

Our Ref: BSM 010/2021

August 10, 2021

Subject: Management Discussion and Analysis of Operation Results for the 2nd Quarter, ending June 30, 2021

Attention: The President
The Stock Exchange of Thailand

BuilderSmart Public Company Limited ("the Company") would like to clarify the performance of the Company and its subsidiaries for the 2nd Quarter of Year 2021, ended June 30, 2021, as follows:

- 1) For the performance for Q2/2021, the Company and its subsidiaries had total revenue from sales and service of 88.12 million baht and when consider with other income, interest income, and gain/loss on exchange rate, the Company had total revenue of 92.25 million baht. When compared to the total revenue of Q2/2020, the Company's total revenue decreased by 68.94 million baht or 42.8%, the decrease was mainly from real estate department.

Building materials department consists of BuilderSmart Public Company Limited and Alloy Solutions Asia Co., Ltd. (formerly known as D&W (Asia) Co., Ltd.) had total revenue from sales and service of 80.23 million baht, decreased by 15.12 million baht or 15.8% when compared with 2nd quarter of the previous year. Since the beginning of the year 2020, the spread of COVID-19 pandemic cause majority of the businesses, overall economy to slow down, and delays in construction projects or construction budget to decrease. This result in a significant decrease in domestic sales. However, export sales to India had been steady due to the opening of the Indian border. The Company had portion of domestic sales of building material of 89.37% and export of building material of 10.63% of total building material sales revenue in the 2nd quarter of 2021, comparing to 95.61% of domestic sales and 4.39% of export sales in 2nd quarter of 2020.

The real estate department had been significantly affected by the COVID-19 pandemic. The Company's real estate department consists of Sansara Project (under management of the Company due to company restructuring during the beginning of the year) and Teak Development, Ltd., total revenue from real estate department is 7.89 million baht, decreased by 57.72 million baht or 87.9% compared to the 2nd Quarter of last year. The details are as follows:

- I. Sansara Project is a real estate project for senior citizens located in Hua – Hin, Prachuap Khiri Khan province, which had been directly impacted by the pandemic due to majority of the customers are

foreigners. The foreign customers were concerned with international travel abroad and limitations in entering Thailand. This created obstacles for the transfer of property and new sales units for the Project. For Sansara Lifestyle Services, Ltd., the property manager of Sansara Project and service provider to residents of the project, had been affected continuously due to periodic lockdown in traveling across provinces, which caused a decrease in travelers resulting in lower-than-expected service revenue. Total revenue from Sansara in Q2/2021 was 7.89 million baht, decreased by 37.81 million baht from the same quarter of last year or 97.1%.

- II. Teak Development, Ltd., ("TEAK") is a developer for condominium projects in central Bangkok area. TEAK has been significantly affected by the COVID-19 pandemic due to most of customers and potential customers are residents living in Bangkok, where the lock down policy and/or the fear of the COVID-19 pandemic prevent customers and potential customers from leaving their residents. This caused the delay in property transfer of Teak-Sathorn project, resulting in no property transfer revenue during the 2nd quarter of 2021. Moreover, Teak-Ratchada project is currently under construction, which has been affected by government policies to stop and delay all construction activities in Bangkok. This caused Teak-Ratchada project construction to delay. However, TEAK expected to start transfer and recognized revenue in 4th Quarter of 2021.

For the first 6 months period of 2021, the Company and its subsidiaries had total sales and service revenue of 202.48 million baht, and when consider with other income, interest income, gain/loss on exchange rate, the Company had total revue of 208.08 million baht. When compared to the first 6 months period of last year, the Company's total revenue decreased by 137.66 million baht or 39.8%

- 2) In the 2nd Quarter of 2021, the Company's gross profit margin was 15.1%, decreased from 24.0% in the same period of the previous year, and for the first 6 months period of 2021, The Company had gross profit margin of 20.3%, decreased slightly from 22.7% when compared with the same period of previous year.
- 3) The selling & administrative expenses were 32.78 million baht or 37.2% of total revenue from sales and services, decreased from the 2nd Quarter of the previous year, which was 43.31 million baht that align with lower revenue for the period. For the first 6 months period of 2021, the selling & administrative expenses were 65.06 million baht or 32.1% of total revenue from sales and services, decreased from the same period of the previous year, which was equal to 92.88 million baht or equivalent to 27.0% of total revenues from sales and services.

BuilderSmart Public Company Limited

905/7 Rama III Soi 51, Rama III Rd., Bangpongpan, Yannawa, Bangkok 10120
Tel: +66 (0) 2683-4900; Fax: +66 (0) 2683-4949; E-mail: info@buildersmart.com
www.bsmgroup.asia ; www.alloy-asia.com

The higher ratios of expenses to total revenue from sales and services was due to the decrease in revenue of more than 40%, higher than the decrease rate of selling & administrative expenses. This was due to high fixed costs of the Company which did not vary according to the decrease in revenue. For other variable administrative expenses, the Company had successfully managed to decrease the variable expenses ratio to total revenue from sales and service according to plan since the start of COVID-19 pandemic affecting the overall economy since the beginning of 2020.

- 4) The financial cost is 10.74 million baht, increased by 3.94 million baht from the 2nd Quarter of the previous year due to the Teak- Sathorn project, which the construction had been completed and started transfer since 4th Quarter of last year. This result in interest expense must be recorded as financial cost, not capitalized as cost of construction. As well as the reversal of interest expenses capitalized on Teak-Ari project and King Kaew as financial costs in this period due to delayed and pending the project.

For the first 6 months period of 2021, the financial cost was 17.93 million baht, increased by 5.19 million baht from the same period last year.

- 5) In the 2nd Quarter of 2021, the Company had no income tax expense and for the first 6 months period of 2021, the Company had income tax expense of 0.35 million baht, decreased 3.35 million baht when compared to the same period last year, as a result of reversal of deferred tax.
- 6) From the above reasons, the Company and its subsidiaries had net loss attributed to Equity Holders of the Company equal to 26.08 million baht, compared to the same period last year which had net loss attributed to Equity Holders of the Company equal to 12.83 million baht. For the first 6 months period of 2021, the Company and its subsidiaries had net loss attributed to Equity Holders of the Company equal to 36.72 million baht compared to the same period last year, net loss attributed to Equity Holders of the Company equal to 29.35 million Baht. However, when consider the Company's building materials department (separate financial statements of BuilderSmart Public Company Limited) for the first 6 months of 2021, the Company still had net profit of 10.67 million baht or equivalent to net profit margin of 7.0%

Please be informed accordingly,

Yours faithfully,

Sunchai Nuengsit

Chief Executive Officer

BuilderSmart Public Company Limited

905/7 Rama III Soi 51, Rama III Rd., Bangpongpan, Yannawa, Bangkok 10120
Tel: +66 (0) 2683-4900; Fax: +66 (0) 2683-4949; E-mail: info@buildersmart.com
www.bsmgroup.asia ; www.alloy-asia.com