



SAMART
Digital



Message from the Board of Directors

Thai economy in 2021 is expected to expand slightly due to the new wave of COVID-19 during the third quarter of 2021. However, economic activities are expected to make strong recovery following improving of COVID-19 situation from lower new infections and progress on vaccination. This would lead the government to relax the containment measures and to reopen the country at the end of 2021. These circumstances would support the recovery of economic activities, especially tourism, wholesale and retail, transportation, entertainment, and other related sectors. The Company has strictly cooperated with government's measures to curb the spread of COVID-19 and take care of employees to prevent the spread.

For Thai economy in 2022 is projected to pick up and expand considerably. This recovery would be driven by increasing foreign tourist admission in the tandem with a gradual decline in COVID-19 cases in Thailand and abroad. Likewise, merchandise exports would continuously exhibit strong growth, facilitating the resumption of economic activities, especially business sectors, employment, and domestic demand. In addition, government expenditure would play an important role in supporting the economic recovery in the period ahead. Factors that will affect the Thai economy are prolonged outbreaks and virulent virus mutations, supply disruption problems and international transportation, the increase in the crude oil price and inflation, and risk from global tightening financial conditions.

On behalf of Samart Digital Public Company Limited, the Board of Directors would like to express our sincere gratitude to all shareholders, customers, business partners, executives, employees and all stakeholders for their support and trust. This is the driving force behind the Company's business. In return for every trust, the Board of Directors, executives and employees will commit with full capabilities in delivery of products and services that focus on creating technological innovation and value for customers to meet various customer needs as well as support to promote good relations with customers and business partners for sustainable mutual growth. The Board of Directors will oversee business operations in accordance with the Company's strategy and policy with regard to all stakeholders under the principles of good corporate governance together with participation in social and environmental responsibility for sustainable growth of business.



(Mr. Piyapan Champasut)
Chairman of the Board of Directors
Samart Digital Public Company Limited



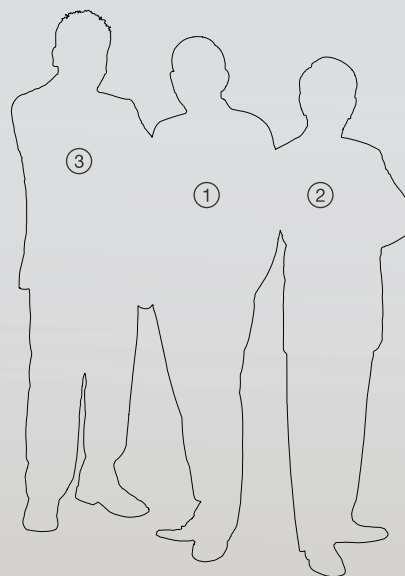
(Mr. Watchai Vilailuck)
Executive Chairman
Samart Digital Public Company Limited



Board of Directors

as of December 31, 2021

1. Mr. Piyapan Champasut
 - Chairman of the Board of Directors
 - Independent Director
 - Audit Committee Member
2. Dr. Chotivid Chayavadhanangkur
 - Independent Director
 - Chairman of the Audit Committee
 - Chairman of the Corporate Governance Committee
 - Nominating and Compensation Committee Member
3. Mr. Kunthit Arunyananda
 - Independent Director
 - Audit Committee Member
 - Chairman of the Nominating and Compensation Committee
 - Corporate Governance Committee Member





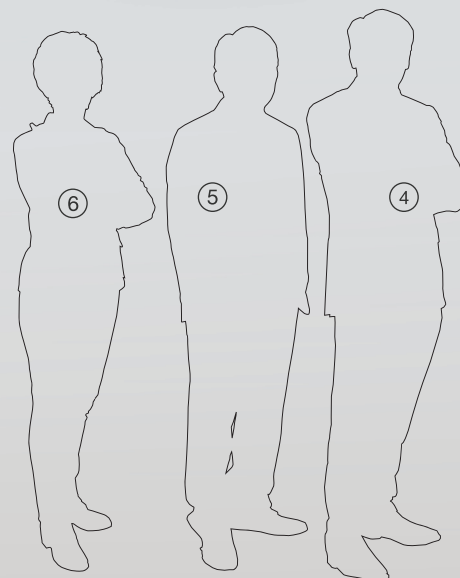
Board of Directors

as of December 31, 2021

4. Mr. Charoenrath Vilailuck
 - Director
 - Risk Management Committee Member

5. Mr. Watchai Vilailuck
 - Authorized Director
 - Chief Executive Officer
 - Executive Chairman
 - Chairman of Risk Management Committee

6. Miss Boonrut Mongkolratanakorn
 - Authorized Director
 - Executive Director
 - Nominating and Compensation Committee
 - Corporate Governance Committee Member
 - Risk Management Committee Member
 - Chairman of the Sustainable Development Committee



Vision

Sustainable growth through Integrated Broadband Communication to ease everyday life

Mission

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

Corporate Culture

- Think Ahead
- Customer Focus
- Team of Professionals
- Commit to excellence

Business Direction

Focusing on updated digital business development to harmonize consumer rapid trend with new distribution channel and new content media channel continuously

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Please find more details of the Company's information from the attachments shown on the website * www.smartdigital.com



- Attachment 1 Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary
- Attachment 2 Committees and Directors of Subsidiaries
- Attachment 3 Head of Internal Audit and Compliance Units
- Attachment 4 Assets used in Business Operation
- Attachment 5 Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees

* In case this Annual Report (Form 56-1 One Report) references information disclosed on the Company's website, the disclosed information shall be deemed to be part of Form 56-1 One Report. The Board of Directors certifies the correctness and completeness of disclosed information and annual information disclosure in Form 56-1 One Report.

Report of the Audit Committee

Dear Shareholders

The Audit Committee of Samart Digital Public Company Limited, which has been appointed by the Board of Directors and/or the shareholders' meeting, consisted of 3 independent directors. All Audit Committee members are fully qualified as specified in the Audit Committee Charter and pursuant to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has performed duties as specified in the Audit Committee Charter, regulations and operating guidelines specified by the Stock Exchange of Thailand. In 2021, 4 meetings have been held and the Company's management, Internal Audit Unit including the auditor jointly attended all meetings. The Audit Committee has also attended the meeting with the auditor without any participation of the management. Essence of the meetings could be summarized as follows:

- Review quarterly and annual financial statements of the Company and its subsidiaries
The Audit Committee has reviewed accuracy, completeness, and credibility of the quarterly and annual financial statements of the Company and its subsidiaries to ensure that they have been prepared pursuant to the Thai Financial Reporting Standards and material essence of such financial statements has been adequately disclosed. The Audit Committee deemed that material essence of such financial statements was correctly, reliably, and information has been adequately disclosed and beneficial to the shareholders.
- Review related transactions or connected transactions
The Audit Committee has reviewed the related transactions or the connected transactions on compliance with the laws and regulations specified by the Capital Market Supervisory Board and other relevant agencies. The Audit Committee has an opinion that the connected transactions or the transactions which may have conflict of interest with the Company passed transparent consideration processes and they were for the best interest of the Company with adequate and complete disclosure of information.
- Review compliance with laws and regulations of the relevant agencies
The Audit Committee has reviewed the Company's compliance with the Securities and Exchange Act, regulations of the Stock Exchange of Thailand and other laws relevant to the Company's businesses. The Audit Committee opined that the Company has strictly complied with principles of the laws and practices as well as other laws related to the Company's businesses.
- Review adequacy of internal control system
The Audit Committee has considered to arrange the audit plan which covered both the Company and its subsidiaries and was suitable with nature of business of each company, by putting emphasis on auditing the important work systems to make certain that the Company has adequate internal control system. The Audit Committee opined that the Company has prepared the annual audit report by applying internal system and external risk assessment criteria and its overall internal control system were adequate and suitable, no material defects or abnormalities were found, so they can strengthen the Company's operations to attain the specified goals.

- Review internal audit operations

The Audit Committee has supervised operations of the Internal Audit Unit and acknowledged the audit result report every quarter by emphasizing that the internal control operations must be performed in circumspect manner adequately to prevent or minimize likelihood of risks. The Audit Committee has also provided recommendation on improvement of internal audit work systems to make them more efficacy and consistent with the International Standards for the Professional Practice of Internal Auditing.

The Audit Committee opined that performance of the Internal Audit Unit has achieved the specified plan and has efficiency in accordance with international standards.

- Consider and propose the appointment of the Company's auditor for 2021

The Audit Committee has considered and proposed the appointment of the auditor and audit fee for 2021 to the Board of Directors for further propose to the shareholders' meeting by considering from the operating standard, provision of consultancy, suitable audit fee as well as auditing expertise of each business line of the Company.

The Audit Committee has considered and selected of the auditors of EY Company Limited as the Company's auditor for 2021 by considering from knowledge, capability, experiences, independency and understanding of the Company's business.

- Conduct performance assessment of the Audit Committee for 2021

The Audit Committee has assessed performance of the Committee every year to make certain that the Audit Committee has performed works pursuant to duties within the scope as specified in the Audit Committee Charter.

In summary, in the year 2021, the Audit Committee has fulfilled its duties as specified in the Audit Committee Charter approved by the Board of Directors. The Audit Committee opined that the financial statements are prepared in accordance with Thai Financial Reporting Standards by choosing appropriate accounting policies and consistently implementing with adequate disclosure, and complied with the Securities and Exchange Act, regulations of the Stock Exchange of Thailand and the laws relevant to the Company's businesses as well as having sufficient internal control system.



(Dr. Chotivid Chayavadhanangkur)
Chairman of the Audit Committee
Samart Digital Public Company Limited

Report of the Executive Committee

Dear Shareholders

The Company strongly believes in the importance of managing the business operations according to the Company's business policies and plans, including any initiatives mandated by the resolutions of the Board of Directors and Shareholders meetings. All such implementations needed to be done have to be executed in strict adherence to the Company's Corporate Governance Policy and Business Ethics. Consequently, the Board of Directors appointed the Executive Committee to analyze and appraise numerous important issues prior to further consideration by the Board of Directors. Moreover, as a written guideline, the charter of the Executive Committee has been provided in order to clearly specify composition, qualification, term of post, roles and responsibilities of the Executive Board as well as details of meeting arrangement and report to the Board of Directors of the Company.

In 2021, the Executive Committee conducted 12 meetings to consider numerous matters concerning the Company. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Establish strategy and plan of the Company and its subsidiaries including problem resolution guidelines for each line of business operations on a quarterly basis. Every year, the Company arranges at least 2 management meetings where the participants are the manager level onwards to convey its operation plans and strategies to the management and the employees for their acknowledgement and compliance.
- Review and monitor business operations of the Company and its subsidiaries and provided advices for any problems may have to achieve business target.
- Analyze and assess annual salary increment and bonus. The salary increase and bonus allocation are in line with the Company's operating performance and commensurate with the industry's average remuneration. This recommendation was submitted to the Nominating & Compensation Committee for further consideration.
- Review the duties and responsibilities of the Executive Committee in accordance with the situation.
- Analyze and appraise numerous important issues mandated by the Board of Directors such as investment, fiscal year budget as well as consideration on promotion and new hire manpower.

The Executive Committee is intent to perform its duties to the utmost honesty, caution, and thoroughness with the objectives of ensuring the Company's highest benefits, equity and fairness to all shareholders and stakeholders. To be sure, the Executive Committee seeks monitors all company's systems to ensure the strictest adherence to all rules and regulations, Company's Objectives and Articles of Association, and comply with the good corporate governance principle in order to fulfill the targets on enhancement of stability and growth on continued basis which can further lead to the sustainable growth of business.



(Mr. Watchai Vilailuck)

Executive Chairman

Samart Digital Public Company Limited

Report of the Corporate Governance Committee

Dear Shareholders

The Company realizes on the importance and utmost emphasizes on corporate governance, code of business conduct, and Company's framework of sustainable development to improve corporate governance for greater efficiency. The Board of Directors has established written Corporate Governance Policy and Business Ethics for practices of directors, executives and employees in order to create more transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. Hence, the Corporate Governance Committee, which the Chairman is an Independence Director, is assigned to oversee and monitor the business operations in compliance with the Corporate Governance Principles.

In 2021, the Corporate Governance Committee conducted 2 meetings to follow up and consider various matters to support and promote the Company's Good Corporate Governance Practices. The Corporate Governance Committee had subsequently reported to the Board of Directors, which could be summarized below:

- Review the Company's corporate governance policy and business ethics to comply with the Principle of Good Corporate Governance. The Corporate Governance Committee has considered and reviewed the appropriateness of applying good corporate governance principles by means that are suitable for the Company's business to ensure that the Corporate Governance Policy conforms to related rules, regulations and international corporate governance criteria as well as beneficial to creating value for sustainable business.
- Review all committee charters to comply with the Principle of Good Corporate Governance, other related regulations and the Company policies.
- Monitor performances of the Committees to ensure the compliance with the Company's corporate governance policy and the Principle of Good Corporate Governance by specifying that all Committees should from time to time report their performances to the Board of Directors and provide annual performances report to shareholders in the Annual Report.
- Encourage the minority shareholders to propose the agenda and submitted any enquiries for consideration in the Annual General Meeting of Shareholders to comply with the Securities and Exchange Act and the Principle of Good Corporate Governance.
- Encourage the Board of Directors to conduct self-assessment of the Board of Directors, individual director, committees including CEO assessment and Corporate Secretary Assessment annually. Results and recommendations from such assessments will be considered for further improvement.
- Review the Company's Corporate Governance Report disclosed in the Annual Report to comply with the regulations of the SEC and the SET.

The Corporate Governance Committee carries out duties and responsibilities as assigned by the Board of Directors, and continues to review, update and develop the Company's Corporate Governance as well as emphasizes and recognizes the importance of the rights of all stakeholders equitably to achieve the objective and target with accuracy and transparency. Due to the continual monitor and development of the Company's Corporate Governance Practices, the Company scored "Excellent" or "5 Stars" in the 2021 Corporate Governance Report and was ranked in Top Quartile of the group of companies with market capitalization of more than Baht 3,000-9,999 million surveyed by Thai Institute of Directors Association (IOD). In addition, the Company scored "Very Good" (4TIA) from the survey on quality in convening the 2021 AGM surveyed by Thai Investors Association.



(Dr. Chotivid Chayavadhanangkur)

Chairman of the Corporate Governance Committee
Samart Digital Public Company Limited

Report of the Nominating and Compensation Committee

Dear Shareholders

The Company realizes the importance of recruiting candidates to assume the positions of directors and top level executives as well as their appropriate remuneration packages. Consequently, the Board of Directors has appointed the Nominating and Compensation Committee, of which the Chairman is an Independence Director, to be responsible for screening and nominating candidates who are highly knowledgeable in their fields, capability, and have appropriate qualifications for director and top level executive positions, and setting policies and guidelines for remuneration package for directors, committee members and top executives.

