

REF: BSM 11/2023

August 11, 2023

Subject: Management Discussion and Analysis of Operation Results for the 2nd Quarter, ending June 30, 2023

To: 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, ending June 30, 2023, as follows:

1. Performance for Q2/2023, Company and its subsidiaries had revenues from sales and services of 143.67 million Baht. By including other income, interest income and gain on foreign exchange, total revenue of the Company would be 146.33 million Baht, increased by 2.95 million Baht or 2.06% compared to Q2/2022.

Construction Material business consisted of BuilderSmart Pcl and Alloy Solutions Asia Ltd. (changed name from the previous name “D&W (Asia) Co., Ltd.”) Total sales of 2 companies was 88.11 million Baht, decreased by 6.62 million Baht or 6.99% compared to Q2/2022. This is a result of political uncertainty post-election, where many projects are still stalled and decisions to allocate budget for construction are pending. Investors, as well as various sectors of businesses, are awaiting clarity on the formation of the government.

The real estate business of the company group, consisting of the Sansara project and Teak Development Co., Ltd., generates a total revenue of 55.56 million Baht from sales and services, increased by 8.89 million Baht or 19.04%, compared to the sales revenue in Q2/2022.

- I. Sansara Project is a real estate project for senior citizens located in Hua – Hin, Prachuap Khiri Khan province. There has been an increased number of new sales for the project. In addition, Sansara Lifestyle Service Co., Ltd., which manages the Sansara project (Property Management) and provides services to residents within the project, has achieved a total sales figure, including both sales and long-term leases, of 42.54 million Baht in Q2/2023, increased by 31.40 million Baht or 281.83% from Q2/2022.

- II. Teak Development, Ltd., (“TEAK”) is a developer for condominium projects in central Bangkok area. For Q2/2023, the company generated revenue from condominium units of 13.03 million Baht, decreased by 22.51 million Baht or 66.34% from Q2/2022.

For the first 6 months period of 2023, the Company and its subsidiaries had total sales and services of 256.58 million Baht. After including other income, interest income and gain/loss on exchange rate, the total net income equal to 260.12 million Baht Comparing this to the first 6 months of the previous year, the Company's net total revenue decreased by 172.27 million Baht. This decrease is attributed to the fact that in the year 2022, the Company had included revenue from selling Teak's land plot amount of 139 million Baht in Q1/2022.

2. Cost of sales and services in Q2/2023 equal to 102.53 million Baht or 71.37% of the revenue from sales and services. This is lower than the percentage in Q2/2022, which was 76.12%. This decrease is attributed to improved cost management in the real estate business sector, which averaged 72.81% in Q2/2023, slightly higher than the cost for the construction material business at 71.55% As a result, the company's overall gross profit margin increased to 28.63% from 23.88% in Q2/2022. For the first 6 months of the year 2023, the company achieved an overall gross profit margin from sales and services of 26.97%, representing a 7.91% increase when compared to the same period of the previous year.
3. Distribution costs and administrative expenses in Q2/2023 equal to 39.10 million Baht or 27.21% of the revenue from sales and services. This is a decrease compared to Q2/2022, which had costs of 43.02 million Baht or 30.42% of the revenue from sales and services. For the first 6 months of the year 2023, the total costs of distribution and administrative expenses amounted to 76.92 million Baht or 29.98% of the revenue, lower than the same period of the previous year, which had costs of 82.00 million Baht. If considering in detail, the administrative expenses have increased compared to the same period of the previous year due to the rental payments of a new office space at 1055 Rama 3 Road, with an area of 984.60 square meters, and rental payments starting from December 2022. The increased depreciation costs were incurred from the renovation of the new office premises and the increase of depreciation From the Homestay Resort Project located in Khao Yai, Nakhon Ratchasima province. in Q3-4 of the previous year.
4. Financial cost was 7.48 million Baht, which increased by 2.02 million Baht compared to the second quarter of the previous year. This increase is due to the average interest rate adjustment by banks, which increased by 0.9% compared to the previous year. In addition, the Teak Ratchada project of the subsidiary company ceased the record of construction costs, as the project had been completed and commenced transfers in the late second quarter of the previous year.

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



For the first 6 months of the year 2023, the financial cost was 14.77 million Baht, an increase of 2.85 million Baht from the same period of the previous year.

5. The income tax expenses were 1.11 million Baht, which decreased by 1.26 million Baht compared to the second quarter of the previous year. For the first 6 months of the year 2023, the income tax expenses were 2.66 million Baht, decreased by 1.10 million Baht from the same period of the previous year, in line with the decreased profit of 2023.
6. For the period of Q2/2023, the Company and its subsidiaries had a net loss attributed to Shareholders of the Company equal to 3.94 million Baht compared to the previous year same period, which had the net loss attributable to Shareholders of the Company equal to 15.14 million Baht.

For the first 6 months of the year 2023, the Company and its subsidiaries had net loss attributed to Shareholders of the Company equal to 21.70 million Baht, compared to a net loss of 10.22 million Baht in the same period of the previous year. The increased net losses were primarily due to the condominium business of the company group not meeting its sales targets.

Please be informed accordingly,

Yours sincerely,

Mr. 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 ; www.alloy-asia.com