

Our Ref: BSM 014/2020

August 13, 2020

Subject: Management Discussion and Analysis of Operation Results for the 2nd Quarter, ending June 30, 2020

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, ending June 30, 2020 as follows:

1. Performance for Q2/2020, the Company and its subsidiaries had total revenues of 161.19 million baht consist of Construction Material business 95.35 million baht or equivalent to 59.16% of total revenues, Real Estate business 65.61 million baht or equivalent to 40.70% of total revenues and other incomes 0.23 million baht or equivalent to 0.14% of total revenues. Revenue of Q2 2020 was increased by 21.52 million baht or increased 15% compared to the previous year same period. The increasing in revenue was major resulted from:
 - revenue recognition on Real Estate business 2 projects; The Teak Sukhumvit 39 and Sansara Project, totally 65.61 million baht. The revenue of the 2 projects had not yet been recognized during last year.
 - Revenue from construction material business was decreased by 37.30 million baht or decreased 28% compared to the previous year same period from 132.65 million baht to 95.35 million baht.

From the situation of the spread of COVID-19 epidemic since beginning of this year, it was affected to construction material business both BuilderSmart Pcl and D&W (asia) Co.,Ltd. The construction project had been delayed both new projects and current projects. The export stops due to lock down the country. It effected to export sale significantly especially export to India as Company's major export market. Currently, India had still lock down due to the spread of COVID-19. From the reason as mentioned, the sale of Construction Material business during the 1st half year 2020 was decreased 48.08 million baht or decrease 19% compared to the previous year same period.

For Real Estate business ; Sansara Development Co.Ltd and Teak Development Co.Ltd had also effected from the situation of the COVID-19 epidemic. Sansara was an owner of Senior Living Project at Hua – Hin, Prachuap Khiri Khan province. Sansara had got effected due to the restriction on entering Thailand of the foreigners. It was an obstructle for hand over both sales and re-sale of Project. Teak was a developer for condominium in center point area. They had got effected from delaying in construction due to the announcement of Curfews period, workers had gone back their hometown. Therefore, Teak could not complete furnishing to transfer unit to customer and record revenue recognition for Teak Sathorn project in Q2 this year.

2. Cost of sales of Q2/2020 was 121.56 million baht or equivalent to 75.5% of revenue from sales and services which was higher than Q2 last year which was 71.0% of revenue from sales and services due to the cost of real estate business which was higher rate than the cost of sales of construction materials business. Therefore, the Company's Gross Profit Margin for overall had been decreased from 29.0% to 24.5% in Q2/2020.

3. The selling & administrative expenses of Q2/2020 were 44.01 million baht or equivalent to 27.3% of total revenues from sales and services, the expenses amount was nearly with Q2 last year which was 43.66 million baht. However, the percentage to total revenues from sales and services was decreased to 32.9% in Q2/2019.

It was resulted from selling & administrative expenses of Construction Material business decreased nearly with the increasing in Real Estate business expenses. Group company had strictly controlled in expenses since the spread of COVID-19 epidemic since beginning of this year.

4. Finance cost of Q2/2020 was 6.80 million baht, which increased by 5.64 million baht compared to previous year same period. The increasing of finance cost was resulted from the increasing in short term loan facilities since mid of 2019 in term of issuing Debenture & Promissory Notes from bank totally around 215 million baht, the impact of adoption of new accounting standards TFRS9 and more recognition finance cost on Real Estate business which construction was completed and transfer started.
5. From the reason above was affected the Company and its subsidiaries of net loss attributed to Equity holders of the Company equal to 12.82 million baht compared to the previous year same period, which had the net loss attributable to Equity holders of the Company equal to 0.66 million baht.

Please be informed accordingly,

Yours faithfully,

Sunchai Nuengsit
Chief Executive Officer