In 2021, the Nominating and Compensation Committee conducted 3 meetings to consider numerous matters concerning the Company. The member who has an interest in any agenda shall be refrained from voting and not attend the meeting to consider that agenda. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Nominate and propose candidates who had knowledge and experience in business related to the Company's operation, and had full qualifications as the regulations of the SEC and the SET in order to assume the position of the Company's directors and committees in case of retiring by rotation and vacancy.
- Screen the remuneration packages for directors and committees, any directors who have been assigned to take more responsibilities in any committee would receive additional compensation as appropriated.
- Consider criteria of annual salary increment and bonus in consultation with the Human Resource Department and the Executive Committee at an appropriate level and consistent with the strategy and goals of the Company including the Company's operating results and market conditions at all times to propose to the board for approval.
- Conduct self-assessment of the Nominating and Compensation Committee and reported to the Board of Directors for development.
- Review the duties and responsibilities of the Nominating and Compensation Committee in accordance with the situation.
- Review criteria and procedures for nominating directors, committees and key executives including succession plan to propose to the board for approval.
- Report performance to the Board of Directors and provided annual performances report to shareholders in the Annual Report.

The Nominating and Compensation Committee performs duties carefully, prudently, reasonably, transparency and independence as well as a commitment based on principles of equality, justice, transparency and accountability for comply with the principles of good corporate governance and international recognition for the highest benefits to shareholders and all stakeholders. The remuneration of the directors and management is considered at the appropriate level to create incentive to obtain work efficiency as well as retain knowledgeable and capable persons to work with the Company. The consideration is based on the authority, assigned responsibility, and operating results, as well as growth and the Company's performance, business liquidity and factors which may affect the Company or overall economic situation. The methods are in accordance with the Charter and related regulations and be comparable to other companies in the same industry.



(Mr. Kunthit Arunyakanda)

Chairman of the Nominating and Compensation Committee
Samart Digital Public Company Limited

Report of the Risk Management Committee

Dear Shareholders

The Company's Risk Management Committee, which has been appointed by the Board of Directors, comprised of the Company's Executive Chairman as the Chairman and 2 directors as the members. The Risk Management Committee has duties and responsibilities in formulating policies, risk management framework and supervise the operation of risk management in accordance with the Company's strategy and goals as well as provide recommendations for risk management guidelines to the Company's management. It is confident that the strategic operations of the Company move forward to the achievement of the objectives and goals and there is an efficient and effective prevention of potential losses.

The Risk Management Committee has performed duties as specified in the Risk Management Committee Charter. In 2021, the Risk Management Committee held 3 meetings to consider material matters as summarized below:

- Identify and analyze main risks of the Company, such as financial risk, business risk and operational risk that may affect the Company's business operations.
- Consider risk management plans regarding coronavirus pandemic (COVID-19) which was the risk factor in 2021 by primarily emphasizing on following the coronavirus prevention and reduction measures stipulated by the government.
- Follow up and review risk management to ensure that risk management plans and strategies applied could be able to manage risks at acceptable level and in time with the changing situations as well as conform to the Company's work plans.

In 2021, the Risk Management Committee emphasized on analysis of material risks and all risk factors which impacted the Company's business operations. Material risk management has been constantly monitored to ascertain that risks can be controlled at acceptable level and the organization can be developed for achievement as the specified business plan for the stability and sustainability of the Company.



(Mr. Watchai Vilailuck)

Chairman of the Risk Management Committee
Samart Digital Public Company Limited

Report of the Sustainable Development Committee

Dear Shareholders

The Board of Directors of Samart Digital Public Company Limited recognizes the importance of sustainable development that will lead to the business' sustainable growth and must develop in parallel with the recognition of social and environmental responsibility as well as corporate governance. Thus, the Board of Directors has appointed the Sustainable Development Committee to formulate policy framework and operational guideline regarding social and environmental responsibility of the Company.

In 2021, the Sustainable Development Committee conducted 2 meetings to follow up and consider various matters to ensure the compliance with the sustainable development policy and charter of the committee. The significant matters considered during the year were summarized below:

- Review the Company's sustainable development policy.
- Build up corporate culture that could encourage all employees to had conscious mind and devoted their efforts and personal time for benefits of communities as a whole, and promoted and educated the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and development throughout the organization.
- Follow up the Corporate Social Responsibility activities during the year.
- Conduct self-assessment of the Sustainable Development Committee and reported to the Board of Directors for development.
- Review the duties and responsibilities of the Sustainable Development Committee in accordance with the situation.
- Report performance to the Board of Directors and provided annual performances report to shareholders in the Annual Report.

The Sustainable Development Committee carries out the duties and responsibilities as assigned by the Board of Directors with utmost effort and focuses on developing the Corporate Social Responsibility activities coupled with managing the Company's business with the recognition of the Principles of Good Corporate Governance. The implementation of the sustainable development will not meet the target unless the valuable support from all stakeholders; shareholders, directors, management and employees including community and society associated with the operation of the Company ultimately leading to the sustainable growth of business.



(Miss Boonrut Mongkolratanakorn)

Chairman of the Sustainable Development Committee
Samart Digital Public Company Limited

Industry and Competition

In 2021, global economy expanded by 5.6 percent growing from contraction by 3.1 percent in 2020, while the Thai economy in 2021 grew by 1.6 percent compared with contraction at 6.2 percent in 2020 considered good recovery. Thai's value of exports expanded by 18.8 percent. Private and public investment increased by 3.4 percent and 3.8 percent respectively. Public consumption expanded by 3.2 percent while private consumption grew only 0.3 percent. The current account registered a deficit of 2.2 percent of Gross Domestic Product (GDP) and the headline inflation was at 1.2 percent compared with -0.8 percent in 2020.

For 2021, global economy is projected to expand by 4.5 percent while the Thai economy is forecasted to grow in the range of 3.5-4.5 percent mainly supported by value of export expanding by 4.9 percent with private and public investment growing by 3.8 and 4.6 percent respectively. Private consumption is projected to increase by 4.5 percent while government consumption expenditure is projected to decline by 0.2 percent. Growth of the Thai economy is mainly supported by recovery of global economy, global trade growth, tourism sector recovery, and drivers from public investment. The current account is projected to record a surplus of 1.5 percent of GDP and the headline inflation will be in the range of 1.5-2.5 percent.

Gartner, Inc. (Gartner), the world leading research and consulting company, estimated worldwide IT spending in 2021, which included spending Communications Services, at total \$4.24 trillion, an increase of 9.5 percent from 2020. Gartner, Inc. also forecasted worldwide IT spending in 2022 to total \$4.45 trillion, an increase of 5.1 percent from 2021.

Thailand's ICT spending in 2021, according to the Gartner's forecast, is estimated to total of Baht 819,428 million, an increase of 7.4 percent from 2020, comprising spending values in Communications Services segment at Baht 465,345 million or 0.9 percent growth, Devices segment at Baht 202,028 million or 21.7 percent growth, IT Services segment at Baht 77,866 million or growth of 10.1 percent, Enterprise Software segment at Baht 53,480 million or 16.8 percent growth, and Data Center segment at Baht 20,709 million or expansion of 6.6 percent.

Gartner also forecasts that Thailand's ICT spending is projected to reach Baht 871,453 million in 2022, an increase of 6.4 percent from 2021, from value of Communication Services segment at Baht 482,844 million growing by 3.8 percent, Devices segment at Baht 220,106 million expanding by 9.0 percent from 2021 but at lower growth rate from 2020, IT Services segment at Baht 85,466 million increasing by 9.8 percent, Enterprise Software segment at Baht 61,381 million growing by 14.8 percent, and Data Center segment at Baht 21,656 million expanding by 4.6 percent. The forecast indicates that Enterprise software is the segment with highest growth and Communication Services segment shows lowest growth (3.8 percent), increasing growth rate from 2020 at 0.9 percent. Continued growth shown indicates that enterprises and users has increasingly adopted technologies especially due to the COVID-19 situations that accelerate technology adoption.

Gartner also conducted survey on CIO across the world and found that, in 2022, CIOs expect IT budget to grow 3.6 percent to help business survive among economy turbulence from the pandemic, trade wars, climate changes, including several internal and external factors. Moreover, the IT budget is for obtaining information for decision making and increasing competitiveness. Areas of technologies CIO will invest are, for example, Artificial Intelligence, Distributed Cloud, Cyber Security, Edge Computing, 5G, and Digital Twin.

For the growth of Thailand's ICT industry, TMB Analytics anticipated some degree of growth with supportive factors from government policies such as Thailand 4.0, 5G development enhancing business adopting ICT and creating more demands for smart devices, Eastern Economic Corridor Digital Innovation Zone (EECd) development, smart city development.

Furthermore, the policy regarding promotion of Bio-Circular-Green Economy (BCG) will adapt ICT and digital technology in design, planning, management, analysis, including development platform to manage such policy efficiently. Additionally, Krungsri Research indicated that new technologies will play key roles in various industries. Such technologies are 5G, Internet of Things (IoT) applied for almost every industry, Artificial Intelligence (AI) deployed in every system of all industries enabling smarter works, Edge Computing system, Drone, etc. Moreover, Big Data Analytics will continue to grow. Technologies regarding identity proofing including Block Chain will be applied to variety of platforms and application for transaction validation and Digital Asset supports. Furthermore, enterprises tend to adopt XaaS (Anything-as-a-Service) for ability to provide Digital Services to customers more quickly, resulting in growth of Cloud Computing. Cybersecurity technology will also increase due to the laws regarding cybersecurity, the Personal Data Protection Act enforcing by 2022, and demands for protection of growing cyber threats. Furthermore, Digital Economy Promotion Agency (DEPA) forecasted that digital content industry will continue to expand with expected value at Baht 59,136 million in 2022 and Baht 72,703 million in 2023. Besides, Virtual Reality (VR) technology connecting virtual world will be more widely adopted in several industries.

Although, ICT and digital technology market is expected to expand, several factors to closely monitor will affect economic growth. These factors such as prevention and containment of Covid-19, turbulence of world economy and global monetary, issues in manufacturing supply chain and international logistics, and the increase in oil price and commodities will affect market to grow lower than forecasted resulting in more intense competition. Currently, enterprises in every industry such as banking, retails, media, and more are moving to be technology companies. Such moves increase competition for ICT providers directly and indirectly. In order to compete, players in the market will develop new business models, innovation, and others to meet customer demands in several perspectives such as price, quality, and good customer experiences. Providers will develop their own Digital Platform for competition and conduct intense marketing campaigns. Collaboration among and across business network has emerged to increase values in products and services. Furthermore, more providers and Digital Tech Startups abroad have entered the Thai market. All mentioned factors will result in more intense competition in Thailand's ICT market and Digital industry.

Section 1

Business Operation and Operating Results

1. Structure and Business Operation

1.1 Policy and Overview of Business

The Company is engaged in the distribution of communications and electronics equipment as well as provides integrated businesses in digital network and solution. In addition, the Company also provides interactive media and varieties of most updated information, news and edutainment contents in the form of voice and non-voice services. The Company has conducted 2 lines of business, Digital Network and Digital Content.

1.1.1 Vision, Mission, Corporate Culture and Business Direction

Vision

Sustainable growth through Integrated Broadband Communication to ease everyday life

Mission

- Focusing on great customer experience on products through all touch points including software solutions and service to create beyond customer expectation
- Creating innovative content and application platform through various digital mediums in order to serve customer needs where as seeking for developing mutual sustainable growth with potential partners

Corporate Culture

- Think Ahead
- Customer Focus
- Team of Professionals
- Commit to excellence

Business Direction

Focusing on updated digital business development to harmonize consumer rapid trend with new distribution channel and new content media channel continuously

1.1.2 Highlight of Change and Development

Smart Digital Public Company Limited (“SDC”), formerly known as Smart I-Mobile Public Company Limited, was established by Smart Corporation Public Company Limited (“SAMART”) in 1995 with a registered capital of Baht 50 million in the name of Smart Easy Pay Company Limited. The primary objective was to operate telecommunication business. The business operation of the Company has continually growth.

In 2003, the Company has changed the name to be Smart I-Mobile Company Limited and restructured its business and shareholding structures to facilitate the development to be fully integrated Mobile Multimedia services. On September 18, 2003, the Company’s par value was split from Baht 10 per share to Baht 1 per share. Additionally, the Company increased its registered capital of Baht 110 million by issuing 110 million new ordinary shares at a par value of Baht 1 totaling Baht 110 million for initial public offering. The new registered capital of the Company was Baht 430 million. The Company was approved to be a public company on September 30, 2003 and the Company’s ordinary shares were listed in the Stock Exchange of Thailand on December 9, 2003. On May 6, 2008, the Company approved the alteration of par value from par value of Baht 1.00 per share to Baht 0.10 per share in order to achieve greater liquidity in the Company’s stock trading as its price was higher than the other stocks in the same type of business. The Company also approved the increase of its registered capital of Baht 14 million from Baht 430 million to Baht 444 million for the issuance of warrants offering to the Company’s directors and the employees of the Company and its subsidiaries.

Since 2016, the Company has reorganized management structure in order to be competitive under the transition to the digital era, reduced the size of handset business and finally closed down in 2018, and then shift to complete digital services. The digital services include Digital Trunked Radio System (“DTRS”) of which the target clients are state-owned enterprises and government agencies, and Co-Tower rentals for Mobile Operators in the Nationwide National Parks. These 2 projects are in collaboration with CAT Telecom Public Company Limited (Currently known as National Telecommunication Public Company Limited or NT). For content business, the Company has changed towards digital platform. The Company changed its name to Smart Digital Public Company Limited (“SDC”) in 2017.

To support business changes and new business operations, the shareholders’ meeting approved the increase in its registered share capital to be offered to the existing shareholders of the Company in proportion to their respective shareholdings (Rights Offering) and to accommodate the exercise of the warrants. The Company received money from the capital increase totaling Baht 2,077 million, therefore, the Company’s issued and paid-up capital increased from Baht 440 million to Baht 1,132 million with shares premium of Baht 1,385 million. The 1,731,043,303 units of warrants (SDC-W1) were issued in this regard. The exercise ratio is 1 warrant: 1 share, with an exercise price of Baht 0.50 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on the last business day of the June and December of each year throughout the life of the warrants, commencing from December 28, 2018.

