

(Translation)

REF: BSM 002/2024

February 22, 2024

Subject: Management Discussion and Analysis of Operation Results for the Year, ending December 31, 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 Year, ending December 31, 2023, as follows:

- 1) The financial performance of the company and its subsidiaries for the year 2023 had revenue from sales and services including other income totaling Baht 493.18 million. This is derived from the two main businesses: the construction materials sales and the real estate business. When compared to the previous year, the company's net revenue decreased by Baht 249.76 million or 33.62% by dividing into:

- 1.1) The construction materials business consisted of BuilderSmart Pcl and Alloy Solutions Asia Ltd. (formerly known as “D&W (Asia) Co., Ltd.”) Their combined revenue from sales and services amounts to Baht 372.73 million, reflecting an increase of Baht 3.71 million, equivalent to 1.00%, compared to the previous year. This aligns with the overall trend of low growth in the construction investment value, partially attributed to delays in some partially state-funded construction projects, pending consideration by the new government, and the delayed budget for the fiscal year 2024. Private sector construction projects may still proceed, particularly in the commercial real estate segment, whereas residential projects continue to face sluggish demand due to concerns about purchasing power and household debt.

- 1.2) The real estate business of the corporate group comprises Sansara Project and Teak Development Co., Ltd. The combined revenue from sales and services for both companies amount to Baht 110.43 million, reflecting a decrease of Baht 245.27 million, or 68.95%, compared to the previous year. This decline is attributed to significant challenges faced by the real estate sector, driven by various negative factors impacting market recovery. These challenges include weakened purchasing power

and a fragile economy, high household debt, elevated interest rates, and consistently rising costs.

The details are as follows:

- I. The Sansara Project is a real estate project for senior citizens located in Hua Hin, Prachuap Khiri Khan Province. It generates revenue from the sale of residential units and income from the management of the project's common areas. The project is managed by Sansara Lifestyle Service Ltd. In the year 2023, revenue from unit sales decreased significantly, with only 3 units sold compared to 12 units sold in the previous year. Additional income comes from managing the common areas of the Sansara Project, contributing an additional Baht 2.92 million compared to the preceding year. Despite this, the total sales for the Sansara Project in 2023 amounted to 62.44 million baht, a decrease from the previous year's Baht 46.01 million, representing a 42.43% decline.
  - II. Teak Development, Ltd., ("TEAK") is a developer of condominium projects in the central Bangkok area: Teak-Sathorn and Teak-Ratchada. In the year 2023, the total revenue amounted to Baht 47.99 million, marking a significant decrease of 80.59% compared to the previous year, which had a total revenue of Baht 199.26 million. This decline is attributed to the fact that, in 2022, there was revenue of Baht 139 million from land sales and Baht 108.25 million from the transfer of condominium units in the Teak-Sathorn and Teak-Ratchada projects. When comparing only the revenue from unit sales, it decreased by Baht 60.26 million, representing a 55.67% reduction compared to the preceding year. The condominium business continues to face challenges as consumers remain cautious, credit availability for homebuyers decreases due to high household debt, and intense price competition persists to offset rising interest rates.
2. The cost of sales and services in 2023 amounted to Baht 348.28 million or 72.08% of the revenue from sales and services. This represents a decrease from the previous year, where it accounted for 78.79% of the revenue from sales and services. The reduction is attributed to the significantly cost of land sold in the previous year. As a result, the company's overall gross profit margin increased from 21.21% to 27.35%. The gross profit margin for the real estate business remains lower than that of the construction materials business.
  3. The selling and administrative expenses in 2023 amounted to Baht 159.2 million, accounting for 32.96% of the revenue from sales and services. This represents a decrease from the previous year, where it accounted for Baht 171.04 million which is related to the decrease in revenue. When comparing the proportion to the revenue from sales and services, it increased from the previous year 23.60%.

**BuilderSmart Public Company Limited**

1055, Rama III Rd., Chong Nonsi, Yannawa, Bangkok 10120  
Tel : +66 (0) 2683-4900; Fax: +66 (0) 2683-4949; E-mail: [info@buildersmart.com](mailto:info@buildersmart.com)  
[www.bsmgroup.asia](http://www.bsmgroup.asia) ; [www.alloy-asia.com](http://www.alloy-asia.com)

In terms of the proportion of selling and administrative expenses to the revenue from sales and services that increased. Examining the details, it is observed that administrative expenses increased compared to the preceding year. This is attributed to the leasing of the new office at 1055 Rama 3 Road, with an area of 984.60 square wa, and the commencement of rent payments in December 2022. Additionally, there were increased depreciation costs due to the renovation of the new office, as well as increased of depreciation from the Showroom at Khao Yai, completed in the previous year in the third and fourth quarters. Moreover, there were additional expenses related to the real estate business, including payments to a condominium juristic person amounting to Baht 3.97 million.

4. The financial cost in 2023 amounted to Baht 29.37 million, reflecting an increase of Baht 2.59 million compared to the previous year. This overall increase is primarily a result of higher interest rates when compared to the rates in the preceding year.

5. The income tax expense in 2023 amounted to Baht 6.68 million. This represents the income tax paid based on the operational results of Alloy Solutions Asia Co., Ltd.

6. For the above reasons, the Company and its subsidiaries had a net loss attributable to the shareholders of the company amounting to Baht 50.46 million. The increased in net loss is primarily attributed to the real estate business, resulting in a loss of Baht 41 million, stemming from the sales of projects that did not meet the sales targets.

7. Due to the net losses incurred in the year 2023, as of December 31, 2023, the company has unappropriated retained losses of Baht 175.60 million, compared to the same period of the previous year of Baht 122.58 million. The increased deficit is a result of the subsidiary's losses in both the retirement living development business and the condominium development business, as mentioned earlier.

Please be informed accordingly,

Yours sincerely,

Mr. Sunchai Nuengsit  
Chief Executive Officer