

Our Ref: BSM 003/2021

February 23, 2021

Subject: Management Discussion and Analysis of Operation Results for the year 2020 ended December 31, 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 year 2020 ended December 31, 2020 as follows:

1. Performance for the year 2020, Company and its subsidiaries had total revenues from sales and services of 732.20 million baht. By including other income, interest income, loss on foreign exchange and loss on fair value adjustment of investment properties, net revenue of the Company would be 704.97 million baht, decreased by 158.71 million baht or 18% compared to the previous year.

Construction Material business consisted of BuilderSmart Pcl and D&W (Asia) Co.,Ltd. Total sale of Construction Material business of the 2 companies in year 2020 was 421.95 million baht, decreased by 159.44 million baht or 27% compared to the previous year. The main reason was from the COVID-19 epidemic, affected to Thai Economic slowdown, new construction projects also slowdown and postponed, many companies had reduced budget for construction. It was affected to Company's local sale. Moreover, the export market also was affected because India (main export market) was lock down country during Q1 and Q2, India's government had been relaxed in lock down country in Q3. That was affected to export sale reduced more than 50%.

For Real Estate business consisted of 3 companies Sansara Development Co.Ltd was developer for Senior Living Project (Entire Business Transfer "EBT" to BuilderSmart Pcl since December 2020 to be one business unit), Sansara Lifestyle Service Co.,Ltd provided services to Sansara project and Teak Development Co.,Ltd, the property developer. Total sale of Real Estate business for year 2020 was 332.40 million baht which was increased by 53.56 million baht or 19% compared to the previous year.

Real Estate business in part of Senior Living Project had been affected because its customers mostly were foreigners not convenience entering to Thailand. That was an obstacle for both transfer and new sale units of Project. Sansara Lifestyle Service Co.,Ltd was provider management and services of Sansara common area, had also got the affectation due to less of residents, the revenue was not miss its budget. However, total sale of

the 2 companies was 122.23 million baht which was increased by 86.82 million baht from the previous year that total sale of 35.41 million baht.

Teak Development Co.,Ltd was a developer for condominium in center point area. During the first half year 2020, Teak had got affected of the COVID-19 epidemic, construction-worker could not enter to site, the construction then delayed. However, Teak Sathorn had started transferring and recognized income in Q3. Teak's total revenue of year 2020 was 210.17 million baht, decreased by 33.26 million baht or 14% compared to the previous year. Currently, Teak Ratchada was on construction, expected to start recognizing revenue in Q3 2021.

2. Cost of sales of year 2020 was 553.46 million baht or equivalent to 75.6% of revenue from sales and services which was higher than last year, 73.6% of revenue from sales and services because recognition of the cost had been included construction cost, the cost of real estate business 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 26.40% to 24.41%.
3. The selling & administrative expenses of the year 2020 were 186.23 million baht or equivalent to 25.43% of total revenues from sales and services, decreased comparing with last year which was 198.50 million baht, related to the decreased revenue. However, the percentage to total revenues from sales and services was increased from last year, which was 23.36%.

Percentage to total revenues from sales and services was increased due to the selling expenses of Real estate business was higher than the construction materials business, the administrative expenses amount was higher from depreciated of Sansara Project which construction has been completed and recorded as Building and Equipment. For other administrative expenses was decreased due to the group company had plan for controlling cost and strictly controlled in expenses since the spread of COVID-19 epidemic in the beginning of this year.

4. Finance cost of year 2020 was 30.7 million baht, which increased by 21.20 million baht compared to previous year. The increasing of finance cost was resulted from construction of Sansara and Teak had been finished and started transferring during the year 2020, the interest expense could not capitalize into cost of construction, recorded to finance cost. Moreover, there was the impact of adoption of new accounting standards TFRS9 (financial instrument) and TFRS 16 (leases).
5. In year 2020, Company recognized loss on fair value adjustment of investment properties of 30.79 million baht because there was revaluation fair value of investment properties in Q3, the new appraised value had been

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

reduced from the previous valuation due to assessment in the spread of COVID-19 epidemic period, affected pricing down. Resulting to record impair loss on the fair value of the investment properties.

6. Tax expense of year 2020 was 22.65 million baht, increased by 16.36 million baht from the previous year because Deferred Tax Asset (DTA) of Sansara Development Co.,Ltd could not transferred, had to converse DTA to be expenses of this subsidiary company.
7. From the reason above, resulting to the Company and its subsidiaries of net loss attributed to Equity holders of the Company equal to 88.07 million baht compared to the previous year same period, which had the net profit attributable to Equity holders of the Company equal to 24.91 million baht.
8. From the net loss of year 2020, there was unappropriated retained loss as on 31 December 2020 amounting 6.99 million baht, decreased from 31 December 2019, unappropriated retained earning of 81.06 million baht. The main reason was from net loss of subsidiary company which operated senior living project.

Please be informed accordingly,

Yours faithfully,

Mr.Sunchai Nuengsit
Chief Executive Officer