Since the end of 2019, the COVID-19 pandemic has slowed down to the World’s economic and adversely impacting most businesses and industries including the business activities of the Company and subsidiaries in terms of delay in commence of new projects and decrease or suspended of the provision of services. This is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future, including compliance with debt covenants. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

In the year 2019-2021, the Company has still focused on operating businesses with recurring income and closed down the business that do not generate income. The Company reorganized the workforce structure to be suitable for business operations and negotiated with various financial institutions for debt restructuring. In 2021, the Company issued convertible debentures of not exceeding Baht 1,000,000,000 by private placement to specific investors who are not related persons of the Company. The purpose of this issuance is for working capital and operations of the Company, investment in project and repayment of loan from banks.

Change and development during the past 3 years

2021

- The Extraordinary General Meeting of Shareholders No. 1/2021, held on June 8, 2021, passed a resolution to issue convertible debentures of not exceeding Baht 1,000,000,000 by private placement to Advance Opportunities Fund (“AO Fund”) and Advance Opportunities Fund 1 (“AO Fund 1”) who are not related persons of the Company. The purpose of this issuance is for working capital and operations of the Company, investment in project and repayment of loan from banks. The convertible debentures are unsubordinated without warranty and has a maturity of 3 years with interest rate of 0.50% per annum. In addition, the meeting also passed a resolution to increase the Company’s registered capital of Baht 370,370,370.40 by issuing 3,703,703,704 ordinary shares with par value of Baht 0.10 in order to reserve for the exercise of the conversion right of the Convertible Debentures.

As of December 31, 2021, the Company offered and issued the Convertible Debentures totaling Baht 700,000,000. The Debenture holders exercised their conversion rights totaling Baht 670,000,000 received 1,175,420,524 ordinary shares. The remaining ordinary shares reserved for the exercise of convertible rights are 2,528,283,180 shares.

- The National Telecommunication Public Company Limited signed a contract with Provincial Electricity Authority (“PEA”) to lease DTRS service for use in nine districts cover the Northern, Northeastern and Southern regions for a period of 48 months. NT also signed a contract to provide radio communication system for commanding of the Ministry of the Interior for a period of 36 months. The revenue sharing from airtime of the Company as

a partner in the Business Alliance Agreement in order to enhance the capabilities in the provision of Digital Trunked Radio System Service (DTRS) with NT is approximately Baht 1,200 million including VAT. The Company will receive revenue sharing from airtime on a monthly basis throughout the contracts, the services will begin in 2022. The revenue will depend on the procurement and installation of equipment of the National Telecommunication Public Company and partners in the agreement. In addition, the Company expects to have revenue from sale of radio communication equipment from both projects approximately Baht 2,500 million including VAT, which will gradually recognize some of the revenue from the end of 2021.

2020

- In 2020, the Company had entered into a debt restructuring agreement with the financial in order to amend the terms of repayment of short-term loan million to the new maturity within March 31, 2023. Under the Company's loan agreement and memorandum, the Company must comply with certain conditions stipulated in the agreement such as to maintain the percentage of shareholding of Samart Corporation Public Co., Ltd., in the Group, to maintain financial ratios and to receive financial support from Samart Corporation Public Co., Ltd. in total of not exceeding Baht 600 million. The amount of the financial support was approved by the Company's Extraordinary General Meeting of Shareholders on September 1, 2020.

2019

- On February 14, 2019, the meeting of Board of Directors of Samart Digital Media Co., Ltd., a subsidiary company, passed a resolution approving an acquisition of increased share capital of Entertainment Tree Co., Ltd., a subsidiary company, in proportion to shareholding, and an acquisition of the shares remaining after the share allocation in total of 270,000 shares of Baht 10 per share. The subsidiary fully paid for the share subscription on February 20, 2019. As a result of the acquisition of increased share capital, the percentage of shareholding of Samart Digital Media Co., Ltd. in Entertainment Tree Co., Ltd. increased from 44.99% to 61.87%.
- On February 18, 2019, the Extraordinary General Meeting of Entertainment Tree Co., Ltd., a subsidiary company, passed a special resolution approving the increase in the registered share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 8 million (800,000 ordinary shares of Baht 10 each) through the issuance of 300,000 additional ordinary shares at par value of Baht 10 each. The subsidiary company registered share capital increased with the Ministry of Commerce on February 25, 2019.

1.1.3 Spending of the money obtained from the Convertible Debentures

Samart Digital Public Company Limited issued the Convertible Debentures of not exceeding Baht 1,000 million by way of private placement to specific investors, namely Advance Opportunities Fund ("AO Fund") and Advance Opportunities Fund 1 ("AO Fund 1") who are not related persons of the Company. The Convertible Debentures can issue from time to time until the total amount of not exceeding Baht 1,000 million. The Company offered and issued the Convertible Debentures during August 6, 2021 to December 31, 2021 totaling to Baht 700 million. The utilization of capital increase received from Convertible Debentures for the 6 months ended December 31, 2021 are as follows:

Details	Amount (Million Baht)
Total capital increase received from Convertible Debentures	700.00
Utilization of capital increase:	
1. To invest in projects	533.34
2. To support working capital	58.89
3. To pay loan from financial institutions	15.00
Total utilization of capital increase	607.23
Remaining capital increase	92.77

1.2 Nature of Business

The revenue structure of the Company and subsidiaries as of December 31, 2019 - 2021 is as follows:

(Unit: Million Baht)

Revenue	Operated by	% of shareholding	2019		2020		2021	
			Revenue	%	Revenue	%	Revenue	%
Digital Network	SDC	100.00	517	51.75	439	68.92	265	67.26
	SMS	97.40						
	ZA, IMP, TBS	99.99						
Digital Content	SDM, LHH	99.99	482	48.25	198	31.08	129	32.74
	I-SPORT, SSTV	49.99						
	ENT	61.87						
Total Revenue from Sales and Services			999	100.00	637	100.00	394	100.00

SDC = Samart Digital Plc. ⁽¹⁾

SDM = Samart Digital Media Co., Ltd. ⁽²⁾

SMS = Samart Mobile Services Co., Ltd.

IMP = I-Mobile Plus Co., Ltd.

I-SPORT = I-Sport Co., Ltd.

ZA = ZECUREASIA Co., Ltd.

LHH = LUCKY HENG HENG Co., Ltd. ⁽⁴⁾

ENT = Entertainment Tree Co., Ltd.

TBS = Thai Base Station Co., Ltd.

SSTV = Siam Sport Television Co., Ltd. ⁽³⁾

Remarks: ⁽¹⁾ Formerly known as Samart I-Mobile Public Company Limited, changed the Company's name to Samart Digital Public Company Limited on October 6, 2017.

⁽²⁾ Formerly known as Samart Multimedia Co., Ltd., changed its name to Samart Digital Media Co., Ltd. on February 20, 2018.

⁽³⁾ I-SPORT holds 99.99% shares in SSTV, therefore, the Company holds 49.99 % indirect shareholding in SSTV.

⁽⁴⁾ Formerly known as SIM2ASSET Co., Ltd. changed its name to LUCKY HENG HENG Co., Ltd on January 13, 2022.

The Company and subsidiaries have 2 lines of business as follows:

1. Digital Network

The Company is engaged in the distribution of communications and electronics equipment as well as provides integrated businesses in digital network and solution. Since 2017, the Company has transformed the business into a full digital service such as Digital Trunked Radio System (DTRS) services and Co-Tower rentals for Mobile Operators in the Nationwide National Parks in collaboration with CAT Telecom Public Company Limited (Currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.). The Company still focuses on doing business with recurring income.

2. Digital Content

The Company provides varieties of most updated information, news and edutainment contents that address to everyone's need and fit with their lifestyles in the form of voice and non-voice including Multimedia in various forms of VDO Streaming, Real-time Service, and One-on-One Service through multi-channel communication devices. The sample of services are sports update reporting and fortune - teller and horoscope.

Business operations of each line of businesses**1. Digital Network****1.1 Products and services**

- **Digital Trunked Radio System**

On March 10, 2017, the Company entered into an agreement to enter into a consortium with Smart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (Currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.). The Company was appointed as the lead company of SISC Consortium which is authorized to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement.

Subsequently, on August 24, 2017, SISC Consortium entered into a business alliance agreement with CAT Telecom Public Co., Ltd. in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement will terminate on July 31, 2025.

On October 2, 2017, the Company entered into a three-year agreement with CAT Telecom Public Co., Ltd. to resell digital trunked radio system services to end-users. The term shall be automatically extended for another one-year term, unless either party provide the other with written notice of its election not to extend on before the date of expiration. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.

The Company provides digital services in the Digital Trunked Radio System Project (DTRS), which is a digital radio communication services in collaboration with National Telecommunications Public Company Limited (NT), the only and largest operator of digital trunked in Thailand. The Company has expected to install network stations of Digital Trunked covering most villages nationwide. Most of the target customers are regional agencies or local government agencies of the Government.

In 2021, the National Telecommunication Public Company Limited signed a contract with Provincial Electricity Authority (PEA) to lease DTRS service for use in nine districts cover the Northern, Northeastern and Southern regions for a period of 48 months. NT also signed a contract to provide radio communication system for commanding of the Ministry of the Interior for a period of 36 months. The revenue sharing from airtime of the Company as a partner in the Business Alliance Agreement in order to enhance the capabilities in the provision of Digital Trunked Radio System Service (DTRS) from both projects with NT is approximately Baht 1,200 million including VAT. The Company will receive revenue sharing from airtime on a monthly basis throughout the contracts, the services will begin in 2022. The revenue will depend on the procurement and installation of equipment of the National Telecommunication Public Company and partners in the agreement. In addition, the Company expects to have revenue from sale of radio communication equipment from both projects approximately Baht 2,500 million including VAT, which will gradually recognize some of the revenue from the end of 2021.

- **Co Tower**

Co-Tower is a business under Thai Base Station Company Limited (TBS), a subsidiary of the Company. TBS was cooperated as a business alliance with CAT Telecom Public Company Limited (Currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.) to provide telecommunication towers in various national parks throughout the country for a period of 10 years. Tourists in the national parks can use mobile phone signal to their full potential as well as reducing the duplication of investment in building telecommunication towers and the obscuring scenery in the national park area.

1.2 Marketing and Competition

Marketing of products and services

1) Marketing policy in the past year

The Company has developed services in accordance with the current customers' behavior using the Digital Trunked Radio system to reach their customers that used for specific missions. The Company will create value added services by providing services along with radio communication equipment to customers.

The Company also build a good relationship with customers and selection of qualified business partners. Therefore, it is necessary to compete with other competitors. The Company must have good support from customers and partners to meet customers' needs with competitive prices and within the budget set by the customers.

2) Target customers

Digital Trunked Radio System

- Government organizations and state enterprises
- Private sector, Industry and service sector such as transport and travel, factory and industrial estates, hospital, oil business, etc.
- Related companies

Co Tower

- Mobile operators such as TRUE, AIS, DTAC
- Business alliances of NT

3) Distribution channels

- G2G : sell through business alliances of NT
- B2C : sell through dealers
- B2B : sell through dealers and sell directly to public and private customers

4) Competition

Digital Trunked Radio System

- There is no direct market competition because NT has been a sole authorized provider by NBTC to provide services in Thailand.
- The indirect market competition is quite high because the price of indirect competitors such as Huawei e-LTE, True SMART 4G Adventure is cheaper. It also has a function that can transmit images and sounds.

Co Tower

The construction of telecommunications towers in each area depends on the demand of only three major mobile operators, and the demand for telecommunications towers depends on the number of tourists in each park. Therefore, the competition in each area may vary to the number of tourists. There will have a high demand for telecommunication towers in tourist-heavy areas. Areas with few tourists or able to use telecommunication towers from outside the park will have low demand or no need at all.

5) Industry Trends and Future Competitive Conditions

Digital Trunked Radio System

With the market opportunity and outstanding features of the DTRS system, the Company is confident that this business will continue to grow and to be an important source of recurring revenue for the Company.

After the network expansion to cover most of the country, this will allow the expansion of the use of DTRS services to be more comprehensive and widespread. The target customers will be government organizations, state enterprises, private businesses, industrial groups and service business groups such as logistics business, Industrial estates, hospitals, rescue centers and security companies, etc. The Company is confident that these organizations still have need to use a large number of DTRS services.

Co Tower

It depends on the policy of the National Park and alliance service agreement with NT.

1.3 Procurement of products and services

Digital Trunked Radio System

For procurement of products, the Company has been appointed as the authorized distributor of Motorola, which are standardized and trusted by world-class organizations with expertise and long experience.

For after-sales service, the Company focuses on maintenance and system maintenance to ensure maximum stability. Therefore, the competitive strategy adopted by the Company is to establish a Service Level Agreement-SLA that is suitable for the customer's usage conditions and technology features. Customers can use the maximum service through service centers (Teleports) throughout the country, providing 24x7 services within the service quality standards ISO 9001 and ISO 20000 and Certification of Availability of the service system, etc.

Co Tower

The Company hired a tower manufacturer to carry out the design of the towers to suit each area including the installation and improvement of the landscape to suit that area.

2. Digital Content

2.1 Products and services

The Company is a service provider of variety information through various media as follows:

- BUG1900 is variety entertainment on the phone through automation. The subscriber can call the number of each type of service from both fixed and mobile phones including services in the form of mixed media.
- HoroWorld is the center of forecasters and the largest horoscope in Thailand. The service is available via website and telephone.

On December 16, 2021, the Company launched HoroWorld on a new platform, Mobile Application, to adapt to the digital transformation era and to expand the new customer base with the following features:

1. Horo Live 24 hours
2. Event Bidding, fortune telling with famous fortune tellers
3. Physiognomy Scan
4. Recommended Services such as name change, surname change, auspicious occasion, signature change, feng shui, fortune telling, car registration, and telephone numbers, etc.

In addition, the Company also has a television program production "Delicious with Khun Reed" that is managed by Entertainment Tree Co., Ltd. This television program focuses on selecting good restaurants recommended and guaranteed quality by Khun Reed or Ms. Rapeephan Lueangamrat.

2.2 Marketing and Competition

Marketing of products and services

1) Marketing policy in the past year

With the rapidly evolving technology, the pattern of digital media consumers has changed. Consumers can choose to consume a variety of media, and choose to consume only the interested media in line with changing consumption patterns. Therefore, the Company canceled the production of sports programs broadcasting via satellite channels, and canceling the segment that provides information about eating, drinking, traveling via the website, focusing on producing content that the Company has expertise on providing services through mobile phones such as sports and life style. The Company also aims to be a Digital Sport that operates a full range of sports business. In addition, the Company has increased its sport technology service segment by being a provider of VAR (Visual Assistant Referee) system for the Football Association of Thailand, which is the first country to fully use the VAR system in Southeast Asia.

