

Our Ref: BSM 011/2021

November 11, 2021

Subject: Management Discussion and Analysis of Operation Results for the 3<sup>rd</sup> Quarter, ending September 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 3<sup>rd</sup> Quarter of Year 2021, ended September 30, 2021, as follows:

- 1) For the performance for Q3/2021, the Company and its subsidiaries had total revenue from sales and service of 185.3 million baht and when consider with other income, interest income, and gain on exchange rate, the Company had total revenue of 184.70 million baht. When compared to the total revenue of Q3/2020, the Company's total revenue increased by 28.96 million baht or 17%. Which Q3/2021 revenue included Land Sales amount 100.50 million baht 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 62.64 million baht, decreased by 34.82 million baht or 35.7% when compared with 3<sup>rd</sup> 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. For export sales, India is still the main market but in decrease sales rate with the same reason of delays in construction.

The real estate department had been significantly affected by the COVID-19 pandemic. The Company's real estate department consists of Sansara Project and Teak Development, Ltd., The total revenue from real estate department is 122.66 million baht, increased by 62.06 million baht compared to the 3<sup>rd</sup> 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 Q3/2021 was 15.85 million baht, increased by 8.73 million baht from the same quarter of last year, which was 7.15 million baht.

- 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. However, in Q3/2021 Teak has total sales revenue of 106.10 million baht from Land sales and one unit transferred. For Teak-Ratchada project, the project is currently under construction which the construction process has been affected by government policies to stop and delay all construction activities in Bangkok during May- August 2021. This caused Teak-Ratchada project construction to delay. However, TEAK expected to start transfer and recognized revenue in 1<sup>st</sup> Quarter of 2022.

For the 9 months period of 2021, the Company and its subsidiaries had total sales and service revenue of 387.78 million baht, and when consider with other income, interest income, gain/loss on exchange rate, the Company had total revenue of 392.78 million baht. When compared to the 9 months period of last year, the Company's total revenue decreased by 111.70 million baht or 22.2%

- 2) In the 3<sup>rd</sup> Quarter of 2021, the Company's gross profit margin was 3.3%, decreased from 23.1% in the same period of the previous year, and for the 9 months period of 2021, The Company had gross profit margin of 12.2%, decreased from 22.8% when compared with the same period of previous year. The decreased ratio was resulted from Teak Land sales that had gross loss of 13.33 million baht.
- 3) The selling & administrative expenses were 44.63 million baht or 24.1% of total sales and services revenue, which was close to the amount during 3<sup>rd</sup> Quarter of the previous year of 44.31 million baht or 28.0% of total sales and services revenue. For the 9 months period of 2021, the selling & administrative expenses were 109.69 million baht or 28.3% of total sales and services revenue, decreased from the same period of the previous year which was equal to 137.19 million baht or equivalent to 27.3% of total sales and services revenues.

**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](http://www.bsmgroup.asia) ; [www.alloy-asia.com](http://www.alloy-asia.com)

The higher ratios of expenses to total sales and services revenue was due to the higher selling expenses of real estate department from transferring fee and commission expenses. In addition, the decrease in revenue of more than 20% was 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 8.88 million baht, increased by 2.29 million baht from the 3<sup>rd</sup> Quarter of the previous year due to the Teak- Sathorn project which the construction had been completed and started the transfer process since 4<sup>th</sup> Quarter of last year. This result in interest expense to be recorded as financial cost, not capitalized as cost of construction. As well as the reversal of interest expenses, not capitalized on other Teak's project due to pending the project.

For the 9 months period of 2021, the financial cost was 26.81 million baht, increased by 7.48 million baht from the same period last year with the same reason as mentioned above.

- 5) In the 3<sup>rd</sup> Quarter of 2021, the Company had no income tax expense and for the 9 months period of 2021, the Company had income tax expense of 0.33 million baht, which was 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 48.01 million baht in Q3/2021, compared to the same period last year which had net loss attributed to Equity Holders of the Company equal to 59.52 million baht. For the 9 months period of 2021, the Company and its subsidiaries had net loss attributed to Equity Holders of the Company equal to 84.70 million baht compared to the same period last year, net loss attributed to Equity Holders of the Company equal to 88.86 million baht. However, when consider the Company's building materials department for the 9 months of 2021, the Company can still make profit to the group of companies.

Please be informed accordingly,

Yours faithfully,

Sunchai Nuengsit

Chief Executive Officer

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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](http://www.bsmgroup.asia) ; [www.alloy-asia.com](http://www.alloy-asia.com)