year 2024, the Company had revenue from the Company's business operations and revenue from subsidiaries of 1,345.82 million baht and total revenue of 1,363.43 million baht, slightly decreased compared to the previous year by 2.09 percent and 1.93 percent, respectively. The decrease in revenue was due to the impact of exports to India and the continued slowdown of exports to Japan, as well as the economic slowdown in the country, which also resulted in a decrease in revenue for the Hypermarket Group in the fourth quarter.

The Company had a proportion of export sales and domestic sales in 2024 representing 40 percent and 60 percent respectively.

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 1st phase with an installed capacity of 50MW. The project has been currently constructing the 2nd 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.

2. Cost of Goods Sold and Significant Expenses

Unit: million baht

| Structure of Costs and Expenses | Consolidated | | | | | |
|---|-----------------|-----------------|--------------|--------------|--------------------------|----------------|
| | Amount | | Change | | Compared to Total Income | |
| | Year 2024 | Year 2023 | Amount | % | Year 2024 | Year 2023 |
| Cost of goods sold | 1,215.84 | 1,127.04 | 88.80 | 7.88% | 89.18% | 81.07% |
| Cost of sales | 95.79 | 96.94 | -1.15 | -1.19% | 7.03% | 6.97% |
| Administrative expenses | 171.31 | 184.08 | -12.76 | -6.93% | 12.56% | 13.24% |
| Other expenses - losses from fire accident | - | 16.27 | -16.27 | -100.00% | 0.00% | 1.17% |
| Financial cost | 180.67 | 181.72 | -1.05 | -0.58% | 13.25% | 13.07% |
| Reversal of Loss (Loss) from Impairment of Financial Assets | 38.89 | 11.65 | 27.24 | 233.82% | 2.85% | 0.84% |
| Total cost and expenses | 1,702.50 | 1,617.69 | 84.81 | 5.24% | 124.87% | 116.36% |

The significant costs and expenses occurred in 2024

The proportion of the cost of sales for 2024 increased to 89.18 percent, which is still higher than the same period of the previous year, which had a proportion of 81.07 percent. The main reason is that the cost of sales in the fourth quarter increased significantly and had an impact on the overall picture, causing the cost of sales ratio to increase significantly. This was due to pushing the sale of long-standing products by giving customers discounts of 10 - 20 percent, including improving work in process products to create benefits, resulting in losses from repackaging products of approximately 20 - 25 percent, including the impact from the continuously increasing prices of raw materials and labor costs.

The proportion of distribution costs and administrative expenses remained similar to the previous year. However, the major expense item was the provision for impairment of obsolete goods in the fourth quarter, which increased by 10 million baht.

In addition, there is a significant difference in the items that are different from each other, which is that in the same period of the previous year, the Company recognized compensation received from the insurance company from the fire accident that occurred in April 2023 in the amount of 92.28 million baht, which was recognized as a deduction from the Company's total expenses as a special item that occurred in the third quarter of the previous year.

The proportion of financial costs remained similar to the previous year, and the Company recognized an increase in accounting expenses from the increase in impairment losses of financial assets in the fourth quarter, resulting from the impairment of trade receivables of 17.20 million baht and the impairment of investments of ECF Holdings Co., Ltd., a subsidiary company, which had losses exceeding its capital and its ability to make a profit was still not very good. This year, there was an increase in the impairment losses of investments of 21.25 million baht.

In 2024, the Company has implemented a process to improve its operations, considering increasing product prices to be in line with production costs and situations. Distribution costs and administrative expenses are still under the continuous cost control policy. In addition, the company is in the process of solving the problem of high financial costs to quickly find ways to reduce such costs.

3. Profit for the period

Unit: million baht

| Profit Information | Consolidated | | | |
|---|--------------|-----------|---------|---------|
| | Amount | | Change | |
| | Year 2024 | Year 2023 | Amount | % |
| Gross Profit | 129.98 | 247.46 | -117.48 | -47.47% |
| Loss (Owners of the parent) | -231.37 | -144.46 | -86.91 | N.A. |
| Loss for the period | -232.68 | -145.98 | -86.70 | N.A. |
| Loss ratio for the period (Owners of the parent) to total revenue (%) | -16.97% | -10.39% | | |
| Loss ratio for the period to total revenue (%) | -17.07% | -10.50% | | |

In terms of gross profit, it decreased due to the reason of the increased proportion of cost of sales. However, the Company had a loss in the part of loss before tax income, loss attributable to the parent company (ECF) due to the reasons mentioned above from the increased cost and expenses.

Financial Position: Consolidated Financial Statements

1. Total Assets

Unit: million baht

| Statement of Financial Position | As of December 31, 2024 | | As of December 31, 2023 | | Increased / (Decreased) | |
|---------------------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|---------------|
| | MB | % | MB | % | MB | % |
| Current Assets | 1,723.42 | 44.42% | 1,877.65 | 46.55% | -154.23 | -8.21% |
| Non-Current Assets | 2,156.75 | 55.58% | 2,156.28 | 53.45% | 0.47 | 0.02% |
| Total Assets | 3,880.17 | 100.00% | 4,033.92 | 100.00% | -153.76 | -3.81% |

The Company has total assets as of December 31, 2024 of 3,880.17 million baht, a decrease of 154 million baht from the previous year, which is due to a decrease in trade receivables, which the Company can collect better and is consistent with the collection period decreasing from 162 days in the previous year to 140 days in 2024.

2. Total Liabilities and Shareholder's Equity

Unit: million baht

| Statement of Financial Position | As of December 31, 2024 | | As of December 31, 2023 | | Increased / (Decreased) | |
|---|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
| | MB | % | MB | % | MB | % |
| Current Liabilities | 2,690.44 | 69.34% | 2,126.20 | 52.71% | 564.24 | 26.54% |
| Non-Current Liabilities | 245.97 | 6.34% | 727.98 | 18.05% | -482.01 | -66.21% |
| Total Liabilities | 2,936.41 | 75.68% | 2,854.17 | 70.75% | 82.23 | 2.88% |
| Shareholder's Equity | 943.76 | 24.32% | 1,179.75 | 29.25% | -235.99 | -20.00% |
| Total Liabilities and Shareholder's Equity | 3,880.17 | 100.00% | 4,033.92 | 100.00% | -153.76 | -3.81% |

The Company has total liabilities as of December 31, 2024 of 2,936.41 million baht, an increase of 82 million baht from December 31, 2023, mainly due to an increase in short-term loans from other parties to enhance liquidity in the business.

As for shareholders' equity as of December 31, 2024, it was 943.76 million baht, with shareholders' equity decreasing from the loss of performance.

As of December 31, 2024, the Company's debt to equity ratio was 3.11 times, an increase from December 31, 2023, which was 2.42 times, due to the increased debt burden. However, the Company is expediting the search for ways to reduce its current debt burden and financial costs as soon as possible. The Company has scheduled the Extraordinary General Meeting of Shareholders No. 1/2025 on March 5, 2025, in which important agenda items will be proposed for consideration and approval, namely, the increase in registered capital of no more than 300 million shares with a par value of 0.25 baht per share and the allocation of such additional common shares for sale to a limited number of persons (Private Placement).

Factors That May Affect Future Operations or Growth



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- None -

Please be informed accordingly,

Yours sincerely,
East Coast Furnitech Public Company Limited
-Signature-
(Miss Chanokpornphun Kraisakree)
(Acting CFO and Director of Accounting and Finance)