In addition to B2C customers, HoroWorld also plans to expand its B2B2C customer base by targeting 5 businesses as follows:

1. Automotive Business
2. Pre-wedding business
3. Real Estate and Banking Business
4. Beauty business
5. Hospital business

2) Target customers

The Company's target customers are users of all genders and ages who want to access news and information to meet daily use whether it is general information in the form of voice (Voice) and services in the form of text or images (Non-Voice) including Multimedia through multiple communication devices such as general sports reporting, fortunes through the center of forecasters and horoscopes. The Company believes that these information is of interest to all groups of customers not limited to occupation, income, or place of residence.

HoroWorld has set a target of 1 million downloads and Baht 100 million in revenue by 2022. The target customer is the person who uses a smartphone and likes horoscopes or believes in astrology. There is a plan to maintain 100% of the old customer base and expand the new customer base to Gen Y and Gen Z. According to the survey, working women aged between 25-45 years are the main customers of this service.

3) Distribution Channels

Due to the recognition that our customers have different needs for accessing information, the Company tries to offer its services through a variety of channels to access information as conveniently as possible as follows:

- BUG1900 is available through an automated telephone answering system and mixed media format.
- HoroWorld provides services via website, telephone and special events. By the end of 2021, the distribution channel has been expanded on a new platform in Mobile Application, while still maintaining the same distribution channel, including the 1900 website system and all social media channels of HoroWorld.

4) Competition

There are many changes of industrial situation in the past year as the technology of mobile devices evolves, changing the market. Users can access similar information or services at a lower cost with more convenience. Thus, competition is not limited to compete between business units only but every company has to compete with changing consumer behavior, which rely less on traditional news sources but pay more attention to the movements on social media and opinions from the experience of users. These factors make every business try to adapt to the ever-changing consumer behavior.

Horoscope or astrology market is a big market, but HoroWorld still has an advantage over competitors in the market as the following reasons:

1. HoroWorld is an expert in horoscope science for more than 25 years from 2015.
2. Provide one stop service for all periods of life from birth, growing up, making merit until the day of death according to HoroWorld's slogan "Every story is prophecy, complete at HoroWorld".
3. There are more than 200 fortune-tellers, all of the forecasting science that customers want. Most importantly, our forecasters are guaranteed by customers to be accurate and reliable and everyone has been certified by the Association of Astrologers of Thailand, International Astrology Society, the team of students Liam Petcharat and many other astrological associations.
4. Provide user friendly services and available 24 hours a day.

5) Industry Trends and Future Competitive Conditions

As mentioned above, today's communication technology has evolved by leaps and bounds, and enabling consumers to access information and entertainment in various forms more conveniently. They also have a much lower cost than before, causing businesses to adapt by creating value added services as well as creating new sources of income that rely less on direct income from consumers but developing new service models and building business alliances.

In addition to the adaptation in the service of HoroWorld, the Company plans to find partners to do B2B2C in this business in order to compete with competitors and have sustainability in the long-term of HoroWorld.

2.3 Procurement of products and services

The Company has developed their own content and collected from outside by purchasing a license or cooperation with partners. The Company collects data in the form of a large database and systematically compiled to be consistent with each service channel including a system to connect data with external service providers with specialized expertise to ensure that the information presented is as accurate as possible.

As the Company has expertise in the fortune-telling business for more than 25 years, giving enough data base to understand behavior and the needs of customers who have faith in horoscopes or astrology. Therefore, the information system has been continuously developed.

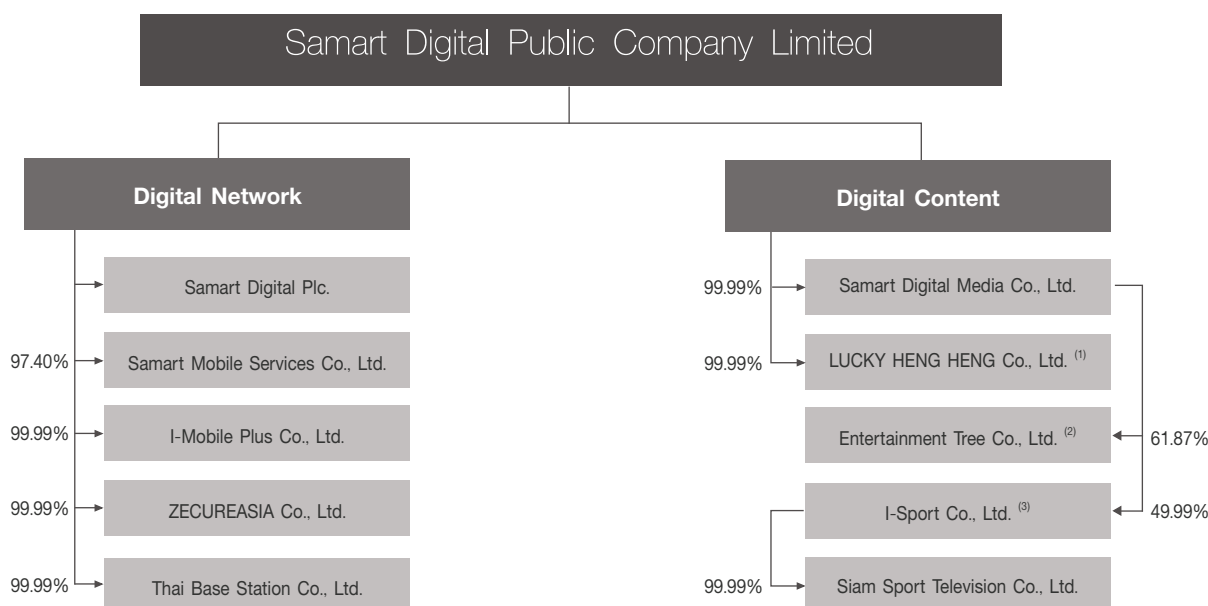
Assets used in Business Operation

Most of the assets used in business operation of the Company and its subsidiary companies are assets under installation. Please see detail in the Attachment 4.

1.3 Shareholding Structure of the Company and Subsidiaries

1.3.1 Shareholding Structure

As of December 31, 2021



Remarks: (1) Formerly known as SIM2ASSET Co., Ltd., changed its name to LUCKY HENG HENG Co., Ltd on January 13, 2022.

(2) The remaining portion of 38.13% held by 2 ordinary persons who have business expertise in such company.

(3) The remaining portion of 37.50% and 12.51% held by Siam Sport Syndicate Plc. and 9 ordinary persons respectively.

Information of Subsidiaries

As of December 31, 2021

Name of Company	Type of Business	Shareholder	Registered Capital	Total Ordinary Share	Company's shareholding	
					Number of shares	%
1. Samart Digital Media Co., Ltd. 99/10 Moo 4, Software Park, 26 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6363	Provide content services via fully integrated wire and wireless technologies both voice services via Audiotext and Call Center, and non-voice services including content producer and developer.	SDC	200 Million Baht	2,000,000	1,999,997	99.99
2. Samart Mobile Services Co., Ltd. 37/1 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee 12120 Tel. 0-2502-6000 Fax. 0-2502-6496	Temporarily ceased its business.	SDC	490 Million Baht	49,000,000	47,724,999	97.40
3. I-Mobile Plus Co., Ltd. 99/10 Moo 4, Software Park, 26 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8532	Temporarily ceased its business..	SDC	100 Million Baht	10,000,000	9,999,997	99.99

Name of Company	Type of Business	Shareholder	Registered Capital	Total Ordinary Share	Company's shareholding	
					Number of shares	%
4. ZECUREASIA Co., Ltd. 99/10 Moo 4, Software Park, 26 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8532	Temporarily ceased its business.	SDC	1.25 Million Baht	125,000	124,997	99.99
5. LUCKY HENG HENG Co., Ltd. ⁽¹⁾ 99/10 Moo 4, Software Park, 26 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Temporarily ceased its business and shifted to provide all types of forecasting and astrology businesses in 2022.	SDC	5 Million Baht, Paid-up capital of 2.5 Million Baht	500,000	499,997	99.99
6. Thai Base Station Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6491	Provide space rental and services as well as distributes telecommunication equipment and system.	SDC	10 Million Baht	100,000	99,998	99.99
7. Entertainment Tree Co., Ltd. 99/10 Moo 4, Software Park, 26 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6361	Produce, distribute and provide variety of entertainment media through television, telephone, internet, satellite and others including provide installation of equipment, network, facilities and other related services.	SDM	8 Million Baht	800,000	495,000	61.87
8. I-Sport Co., Ltd. 99/37 Moo 4, Software Park, 2 nd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6363	Provide a full range of sport businesses from sport information services via digital channel, event organizer, e-commerce of sport products, sport technology and benefit management to sport athletes, sport clubs and associations.	SDM	120 Million Baht	12,000,000	5,999,996	49.99
9. Siam Sport Television Co., Ltd. 99/37 Moo 4, Software Park, 2 nd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6363	Production outsource, Live Broadcast and taped sporting events.	I-SPORT	60 Million Baht	6,000,000	5,999,994	99.99

Remarks : ⁽¹⁾ Formerly known as SIM2ASSET Co., Ltd., changed its name to LUCKY HENG HENG Co., Ltd on January 13, 2022.

SDC = Samart Digital Plc.

SDM = Samart Digital Media Co., Ltd.

I-SPORT = I-Sport Co., Ltd.

1.3.2 The Top 10 Shareholders as of December 30,2021 are as follows:

No.	Shareholder's Name	Number of Shareholding	%
1.	Vilailuck Group ⁽¹⁾	9,289,834,000	74.32
	- Samart Corporation Public Company Limited ⁽²⁾	9,114,572,700	72.92
	- Samart Telecom Public Company Limited	85,861,200	0.69
	- Vilailuck International Holding Co., Ltd	30,535,100	0.24
	- Mr. Watchai Vilailuck ⁽³⁾	23,343,000	0.19
	- Mrs. Sukanya Vanichjakvong ⁽³⁾	20,012,000	0.16
	- Samart U-Trans Co., Ltd.	15,160,000	0.12
	- Ms. Srintip Vilailuck	350,000	0.00
2.	Mr. Nuttapol Jurangkool	259,594,700	2.08
3.	Ms. Chomkamol Poompanmoung	145,909,900	1.17
4.	Pol. Capt. Ratchata Poompanmoung	141,478,000	1.13
5.	Pol. Gen. Somyot Poompanmoung	85,448,200	0.68
6.	Thai NVDR Co., Ltd	78,409,828	0.63
7.	Mr. Thaveechat Jurangkool	55,234,600	0.44
8.	Mr. Ayuth Potchanant	54,000,000	0.43
9.	Mr. Vrit Yongsakul	42,000,000	0.34
10.	Mr. Apisak Theppadungporn	41,676,900	0.33
	Total shares of top ten shareholders	903,752,128	81.55
	Total shares of the minority shareholders	11,596,091,614	18.45
	Grand total	12,499,843,742	100.00

Source : Thailand Securities Depository Co., Ltd. as of December 30, 2021

Remarks: ⁽¹⁾ Samart Corporation Public Company Limited, Samart Telecom Public Company Limited, Vilailuck International Holding Co., Ltd., Mrs. Sukanya Vanichjakvong, Mr. Watchai Vilailuck, Samart U-Trans Co., Ltd. and Ms. Srintip Vilailuck are acting in concert regarding the determination of the relationship or Behavior as an act with another person and comply with Section 246 and 247.

⁽²⁾ A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 14.78% and 27.31% of the total shares respectively.

⁽³⁾ Includes holding by spouse and minor children.

1.4 Registered and paid-up capital

Samart Digital Public Company Limited is a listed company in the Stock Exchange of Thailand. As of December 31, 2021, the Company has a registered capital of Baht 1,675,917,022.50 and has issued and paid-up capital of Baht 1,249,984,374.20, divided into 12,499,843,742 ordinary shares with a par value of Baht 0.10.

1.5 Issuance of other securities

Warrants

The Annual General Meeting of shareholders, held on April 27, 2018, passed a resolution to issue warrants no. 1 (SDC-W1) up to 2,200,125,000 units of warrants to the existing shareholders of the Company who subscribe to and are allocated newly issued shares by offering to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant, without any cost. The exercise ratio is 1 warrant : 1 share, with an exercise price of Baht 0.50 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on the 15th of March, June, September and December. throughout the life of the warrants, commencing from December 28, 2018. Subsequently, the Extraordinary General Meeting of Shareholders No. 1/2021, held on June 8, 2021, passed a resolution to decrease the remaining registered capital from the allocation to the shareholders in proportionate to their respective shareholding (Rights Offering) and the exercise of warrants in 2018. Therefore, the number of shares reserved for the warrants are 1,731,043,303 shares with par value of Baht 0.10.

As of December 31, 2021, no warrant holders exercised their rights to purchase the Company's ordinary shares.

Convertible Debentures

The Extraordinary General Meeting of Shareholders No. 1/2021, held on June 8, 2021, passed a resolution to issue convertible debentures of not exceeding Baht 1,000,000,000 by way of private placement to specific investor which is not related person. The purpose of this issuance is for working capital and operations of the Company, investment in project and repayment of loan from financial institutions. The convertible debentures are unsubordinated without warranty and has a maturity of 3 years with interest rate of 0.50% per annum. In addition, the meeting also passed a resolution to increase the Company's registered capital of Baht 370,370,370.40 by issuing 3,703,703,704 ordinary shares with par value of Baht 0.10 in order to reserve for the exercise of the conversion right of the Convertible Debentures.

As of December 31, 2021, the Company offered and issued the Convertible Debentures totaling Baht 700,000,000. The Debenture holders exercised their conversion rights totaling Baht 670,000,000 received 1,175,420,524 ordinary shares. The remaining ordinary shares reserved for the exercise of convertible rights are 2,528,283,180 shares.

1.6 Dividend Payment Policy

The Company has a policy to pay dividend to shareholders of no less than 50% of its net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws. However, the dividend payment is subject to the Company's future investment plans and business expansion, including other necessity and suitability.

In consideration of dividend payment for profit from disposal of investment or fixed assets of the Company or subsidiaries, it is at the discretion of Management and the Board of Directors to consider whether or not to pay dividend or amount to be paid by taking into account the Company's future investment plans and business expansion, including other necessity and suitability.

The dividend payment of subsidiaries should base on policy of the Company.

