

Our Ref: BSM 001/2022

February 24TH, 2022

Subject: Management Discussion and Analysis of Operation Results for the year 2021 ended December 31, 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 year 2021 ended December 31, 2021, as follows:

1. Performance for the year 2021, the Company and its subsidiaries had total revenues, including revenue from sales and service and other income, of 613.78 million baht which decreased by 121.98 million baht or 16.57percent compared to the previous year.

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 334.54 million baht, decreased by 74.31 million baht or 18.17% when compared to 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 also gets affected by decrease sales amount more than 50 percent 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 revenue from sales and services from real estate department is 270.53 million baht, decreased by 52.83 million baht or 16.34% compared to the previous 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, which is same as other travel service industry. Total revenue from Sansara in 2022 was 42.29 million baht, decreased by 70.89million baht or 62.64% from last year, which was 113.18 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, which caused much decreased affected to Teak's revenue. In year 2021, Teak has total sales revenue of 228.25 million baht from Land sales and units transferred, compare to last year, Teak has total sales revenue from units transferred at 210.17 million baht, increase 18.08 million baht. Revenue from Land sales was 179.69 million baht from King Kaew and Nanglinchee land. 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 early 2nd Quarter of 2022.

2. The company and its subsidiaries had cost of sales ratio in Y2021 83.7% of revenue from sales and services, which increased from last year of 75.6% of revenue from sales and services from cost of land sales is high, in addition, cost of construction, is higher rate than the cost of sales of construction materials business,. The details of cost shown as below

million baht

	Construction material business	Real estate business	Land sales	Total Y2021
Revenue from sales and service	334.54	90.84	179.69	605.07
Cost of sales and service (incl. logistic cost)	(244.23)	(79.58)	(189.72)	(513.53)
% Cost of sales and service to Revenue	73.0%	87.6%	105.6%	84.9%

Therefore, the Company's Gross Profit Margin for overall had been decreased from 24.4 percent to 15.1 percent in 2021, mainly decreased from gross loss on land sales at 10.03 million baht

3. The selling & administrative expenses of the year 2021 were 150.67 million baht or equivalent to 24.90%of total sales and service revenues, which decreased from 183.28 million baht, relative to the decrease in revenue, or 25.03% compared to previous year.

The high ratios of expenses to revenue from sales and services were due to the higher selling expenses of real estate department from transferring fee, special tax and commission expenses. For other variable administrative expenses, the Company had successfully managed to decrease the variable expenses ratio to revenue from sales and service according to plan since the start of COVID-19 pandemic affecting the overall economy since the beginning of 2020.

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4. The financial cost was 35.48 million baht, increased by 4.78 million baht from the previous year due to the Teak projects which the construction had been completed, on during transfer process and the pending projects, all interest expense had been recorded as financial cost, not capitalized as cost of construction.
5. In year 2021, the Company had no income tax expense but had tax income from utilized deferred tax loss (DTA) of Alloy Solutions Asia Co., Ltd. amount of 2.25 million baht.
6. From the above reasons, the Company and its subsidiaries had net loss attributed to Equity Holders of the Company equal to 83.75 million baht, compared to last year which had net loss attributed to Equity Holders of the Company equal to 88.05 million baht. The loss mainly was from real estate section which was greatly affected from the recession of economics and travelling across countries/provinces after COVID-19 pandemic situation. However, when consider the Company's building materials section, the Company can still make profit to the group of companies
7. From the net loss in year 2021, the company and its subsidiaries had unappropriated Retained loss at 91.41 million baht, compared to 6.99 million baht from the previous year, which mainly the loss came from senior citizens residence project and condominium development project as mentioned above.

Please be informed accordingly,

Yours faithfully,

Sunchai Nuengsit
Chief Executive Officer