Detail of dividend payment

Financial Ratio		2019	2020	2021
Earnings (Loss) per Share	(Baht)	(0.02)	(0.03)	(0.03)
Dividend per Share	(Baht)	-	-	-
Dividend Payout Ratio	(%)	-	-	-

2. Risk Management

2.1 Risk Management Policy and Plan

The Board of Directors has been appointed the Risk Management Committee in order to assess overall business situations and analyze risks both internally and externally, likelihood of risks which may impact the Company's main goals and stakeholders in order to specify risk reduction measures to keep such risk in the appropriate level. In addition, risks shall also be assessed by the Internal Audit Unit who will present the results to the Audit Committee and the management to jointly find guidelines to prevent such potential risk as well as to monitor and review the assessment results continually.

The Company has set risk management policy to keep up with the changing economic and political situation including the impact of the global financial crisis. The risk management policy includes measures to prevent and manage risks. The Risk Management Committee has supervised and monitored risks pursuant to the plans by cooperating and coordinating with various business units as follows:

1. Preparation of risk management plan by each department to follow the Company's master business plan and business risks that may occur in order that risk management plan can harmonize with Company's objectives, business plan, goals, strategies and the acceptable risks of the business operations;
2. Risk management will be carried according to the plan mentioned above. Each responsible department has prioritized the risks by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in conjunction with each department where as internal audit department undertaking role as risk coordinator and reviewer;
3. Risk Management countermeasures shall be implemented and regularly followed up by the risk management Committee which consists of management from all relevant departments in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's objectives.

In 2021, the Company has specified that each line of business must report its risk management performance 3 times a year so that the Company could be well-informed about risk issues and to make sure that each line of operations can actually and effectively manage risks. The Company reviewed risk management plans for business continuity management, and to prepare in case of uncontrollable events such as natural disaster, accidents and incidents which may cause interruption to the Company's main operations. Apart from risk management as per mentioned above, the Company also have personnel development policy to enhance skills of employees and to make them be able to adapt their operating procedures to catch up with technology which always change all the time. Moreover, the Company also regulated that risk management shall be a part of employee performance evaluation with aims to stimulate all departments on attainment of the Company's common objectives.

2.2 Risk Factors on Business Operation

The Company and subsidiaries are engaged in the distribution of communications and electronics equipment as well as provides integrated businesses in digital network and solution. In addition, the Company also provides interactive media and varieties of most updated information, news and edutainment contents in the form of voice and non-voice services. The Company has conducted 2 lines of business, Digital Network and Digital Content. Risk factors may have an impact on the Company's operation are as follows:

1. Business Risks

1.1 Risks from Digital Content

Result from technological change and more influence in role of internet in consumer's daily life, they can easily data access with free of charge. Additionally, mobile operators set up mobile content service unit to serve their customers and the related government sectors increase more criteria to subscribe mobile content services. All the mentioned factors, the Company has transformed its services into new applications such as VDO streaming, real-time services, or one-on-one services of which the customer satisfaction feedback was very good. In order to match with consumer behavior change, the Company plans to develop new applications to serve needs of premium customers and find business partners to increase the potential of business operations.

1.2 Risks from Digital Network

For the services of Digital Trunked Radio System, the Company is still exposed to the risk of counterparty's default in terms of delay in performance or the inability to complete the project operation, which will result in the Company's delay in operation. The Company may need to seek new project with the capability and readiness for operation. Furthermore, the Company's revenue depends on CAT's capacity to collect payments from the users, which the Company will be affected in terms of payment collection from CAT, under the terms of the said agreement. However, the Company believes that this will not significantly affect the operation of the project because the majority of the users are government agencies, state-owned enterprises and large private entities.

2. Financial Risk

2.1 Foreign Currency Risk

The Company and subsidiaries have imports, which are denominated in foreign currencies that expose to the risk from foreign exchange fluctuation. However, the foreign exposures have been hedged under forward contracts and the Company has closely monitored financial market and foreign exchange. As of December 31, 2021, the Company and subsidiaries have foreign currency assets and liabilities of USD 6.15 million (separated financial statement presented USD 6.15 million).

2.2 Interest Rate Risk

The fluctuation of interest rate in the market can affect cost of funds through the Company and subsidiaries' short-term and long-term loans from financial institutions that have the interest rate based on money market. As of December 31, 2021, the Company and subsidiaries had total loans from financial institutions of Baht 2,744.87 million. However, the Company and subsidiaries have closely monitored the interest rate in financial market. The Company is in the process of negotiation to revise these conditions with banks and to request a waiver of the repayment structure, which is currently in the process of consideration and approval by the bank.

2.3 Expected credit losses

The Company and its subsidiaries may be exposed to risks from expected credit losses which arises from the default of the Company's trade accounts receivable. As of December 31, 2021, the Company has total trade accounts receivable of Baht 2,326.47 million of which overdue over 12 months amounting to Baht 2,233.86 million. However, the Company believes that they will receive repayments from debtors because they have been doing business together for a long time and the customers are trustworthy considering their continuing repayments. In addition, the Company also believed that the allowance for expected credit losses, considering the current situation, was sufficient and appropriate and it would be able to collect the remaining debt after deducting the allowance for expected credit losses. Although the Company has evaluated and exercised its best estimate, there is still uncertainty about the changing situation. The Company has a risk that it may not be able to collect debt and may affect the financial liquidity and profitability of the Company.

2.4 Guarantee to subsidiary companies

The Company has contingent liabilities with respect to the guarantee of subsidiaries' credit facilities which are working capital line and joint credit line with the Company. Accordingly, the Company may expose to risk associate with the default on the guaranteed loans. However, as a regular business monitoring especially on financial position of subsidiaries, the management is confident that there will be no any event of defaults. As of December 31, 2021, subsidiaries' outstanding loans guaranteed by the Company were Baht 10 million.

2.5 Ability to pay debts

In 2021, the Company had net loss attributable to shareholders of the Company totaling Baht 332.21 million, which was a continuing loss from the year 2020 with net loss of Baht 342.94 million due to negative impact from the spread of COVID-19 affecting the business of the Company. For the financial ratios showing debt serviceability, in 2021, the Company's interest coverage ratio (ICR) and debt service

coverage ratio (DSCR) are 0.03 times and 0.002 times, respectively. Down from the end of 2020, which are 0.36 times and 0.05 times respectively, indicating a decline in the Company's debt serviceability due to the impact from the COVID-19 situation. As of December 31, 2021, the Company had a net Interest bearing debt to equity ratio of 2.37 times, decreasing from at the end of 2020 that was 3.52 times, which indicates the decline in the proportion of debt due to the reduction of long-term loans from financial institutions. While the shareholders' equity increased from the conversion of convertible bonds during the year. As of December 31, 2021, the Company had total liabilities of Baht 3,715.65 million and total current liabilities of Baht 3,129.89 million, total current assets of Baht 1,327.55 million or accounted for a liquidity ratio of 0.42 times, a decrease from the end of 2020 that was 0.56 times. Due to the decline of liquidity ratio to below 1.00 times, it may represent the risk of short-term debt payments if the Company is unable to manage its internal liquidity. The Company's main current liabilities at the end of 2021 consist of current portion of long-term loans from financial institutions of Baht 2,595.46 million, trade and other payables of Baht 444.31 million and short-term loans from unrelated parties of Baht 12.71 million. The Company has total interest-bearing liabilities of Baht 2,912.09 million.

2.6 Maintain financial ratios

The Company has obligations as stipulated in the terms of loan agreements with 6 financial institutions, of which 5 financial institutions stipulate conditions to maintain the ratio of net interest-bearing debt to shareholders' equity of not more than 3 times starting from the financial statements for the year 2021 onwards. Net interest-bearing debt is interest-bearing liabilities exclude loans from related parties to shareholders' equity, including loans from SAMART minus cash, cash equivalents and investments with financial institutions that are not subject to guarantee obligations as shown in the financial statements. For the remaining financial institution, the Company has obligation to maintain the debt to equity ratio according to the consolidated financial statements at the end of the year at not exceeding 3:1. As of December 31, 2021, the Company had the said ratio equal to 4.44 times, which is higher than the conditions specified by that financial institution.

The Company's inability to maintain the aforementioned financial ratio with the financial institution and certain conditions as stipulated in the loan agreement with another financial institution. Consequently, the outstanding loans under the said financial institutions as of December 31, 2021, amounting to Baht 149.02 million, is payable on demand immediately. Therefore, the Company classifies this loan as current portion.

Ratio	Obligation	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021
Debt to equity ratio	Not more than 3:1	5.27	7.87	4.44
Net interest-bearing debt to equity ratio ^{1/}	Not more than 3:1	_{-2/}	_{-2/}	2.37

Remarks ^{1/} The Company must maintain the ratio of net interest bearing debt to equity ratio according to the consolidated financial statements at the end of the year of not exceeding 3:1. Net interest bearing debt to equity ratio is interest-bearing liabilities exclude loans from related parties to shareholders' equity, including loans from SAMART minus cash and cash equivalents and investments with financial institutions that are not subject to guarantee obligations as shown in the financial statements.

^{2/} During that time, the Company has no obligation to maintain net interest bearing debt to shareholders' equity in accordance with the conditions of financial institutions.

However, the Company is in the process of negotiating to change the conditions for maintaining financial ratios from one of the above financial institutions to have the same financial ratios as 5 financial institutions. There is a high probability that said financial institutions will approve this case due to the financial institution has a good relationship with Samart Group and has provided financial support to Samart Group on a consistent basis.

3. Risk from major shareholders holding over 50% of the shares

As of December 31, 2021, Vilailuck Group including Samart Corporation Public Company Limited and its subsidiaries hold 9,289,834,000 shares or 74.32% of the Company's issued and paid-up capital. It can control most of the shareholders' resolutions on various important matters such as the appointment of directors, or other resolutions that need majority votes of the shareholders, except for those resolutions that require three-fourths of the shareholders' votes, as specified by the law or the Company's Articles of Association. As a result, other shareholders may not be able to gather enough votes to offset the major shareholders' influence. However, the Company appointed 3 independent directors to be the Audit Committee to review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the law and the regulations of the SET and the SEC, and are reasonable and for the highest benefit of the Company.

4. Social and Environmental Risk

In order to maintain the continuity and sustainability of the Company's operation, the Company is owing to the support from both community and society. The business operation, which results in negative impacts on society, community, and environment, will damage the image following by the poor performance of business in long term. The Company is well aware of the importance of social and environmental responsibility, the development of quality of life, and prosperity of the communities. Thus, the Company has set the policy and practical guideline regarding strengthen good relationship with the organizations both from public and private sectors, as well as community leaders for cooperation of sustainable and concrete community development. The Company provides technological innovation competitions, scholarship, library and playground development for rural schools. We also provide computers for students in remote areas, and training for knowledge accumulation in telecommunication technology in order to create quality personnel to Thai society. In addition, the Company operates with concern about environmental conservation and valuable utilization of available resources, with policies to promote knowledge and providing trainings in environment to motivate environmental concern during operation. We also create employee conscience through annual internal media and energy saving campaigns, with ongoing operation in compliance with social and environmental policies for living and to growing with community upon beneficence and sustainability.

5. Legal dispute

Note 35.6 to the financial statements regarding a dispute of I-Mobile Plus Company Limited, a subsidiary, relating to breach of contract with respect to 3G mobile network service trial project with TOT Public Company Limited (Currently, CAT Telecom Public Company Limited has been merged with TOT Public Company Limited into National Telecom Public Company Limited). A subsidiary filed a plaint claiming compensation from such organization with the Civil Court since October 2018 and at present it is under consideration of the Civil Court. In 2020, such organization filed a suit against the Company and the subsidiary with the Central Administrative Court demanding payments of fees and interest with the amount in dispute of Baht 212 million. However, on 30 April 2021, the Company and the subsidiary filed the amended plaint with the Central Administrative Court. Subsequently, the Company and its subsidiary filed an objection against the court jurisdiction. On 27 May 2021, the Committee on Jurisdiction of Courts decided that the case is in jurisdiction of the Court of Justice, not Administrative Court. Subsequently, the Court of Justice made an appointment on April 18, 2022 to determine the proceedings or to schedule the settlement of issues.

According to the opinion of the Group's legal advisor, the Group's management still believes that the adverse impact arising from this dispute will not be significant. Therefore, as at 31 December 2021, the Group has not set up additional provision in its accounts. At present, the outcome of this dispute has not been finalized and depends on future legal proceedings. Therefore, the Company and the subsidiary are at risk of incurring additional liabilities arising from legal disputes that may have a significant impact on the assets of the Company and the subsidiary.

6. Coronavirus disease 2019 Pandemic

The COVID-19 pandemic situation, which is still spreading at present, has caused the economic slowdown. It affects many businesses and industries including the Group's business activities in relation to the supply chain system, service limitation and delayed operations which has a significant impact on the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future, including compliance with debt covenants. In 2021, the Company reported total revenues of Baht 418.19 million, a decrease of Baht 240.85 million or 36.55 percent compared to the year 2020. The decrease in revenue was mainly due to the COVID-19 crisis. The spread of the COVID-19 remains uncertain, the Company's future performance may be affected by the economic disruption, reducing government expenses of which the Company's main customers coupled with the recovery of the Company's earnings that may not be fully feasible. The above facts may affect the ability to pay interest and loans from banks.

The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

3. Driving Business for Sustainability

3.1 Policy and objectives of sustainable management

Sustainable Development Policy




The Company realizes that achieving and preserving goals in accordance with its vision and missions, the Company must be committed to conduct the business to respond to all stakeholders and reduce the impact on the economy, society and environment. In order to cover and respond to the Company’s stakeholders and develop the Company towards sustainable growth, it must be developed in parallel with social responsibility, environment and good corporate governance as well as respect for human rights. Therefore, the Company has set the Sustainable Development Policy as follows:

1. To committee to develop the organization based on good governance by supervising the affiliated companies to conduct business with transparency, fairness, and effective risk management. Finding the opportunities for business expansion and investing in the new businesses, and returns benefits to the stakeholders effectively and sustainably.
2. To promote business operations with responsibility to customers, partners, communities, society, as well as employees of the organization by setting policies and practices to treat all parties in the business value chain with fairness and comply with human rights principles.
3. To promote environmental conservation and the efficient use of resources, as well as encourage subsidiary companies to develop and present the technologies which are friendly to the environment.

The policy and practice are disclosed as a part of the Ethics on the Company’s website (www.samartdigital.com).

As Samart Group, Samart Digital Public Company Limited conducts business by considering on responsibility to society and environment as well as good corporate governance for the sustainable growth of both the Company’s business and society. The Company concretes more action by setting up working group on social and environmental responsibility for sustainability of the business. The quorum consists of directors, management and/or any qualified candidates to define policy framework and operational guideline on social and environmental responsibility so that they can use as guidelines on monitoring their progress and assessment of CSR operations to report to the Board of Directors. The Sustainable Development Committee shall convene the meeting at least twice a year.

For corporate sustainability goals, Samart Group operates within the framework of sustainable development by committing to offer technology products and services that promote corporate sustainability and enhance good quality of life. In addition, the Company also drives the business according to the Sustainable Development Policy in the environmental and social issues as well as respect for human rights and good corporate governance as follows:

 Environment	 Social	 Corporate Governance
<p>To promote environmental conservation and intelligent and sustainable use of resources.</p>	<p>To treat employees fairly and promote their potential development and career advancement as well as promote “Develop Quality People and Promote Maral Society” through ongoing projects and activities for public benefit.</p>	<p>To manage and operate the business with efficiency, transparency, fairness and responsibility to stakeholders both directly and indirectly.</p>

Important developments from policy implementation

The Company continuously reviews and improves the sustainable development policy and then proposes to the Sustainable Development Committee and the Board of Directors’ meeting for consideration, annually. In 2021, the Company has revised its human rights policy to be effective in all companies in line with international principles and the Human Rights Declaration and other requirements by respecting for the human rights of all persons, treat everyone equally without discrimination, encourage employees to express their opinions, do not use child labor and

comply with employment laws. The environmental policy has been revised to be in line with the Company's business directions and strategies for sustainable growth and add value to the organization in order to build confidence for shareholders and investors. In addition, the Sustainability Development Committee has reviewed the Sustainability Development Policy to be appropriate and consistent with the principles of sustainable business driving and proposed to the Board of Directors' meeting for approval on February 24, 2022.

Operating Performance

Environment




Goal	Operating Performance		
	2019	2020	2021
Reduce the use of resources and energy within the organization (Baht)			
• Water	126,299.80	45,599.22	24,386.99
• Electricity	4,662,265.22	765,261.27	541,952.33
• Fuel	1,451,469.54	936,182.58	276,776.00

Remark : In the past several years, the Company and its subsidiaries have restructured their business operations, closed down the non-profitable businesses, and reorganized the workforce structure to suit business operations. In addition, the COVID-19 pandemic has delayed in commence of new projects and decrease or suspended of the provision of services. Therefore, the comparative figures shown below may not reflect performance in the same situation.

Social

Goal	Operating Performance		
	2019	2020	2021
• Average human resource development time not less than 6 hours/person/year	7 hours/ person/year	6 hours/ person/year	8 hours/ person/year
• No case or complaint regarding to human rights violations and unfair treatment of workers by both inside and outside the organization	No cases or Complaints	No cases or Complaints	No cases or Complaints
• No case or complaint or incident concerning occupational safety and health at workplace	No cases or Complaints	No cases or Complaints	No cases or Complaints

Corporate Governance

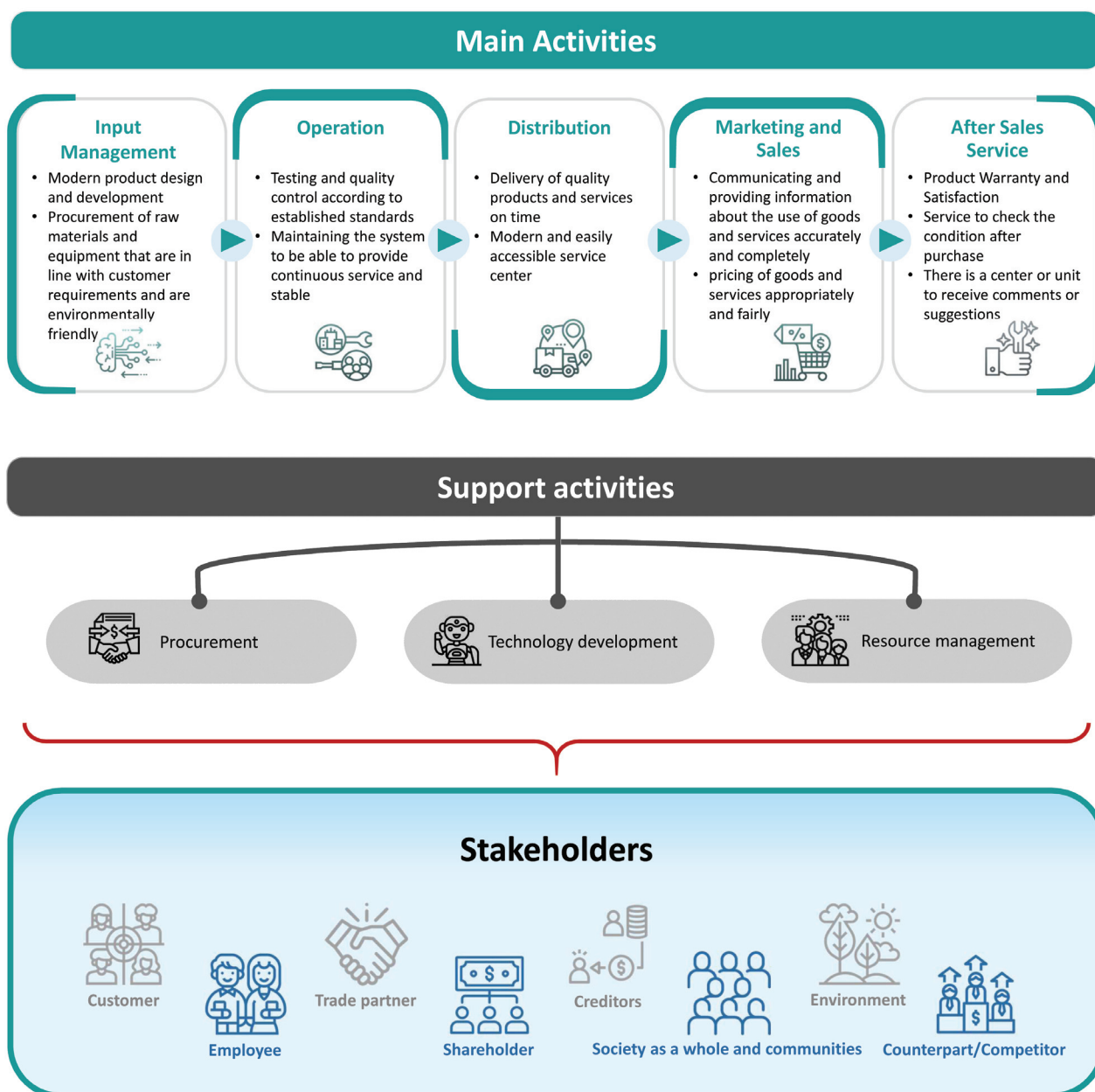
Goal	Operating Performance		
	2019	2020	2021
The assessment result of good corporate governance in Excellent level (5 stars)	 Excellent (Score 93)	 Excellent (Score 93)	 Excellent (Score 93)

3.2 Management of impacts on stakeholders in the business value chain

3.2.1 Business value chain






The Company is committed to creating value for products and services to meet the expectations of stakeholders by considering the relationships of key stakeholders in various activities related to business operations from upstream to downstream as a component of the Company's sustainability strategy.




The Company divides its business operations into 2 business lines, Digital Network and Digital Content, with the activities on the value chain as follows:



3.2.2 Analysis of stakeholders in the business value chain

The Company has always realized that all stakeholders are the main factor in driving the business to be sustainable. Therefore, the stakeholder engagement was considered in material sustainable development issues to take appropriate action and effectively responding to the expectations of stakeholders as follows:

Stakeholders	Engagement Channels	Stakeholder Expectations	Response to Stakeholder Expectations
Customer 	<ul style="list-style-type: none"> • Provide customer service center • Conduct customer satisfaction survey of products and services on a regular basis • Visit customers to hear problems and suggestions • Customers can make suggestions or complaints through website, email and phone 	<ul style="list-style-type: none"> • Conducting business with fairness, honesty and transparency • Responding expectations with efficiency and effectiveness • Fast solving problems to customers • Getting good quality products and services at reasonable prices. 	<ul style="list-style-type: none"> • Provide trendy, high quality, reasonable price of product and service to meet the customers' diversity of needs • Strengthen and maintain the good relationship between customers and the Company
Employee 	<ul style="list-style-type: none"> • Communicate information regularly through online channels and others • Organize meetings to communicate with employees in each division or group. • Provide annual opinion survey • Communicate channels for receiving complaints, misconduct and corruption 	<ul style="list-style-type: none"> • Taking care of working environment, safety and property of employees • Opportunities for career advancement of employees, suitable welfare for future growth of the Company • Reasonable compensation and fair treatment • Good physical and mental health at work. 	<ul style="list-style-type: none"> • Respect for the individual privacy • Provide fairly employment • Develop the employees' skills and capability, provide both in-house and external training and educating course for more capability of employees • Be aware of occupational safety and health of employee • Provide appropriate compensation
Trade Partner 	<ul style="list-style-type: none"> • Talk via phone and email • Organize meetings between companies and partners • Partner Seminar • Complaints via email. and various channels • Annual partner meeting 	<ul style="list-style-type: none"> • Fair treatment and compensation. • Anti-Bribery and Corruption • Transparency, fairness, including clarity in the procurement process. 	<ul style="list-style-type: none"> • Provide goods and services with the highest standard based on trading condition, contract and business ethics
Shareholder 	<ul style="list-style-type: none"> • Annual Shareholders' Meeting • Provide channel to contact via investor relations • Shareholders can make suggestions or complaints via website, email and hotline • Online presentation of company information 	<ul style="list-style-type: none"> • Good performance • Dividend payment according to the Company's performance • Competitiveness of the Company and ESG management for long-term returns 	<ul style="list-style-type: none"> • Manage the organization with good corporate governance principles and comprehensive risk management • Regularly disclose information about business operations accurately and transparently • Create a concrete anti-corruption culture in the organization through the enforcement of anti-corruption policies
Creditors 	<ul style="list-style-type: none"> • Disclose company information through the website • Meet and provide information regularly. 	<ul style="list-style-type: none"> • Have ability to repay loans and interest on schedule • Payment of goods and services on time 	<ul style="list-style-type: none"> • Strictly follow to the agreements or any specific conditions

Stakeholders	Engagement Channels	Stakeholder Expectations	Response to Stakeholder Expectations
Society as a whole and communities 	<ul style="list-style-type: none"> • Disclose company information through the website • Provide channels for receiving complaints or suggestions through website, email and telephone • Annually disclose accurate and transparent information on business operations through Annual Report 	<ul style="list-style-type: none"> • Operate the business with safe in mind and non-affecting community • Support activities of community and social contribution 	<ul style="list-style-type: none"> • Support, promote and participate in activities that are beneficial to the community and society • Develop internal foundation called “Samarit Foundation” to carry out social responsibility activities. • Organize activities to promote and develop potential in education and technology through various activities. • Recruiting and developing innovations to increase consumption • Support the efficient use of resources with low impact on society, environment, and the quality of life of community and society.
Environment 	<ul style="list-style-type: none"> • Disclose company information through the website • Annually disclose accurate and transparent information on business operations through Annual Report 	<ul style="list-style-type: none"> • Conduct the business operations by taking into account both direct and indirect environmental impacts 	<ul style="list-style-type: none"> • Operate the business by considering on environmental conservation and security standard • Support environment activities and conservation campaign • Provide knowledge and training to employees regarding environmental conservation
Counterpart/Competitor 	<ul style="list-style-type: none"> • Disclose company information through the website • Complaints can be made via website, email and telephone 	<ul style="list-style-type: none"> • Free and fair trade competition • Sustainable economic, social and country development. 	<ul style="list-style-type: none"> • Compliance with the legal framework for competition practice and rules for free and fair trade competition • Not seeking confidential information of competitors by dishonest means • Not destroying the reputation of competitors

The Company prioritizes stakeholders in order to allocate resources as the defined priority for the highest efficiency and effectiveness of sustainable growth of business. Stakeholders who directly affect from the Company’s operation are customers and employees. Therefore, the Company set Vision, Mission and Corporate Culture, focusing on the Company’s customers by providing trendy, high quality, reasonable price of products and services and select the integrated innovative products and services to meet the customers’ needs as normal operation of the Company. The later significant stakeholder is the Company’s employees. The Company realizes that all employees are valuable and crucial fundamental for the Company’s sustainable success and growth. Thus, the Company provides fairly employment, tries to improve the employees’ skills and capability, and provides both in-house and external training as well as educating course for more capability of employees. This includes educating and training courses related to CSR and anti-corruption, as well as setting up the Human Management and Development Policy.

3.3 Management of environmental sustainability

3.3.1 Environmental policy and guidelines

The Company recognizes the importance to operate the business by considering environmental protection and using resources wisely and knowing their value as well as developing and introducing technology that is beneficial to the environment. The Company has supported various environmental projects and raising awareness among employees seriously and continuously to create participation in sustainable environmental stewardship. Therefore, the Company set the environmental policy for affiliated companies to adhere to and comply with as follows:

1. Policy for managing the use of resources with the most value and benefit covered the use of water supply, electricity, office equipment and vehicle fuel, etc.
2. Policy for the development of technology products and services to promote sustainable conservation of natural resources and the environment.
3. Policy for cultivating environmental sustainability awareness among employees and stakeholders of the Company's value chain through media and activities continuously.

3.3.2 Environmental operating results

As Samart Group, Samart Digital Public Company Limited is thus determined to manage and operate its business without causing negative impact on environment, community and society throughout the business value chain by adhering to sustainable development guidelines in three dimensions: economically, socially and environmentally. Policies and guidelines have been formulated for energy efficiency appreciating its value. Employees are encouraged to make optimum use of resources, aware of environmental conservation. Knowledge about environmental management is disseminated to groups of stakeholders and continued support given to environmental conservation activities.

The Company and its subsidiaries have achieved environmental management performance according to the sustainability action plan. In the past several years, the Company and its subsidiaries have restructured their business operations, closed down the non-profitable businesses, and reorganized the workforce structure to suit business operations. In addition, since the end of 2019, the COVID-19 pandemic has slowed down to the World's economic and adversely impacting most businesses and industries including the business activities of the Company and its subsidiaries in terms of delay in commence of new projects and decrease or suspended of the provision of services. Therefore, the comparative figures shown below may not reflect performance in the same situation.

1. Energy Conservation

Samart Group attaches great importance to energy efficiency, appreciating its value. To make optimum use of energy, policies and work plans have been set with the concrete aim to reduce energy and resources consumption by 10% annually since 2007. In addition to reducing the cost of energy and resources, this should help alleviate the problems and lessen the impact of climate change. The reduction of energy and resources can be summarized as follows:

1.1 Water

Ongoing campaigns are run to encourage awareness in employees of the value of water so they use it sparingly. The low-flow water-saving approach has also been implemented. As a result, water consumption by Samart Group is on a continuously decreasing trend.

Water consumption of the Company and subsidiaries are as follows:

Year	2019	2020	2021
Cost (Baht)	126,299.80	45,599.22	24,386.99

1.2 Electricity

To manage energy used by both lighting and air conditioning systems efficiently, Samart Group has installed and maintained monitoring equipment to control the operation of related electrical systems since 2007. Campaigns are run to encourage awareness in employees of smart use of electricity. This includes turning off lights in the office during lunch break and when not in use. In addition, office air conditioners are set to turn on at 8:00 a.m. and turn off at 5:30 p.m. After implementing such measures, the electricity consumption has a significant reduction.

Electricity consumption of the Company and subsidiaries are as follows:

Year	2019	2020	2021
Cost (Baht)	4,662,265.22	765,261.27	541,952.33

In addition, the Company has a policy to modify or replace various devices in the office with the aim to reduce electricity consumption continuously including the following:

1.2.1 Replacement with LED energy-saving bulbs: Following the sustainability development plan (SD Roadmap), in 2011, all T8 bulbs were replaced with energy-saving T5 bulbs. Subsequently, the Company gradually switched from T5 energy-saving bulbs to LED ones. So far all the bulbs have been replaced. This has helped save electricity by up to 50% compared to the beginning of the project. Samart Group plans to continue using LED bulbs.

1.2.2 Samart Group has been replacing personal computers with notebooks, starting the project in 2018. The objective is to increase work efficiency as well as to reduce electricity consumption. Compared to a PC computer which consumed 220 watts, it was found that a notebook consumed only nine watts. In addition, as a notebook uses less electricity, the heat build-up in the device also goes down, in turn reducing the heat emitted into the office space, thereby reducing the workload of the air conditioner at the same time.

Cumulative electricity consumption, by personal computers and notebooks compared

Year	2019	2020	2021
Number of notebooks changed during the year	52	53	9
A decrease in electricity consumption in kilowatt hours per year compared to PC's	123,552	125,928	21,384
A decrease in electricity cost in Baht per year compared to PC's	105,706	107,738	18,295

1.3 Fuel and travel expenses

Samart Group has a practice guideline with the aim to reduce vehicle fuel consumption as well as travel. Technology has been brought in for the purpose befitting the digital age. Instead of meeting with clients onsite, online meetings are arranged. This has improved work efficiency while also reducing the operating costs of the organization. The Company's fuel consumption and travel expenses are on a continuously decreasing trend.

Fuel consumption and travel expenses of the Company and subsidiaries are as follows:

Year	2019	2020	2021
Cost (Baht)	1,451,469.54	936,182.58	276,776.00

2. Reducing the use of resources

"Paper" is a resource in the category of consumable office supplies, necessary for the operations in the organization. Considering important the concept of smart use of resources, Samart Group has embarked on the idea of paperless operations. Thus digital platforms have been established for various work systems in order to reduce the use of paper in printing documents. This has added to convenience and work efficiency while also reducing the operating costs.

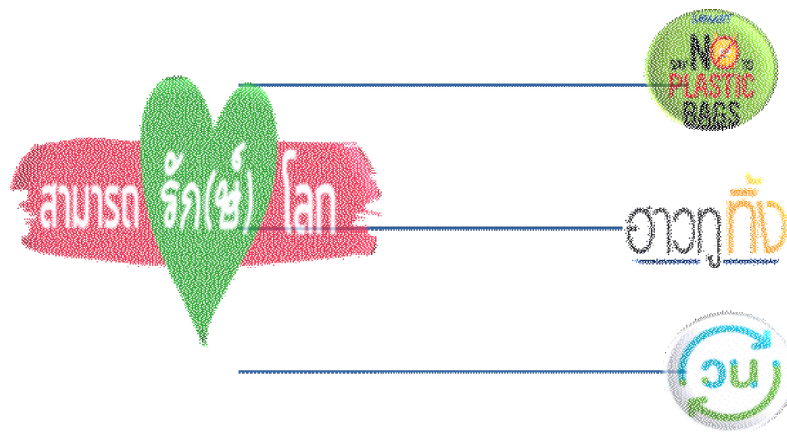
Amount of paper used in business operations of the Company and subsidiaries are as follows:

Year	2019	2020	2021
Reams of paper	515	450	420

3. Waste reduction

Samart Group pays attention to waste management from operations, with standard management to reduce environmental pollution problems. Reuse is promoted and employees are encouraged to be environmentally conscious both at work and outside work. It is hoped that the concept will rub off on the employees’ families and further on their communities.

From 2019-2021, Samart Group ran environmental campaigns particularly dealing with pollution from waste, which had been increasing every year. The “Samart Saves the Earth” project has garnered interest and participation from employees continuously.



3.1 In the “Plastic Bag Use Reduction (2019)” project, campaigns were held to reduce and reuse plastic bags. Cloth and paper bags were provided on every floor of the office building for use and reuse of employees. Cloth and paper bags were also collected and delivered to hospitals where patients can use them to carry home their prescription drugs and medical supplies.



3.2 In the “E-waste Disposal (2020)” project, campaigns were held to promote proper waste sorting and management. The main focus was on the concept of first using electronic items effectively, then sorting and disposing the e-waste properly. E-waste needs to be disposed of properly to avoid the risk of toxic materials contaminating natural resources. E-waste bins were placed at drop-off points so the e-waste could be collected and then disposed of properly and safely.



3.3 In the “Recycling (2021)” project, campaigns were held to raise awareness of proper waste sorting and management focusing on the recycling concept. Plastic water bottles sorted out and left in recycle bins provided were subsequently collected and donated to be finally recycled into PPEs for medical personnel.



Samart Group’s Waste Reduction Performance consumption of the Company and subsidiaries are as follows:

Activities	Number of participants	Waste amount entered into project	Project duration	Benefit
Plastic bag use reduction (2019)	200	2,000 cloth and paper bags received	6 months	Donated to four hospitals nationwide
E-Waste disposal (2020)	250	100 Kgs. Of e-waste received	6 months	Delivered to AIS E-Waste project
Recycling (2021)	300	3,000 plastic bottles received	4 months	Delivered to Chakdaeng Temple in Samutprakan province to be recycled into PPEs for medical personnel during the COVID-19 situations

4. Reduce the greenhouse gas emission

Samart Group realizes that the problem of greenhouse gas emissions is a major cause of climate change and global warming and that the company’s activities may contribute to the emissions with the energy consumption for air-conditioning, lighting, and use of office equipment as well as vehicle fuel consumption. However, the company does not yet have the data nor the experience in proper and accurate GHG mitigation management to report on performance in this area in 2021. Any clear results will be duly reported later on.

3.4 Social sustainability management

3.4.1 Social policy and guidelines

The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore, to bring about societal progress, the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of society, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concreted development of the communities.

Policy related to society and community as a whole

Responsibility to society as a whole

The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore, to bring about societal progress, the Company has policies to:

1. Participate in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly.
2. Support educational activities, vocational development, athletic ability as well as sanction for outreach people.
3. Support and aid society and community, and aid sufferer.

Responsibility to communities

The Company has policy to strengthen close relationship with the communities and the surrounding areas as follows:

1. Strengthen good relationship with the organizations, from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis.
2. To provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, for instance the construction of bus shelter in front of the Company's office building, donation of rain coats and reflective coats to the traffic police in the areas of Pak-Kred Local Police Station and Pak Klong Rangsit Local Police Station, support the learning materials and sport equipment to the schools in nearby areas, restoration of the temples and donation of money to the poor in the communities.
3. To raise funds and supply the necessities to help the disaster victims, for instance provision of boats to the government agencies to be used for facilitating the people who were suffered from the flood.
4. To cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.

Fair Labor Practices

The Company always realizes that all employees are the most valuable assets of the Company and they are the successful factors in making the Company achieve its objectives. The Company must respect and obey the laws and ethics in order to establish justice, stability and peace in the society. Therefore, the Company takes good care of and equally treats them with regarding to the opportunity, compensation, appointment, transfer including fair and appropriated welfares in various aspects as follows:

1. Respect for the right to work pursuant to the fundamental human right principles. Details are provided under "Corporate Governance" under the topic "Business Ethics" in "Non violation of human rights policies and practices".
2. Set up "Compensation & Benefit Policy" with comply with principles to employee motivation, internal impartiality and compensation standards, and job value to company. The Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in the same and diversified industry. The Company ensures that compensation, benefit and welfare policy aligned to legal regulation. The Company also set up reasonable remuneration packages according to market situations, business competitions, job descriptions, work qualities including assessment of company's performance on

short term and long term based on company's capability to pay for that remuneration packages. In addition, the Company provides opportunities for employees to express opinions and file complaints related to their jobs. Those suggestions and complaints will be taken into consideration seriously for solutions to draw benefits to all parties and build up good relationship.

For welfare to the employees, the Company has group health insurance in case of in-patient for employees as well as group life insurance which covered all kinds of death, annual medical check-up and provident fund to secure their working life security. The Company also provides social security fund, loan for accident or sickness to employees, grant in case of the employee or his/her family died, fitness center and special discount for Company's products. More details were shown in the section "Corporate Governance" under the topic "Employee Policies".

3. Set up "Safety and Health Policy", the Company develops policy and system of safety and health of employees in accordance with the requirements of law and performs all necessary measures to ensure the safety of life and health of employees. Furthermore, the Company also has the practical guidelines concretely such as appointment of the safety officers, training and cultivate consciousness of safety, occupational health and working environment for employees, annual evacuation drill in case of fire, fingerprint scanning system, medical examination, provide basic medical services as well as serving modern medicine and annual health check. More details were shown in the section of "Corporate Governance" under the topic of "Business Ethics" in "Employee policies".
4. Set up "Human Resources Management and Development Policy" as below:

- 1) Human Resources Management Policy

For responding to Corporate HR Policy, Human Resources Management Policy has mainly been concentrated on the following:

- Policy for managing the epidemic situation of COVID-19
To support all lines of business in Samart group to operate efficiently and continuously during the COVID-19 epidemic, the Company has formulated various of guidelines, policies and programs for prevention, preparing and supporting businesses to continue business operations including of measures to reduce business risks and matters impacts of the COVID-19 epidemic, supporting working BCP plan (Business Continuous Plan), and technology tools and equipment applied in the process of business and human resource management and development such the use of functional applications and/or electronic devices instead and other specific solutions with the highest privileges supporting the current business continuous and the expansion of the business. The Company has given employees to work from home, time lapse, social distancing in working area, elevators and common area, place alcohol gel at various points for employees. In addition, the Company has provided internal public relations for employees to wear hygienic masks at all time, ask for cooperation from employees not eat together, organize online meeting, use phone to communication and encourage employees to receive vaccinations against COVID-19.
- Manpower planning Policy
To support all lines of business in Samart group, the Company has applied a variety of HR indicators and tools in optimizing manpower planning also balancing among functional workloads to increase HRM & HRD policy more efficiencies. These would enhance organizational design and restructuring as well as enable HR manpower policy and costing most effective to company leading to success in both current and new company business meeting company's vision and mission sustainably.
- Recruitment & Selection Policy
The Company set up strategy and HR policy by focus on optimizing the management and development of human resources. It also based on "Knowledge, Ability, Coupled with the Good People" with transparent recruitment process that is suitable for the right position and focus on success career to employee for sustainable growth of the Company.
Proactive recruitment approaches have been applied in acquiring capable people at all careers , levels and positions including of sourcing and attracting all levels of candidates by launching Campus Tour and Activities Programs in leading universities, coordinating with business recruitment

agency and allied business network to build Samart group's branding to all external candidates. In Selection Policy, the Company places importance on the selection process, focusing on the most appropriate knowledge, ability and attribute by which their virtues recruitment & selection combines cooperation among original affiliation, expertise in various careers and human resources department to ensure the process of recruitment & selection the most equitable and best efficiency preparing for company business regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic. Furthermore, the company has relevantly applied new digital technology connection and social media to support this process being capable people at all levels and leading them to success their owned career at Samart for company's sustainable success.

- Performance Management and Development Policy

The Company ensures an equitable and appropriate performance management system through applying KPIs approach cascading organization objectives through division to individual goals and corporate competencies methodologies aligning to business strategic planning at all levels throughout the Company. The Company has applied new global standard application to support KPIs and Performance Management to monitor the performance of executives and employees at all levels and apply to continuous human development leading to the achievement of the Company's mission sustainably.

- Human Resources Management and Development Information Technology Policy

The Company conducts information technology developed by Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work, data accuracy, and decreasing operation cost by applying digital technology to HR procedures by portal services as regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic. By the way, the Company has also applied for human resource development, such as knowledge management systems including of managing competency assessment systems and individual development plan (IDP) system. Furthermore, the Company would fully utilize HRIS data to support in HRM & HRD Policy decision making for sustainable organization achievement and preparing to leading digital company in the future.

- Compensation & Benefit Policy

The Company wisely formulates compensation, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout the Company to determine corporate compensation, benefit and welfare policy being compatible to organizational position including of skill, accountability, knowledge, and competence related to business operation and economic situation with comparative analysis among related businesses as well as strictly complying to labor law and compliance. These might ensure that our employees would be in the appropriate and equitable compensation, benefit and welfare package being competitive in labor market or among leading companies in the industry.

- Employee Relation & Engagement Policy

The Company places strong emphasis on employee relationship among top executives and employees as well as two-way communication as a mean to communicate top management direction to all employees closely and directly percept employee's innovative, improvement and other open-mind ideas to enhance business operations and other processes known as "Open mind box".

2) Human Resources Development Policy

The Company has a consolidated HRD policy to continuously develop the knowledge and ability of employees being appropriate to their owned position at all levels for leading them to success their owned career at the Company and also achieving business's needs and preparing staff for domestic and oversea digital business expansion. Therefore, the Company aspires to develop employees in all careers at all levels by harmonizing a wide range of development tools for increasing their owned skill, knowledge, capability through corporate culture and code of conduct according with Samart strategy and operation not only for present day but the future business as well regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic.

- **Career Development Policy**
The Company defines career development policy by which the Company further supports employees in all careers to be continuously developed in their qualifications, knowledge and abilities. Particularly, competency approach has been applied to categorize required business capabilities to Generic competency, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels. Thus, our employees might be developed to create their high potential specified by both corporate and Line of business (LOB) levels to support sustainable growth and prepare for business expansion throughout the Company.
- **Employee Training & Development Policy**
The Company always recognizes that people are valuable resources to drive the organization to success and sustainable growth. Therefore, the Company develops skills, knowledge and competence of personnel at all levels continually in tandem with the implementation of human resource management and development systems in various fields as follows:

In-house Training

To encourages and develop the employees to facilitate the organization's strategies and goals most effectively and efficiently. The Company therefore conducts training courses deem necessary regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic as follows:

For top and management executives

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare Samart to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as Creating & Strategic Implementation Plan, Modern Supervisory Program.

For operational staffs

The functional competency program, courses have been designed for developing and enhancing functional knowledge and functional capability related to operational responsibilities and increasing skill of employees for each career and division concerned such as Risk Management course, Project Management courses, Compliance and Law course, Financial and Accounting Standard courses, Computer skill and Technology related course, Marketing and Sales Management course, Information Technology & ISO standard courses, Administrative Management and Training and Assessments for Building Electricians.

For all employees

The Generic Competency Program, courses have been designed to ensure that the employees could perform their work in accordance with the corporate culture at the most efficiency such as Orientation course for new employees, Effective communication, Courses for corporate culture.

Furthermore, to accommodate business expansion, develop employee in English communication skill and achieve their competence continuously, the Company thus developed English communication skills both Classroom Training and E-Learning being used to support a large group of learner both new and current employees. This has enabled employee at all levels developing for this skill more conveniently at anywhere and anytime regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic.

External Training

In addition to In-house Training, the Company supports all executives and employees to acquire

external standard knowledge and skill from training certified courses conducted or instructed by external reputable institutes both local and international in form of classroom training and external E-Learning in order to enhance their expertise, knowledge, ability and also updating and exchanging new aspect with other organizations to apply some appropriate approach to organization relevantly regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic.

- Knowledge Management

For human resources developing in long term and adding business value, the Company thus considers information technology as an important tool for improving staff management efficiency. Project “Samart knowledge sharing” and V-Learn (internal E-Learning) has been implemented, this promotes knowledge management throughout organization and responds to business’ mission continuously and sustainably.

- Talent Management Policy and Succession Planning

The Company designed special HRM & HRD programs and tools to prepare excellent performance and high potential employee (talent) for their succession planning including of Job rotation, Job Enlargement & Enrichment, Job assignment, Talent monitoring, and fast-track program preparation. By encouraging them through employee engagement programs as well, these would motivate talent to full utilize their owned skill, knowledge, competence and potential to dedicate performing all missions to achieve the Company’s goals most efficiently.

Furthermore, the Company always recognizes the importance of having a succession plan, especially at the top management level, to ensure continuity when there is a vacancy or to support expansion of business.

The Company has provided the training continuously and systematically in order to promote opportunities for them to have knowledge, management skill, problem solving skill and making effective decision. In addition, the Company has arranged internal and external training course and has also been sending staff to training with following institutions.

Contribution to the Community and Society

The Company is well aware that its existence and prosperity today is owing to the support from the communities and the society, hence, the Company places robust emphasis and support on the development of quality of life, prosperity of the communities and Thai society. The regularly activities undertaken by the Company under such scope and practical guideline are as follows:

1. Strengthen good relationship in the organizations, both from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis;
2. To provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, for instance the construction of bus shelter in front of the Company’s office building, donation of rain coats and reflective coats to the traffic police in the areas of Pak Kred Local Police Station and Pak Klong Rangsit Local Police Station, support the learning materials and sport equipment to the schools in nearby areas, restoration of the temples and donation of money to the poor in the communities;
3. To raise funds and supply the necessities to help the disaster victims;
4. To cultivate consciousness to the Company’s employees on responsibility to the society, community and environment via media and internal activities continually.

Human Rights Policy

The Company adheres and follows with human rights policy in business operations in accordance to the Universal Declaration of Human Rights (UDHR) to ensure that the Company’s operations are free from human rights violation. The Company deem it appropriate to formulate policies and guidelines to prevent human rights violation in all business activities of the Company including business partner in business value chain and business associates are aware of the policies in the same principles and practices as follows:

1. Equal treatment of employees
 - The Company treats employees with equality and non-discrimination regardless of race, nationality, language, religion, sex, age and education.
 - The Company do not support or affiliated ourselves with child labor under the legal age or forced labor within the Company or our supply chain.
 - The employee must respect for each other, behave in accordance with the regulations of the Company and tradition without creating a disgrace to the image of the Company.
 - The Company gives employees the opportunities to demonstrate their full abilities by determining appropriate compensation in accordance with the Company's regulation. The Company also provides employees with the opportunities for self-improvement such as higher education, short-term and long-term training
 - Employee assessment will be assessed purely on merit and the process must be done in proper and unbiased method.
 - When performing the work, employees must avoid from comments in regard to difference of physical, mental, race, nationality, language, religion, sex, age, education or any matters that could lead to cause conflict.
 - Employees should monitor and reinforce the working environment free from discrimination and injustice.
 - The employee show respect and tolerance for each other's opinions.
2. Equal treatment and indiscrimination of company's stakeholders

The Company conducts business activities that not directly and indirectly violate human rights of the Company's stakeholders such as employees, communities, suppliers, business partners, customers and treat them equally without discrimination.
3. Human Rights Risk and Impact Assessment

The Company shall continuously develop and conduct human rights due diligence process to identify human rights risks and impacts and potentially affected stakeholders in order to plan for corrective and preventive actions as well as provide appropriate mitigation plan towards affected groups.
4. Suggestions and complaints of human rights violation.

In order to encourage knowledge, understanding of human rights code of conduct, as well as allowing employees and stakeholders to have a channel of voicing their concerns and comments. Employees and stakeholders can send mail or emails toward the Company's website (www.samartdigital.com) under "Contact Us" in case there are incidents or actions related to human rights violations.
5. Monitor and follow up

The Company shall monitor and follow up on the process of human rights violation management in accordance with the Company's guideline as well as supporting and mitigating the affected groups from the Company's actions.
6. Penalty

Those who violate the human rights policy is a violation of company business ethics and considered disciplinary in accordance with the Company's rules or regulations. In addition, there may be legal penalties if the act is against the law.

Customer Policy

The Company strongly believes in building confidence and bringing satisfaction to all of the customers. Since their trusts are critical to our business, the Company promotes the following policies:

1. Determine to provide and produce commodities and services that are trendy to satiate customers' needs.
2. Provide high-quality products and services at reasonable price.
3. Provide accurate information without any exaggeration that may cause misunderstandings on product's quality and quantity, or special conditions for each product and service.
4. Formulate procedures that permit customers to inform about drawbacks of the products or improper services, because those complaints are valuable for the Company to come up with immediate remedy and improvement for problematic products and services.
5. Provide effective after-sale services for customer's convenience.
6. Guard all customers' information as top secret and refuse to use them for personal benefits.
7. Support all activities that will strengthen, as well as maintain, lasting and healthy relationship between Company and customer.

3.4.2 Social operating results

Social performance related to employees and employment

The Company highly regards all of the employees as invaluable resources and indispensable factor that propel the Company to meet all objectives and future successes. Henceforth, the Company is responsible to provide just opportunity, reasonable remuneration, promotion, appointment, transfer and development of potential. In 2021, the results of social activities related to employees and employment are as follows:

1. Employment of the Company and its subsidiaries as of December 31, 2021

Classified by gender	Number of Employees
Male	52
Female	42
Total	94

2. Training

The Company pays importance on developing skills and potential of employees by constantly organizing various activities, for instance: seminars, training.

Summary of training to management and employees of the Company and its subsidiaries in 2021

Training	Frequency	Number of Participants
<u>In-House Training</u>		
Management	6	14
Employees	9	23
Total	15	37
<u>External Training</u>		
Management	3	3
Employees	6	11
Total	9	14
Grand Total	24	51

The Cost of training for 2021

The cost of training for In-House and External Training of the Company and subsidiaries was totaling Baht 22,614. Total training hours were 412 hours per year, average 8 hours per year. The sample in-house and external training programs for 2021 are as follows:

In-House Training in 2021	External Training in 2021
1. First Aid and CPR HI0046	1. Precautions for preparing financial statements
2. Provident Fund Selection Policy	2. Review of important tax laws and accounting standards
3. Developing supervisor skills for success	3. TFRS 16 new lease agreement
4. Cyber Security - Trend Talk	4. Prevent fraud detection, build business
5. developing basic thinking skills	5. preparation of consolidated financial statements
6. ISMS Awareness for User (V-Learn)	6. Director Accreditation Program (DAP)
7. Use Excel Like a Pro (V-Learn)	
8. PowerPoint Ideas for Results (V-Learn)	
9. First Aid CPR (V-Learn)	
10. PDPA Personal Data Protection Act (V-Learn)	

3. Safety, Occupational Health and Working Environment

In 2021, the Company strives to carry out all-round work safety and enhance safety systems and control policy for continuous maximum efficiency to reduce the risk of accidents caused employees injury and death as well as strengthened sustainable business stability. The Company also focuses on safety, occupational health as well as working environment and sanitation for employees at all levels to ensure that all employees

are in good health and ready to work by which the Company subsequently reduce the risk of accidents leading to injury and death of employees. The sample of activities are educating all levels of employees, set measures for all new employees to check up their health before entering the workplace, and annual health check with medical consult in the project “Doctor consultation”

Furthermore, the Company also followed such practical guidelines concretely as follows:

1. To appoint the safety officers and the relevant persons in all levels to take responsibility, supervise and monitor the strictly compliance with safety, occupational health and working environmental policy.
2. To fortify the employees at all levels with knowledge, consciousness and joint responsibility, for instance, to arrange for the training and cultivate consciousness on safety, occupational health and working environment for the employees, as well as to arrange for the training on health by arranging the Healthy Week and the Safety Week and etc.
3. To conduct the annual evacuation drill in case of fire as well as to designate the assembly points of all offices.
4. To use the fingerprint scanning system so only the eligible persons can enter and exit the office building for safety of life and properties of the employees and the Company.
5. To provide the medical treatment, modern medicine provision service and basic medical service in all offices.
6. To arrange for the annual health check with medical consult in the project “Doctor consultation” for employees at all levels.
7. To arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.

In addition, the Company determines the welfare to employees fairly. i.e. there is always be the nurse(s) stationed in the infirmary everyday at the Company’s office building and the doctor shall visit and treat sick employees twice a week. The Company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2021, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to Baht 2.1 Million. Moreover, the Company also has group health insurance (in case of in-patient) for the Company’s employees which is made with the Allianz Ayudhya Assurance Plc. as well as group life insurance which covers all kinds of death, annual health check with medical consult as project “Doctor consultation” for employees at all levels and provident fund to secure their working life security under the name of “The Registered Samart Group Provident Fund”. The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees, in case of death of the employee or his/her immediate family member, the funeral allowance shall be provided, in case the employee is sick or gives birth, a visiting in hospital shall be arranged and fitness center and special discount for Company’s products.

Record on the 2019-2021 accident, absence and illness at work of the Company and its subsidiaries

Line of business	Lost Time at work									
	year	Accident			Absence			Illness		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
1. Digital Network	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-
2. Digital Content	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-
3. Support Business	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-	-none-

4. Employee Relation & Engagement Policy

The Company concentrates on the employee relation and engagement at all levels of employees throughout Samart and also implants them into corporate value along with corporate culture by building synergy professional working-style (Team of Professionals). Hence, these initiate the best cooperation among individual level through

corporate. In 2021, there were a various ER&EE programs activities to build synergy among employees, executives and organization, Samart Management Meeting twice a year, Project “Open mind box” for direct listening the opinions of employees at all levels, other team building activities at all levels, and CSR programs such as D-Club regarding to account measures to prevent and reduce the risks and impacts of the COVID-19 epidemic.

Social performance related to Community and Society

As Samart Group, Samart Digital Public Company Limited attaches great importance to upgrading the quality of life as well as contributing to the development of prosperity for the community and society. Policies and practice guidelines under the concept of “Develop Quality People and Promote Moral Society” are as follows:

Develop Quality People

Human resources are the key driving force behind the progress of society, economy and the nation. The Company therefore focuses on “Develop Quality People” both within and outside the organization, providing support of several kinds through various projects and activities as follows:

1. Angel Fund Thailand 2021 Project
Provided a grant to new business entrepreneurs in the Deep Technology group, totaling 21 teams of which considered by the committee as outstanding, valuable, and beneficial to society and environment. Meanwhile, all the 50 finalists were provided with consultancy and knowledge in technology as well as business and marketing.
2. Sports Sponsorship
Sponsored Phrae United Football Club’s participation in the 2021 Thai League Football Tournament.
3. Development of quality people within the organization
The “Long Learn 2021” project represented a year of learning and self-improvement, encouraging employees to keep learning and developing their potential. Employees can access V-Learn self-study online courses offering various kinds of content and skills necessary for them anywhere anytime.
4. Technology Knowledge Support
Organized the seminar titled “Digital Transformation Solutions: Re-imagine Innovation with Technology” with a business partner to present a comprehensive organization management approach for large organizations to enhance their readiness for the transition to a full-fledged digital era.

Promote Moral Society

The Company earnestly encourages employees to take initiatives for the benefit of society, stimulating their volunteer spirit to help, share, and do good deeds for society, through the “Dee-Club,” formed by a group of volunteering employees. Other activities beneficial to society are also held and contributions to various public charitable activities continuously made by “Samart Foundation.”

1. Volunteering power contributing to social development
 - “Sharing is Caring Donate Blood” a blood drive project, is run annually in cooperation with Thai Red Cross Society. Run twice in 2021, the campaign achieved a collection of 94,450 CC. of blood donated by employees and members of communities nearby.
 - The “Thak-Boon” Crocheting for Charity Project, held for the 7th consecutive year, saw employees help make 450 woolen hats for those in need including cancer patients at Ramathibodi Hospital and those facing cold weather in Chiang Rai Province (through the Mirror Foundation).
 - In the Be Vision - Be Future project, volunteer employees helped type up exam prep textbooks for the Foundation for the Blind in Thailand and Bangkok School for the Blind in producing Braille books and audiobooks for visually impaired youth nationwide.
 - Total of 300 pre-owned dolls in good condition were collected and then cleaned by CLEANMATE. They were subsequently given to long-stay pediatric patients at Children’s Hospital and to underprivileged children in welfare homes nationwide.

2. Social responsibility and acts of support during the COVID-19 pandemic situations
 - Measures to cope with COVID-19 in the organization were set. Examples included proactive COVID-screening using the Antigen Test Kits for executives and employees by Nonthaburi Provincial Public Health Office, use of effective body temperature monitoring system, and mask wearing campaigns. Social distancing measures were also in place including working from home, video conferencing, safer elevator use practice, and arrangement of work hours and lunch breaks to avoid crowded office space. In addition, public relations campaigns were run all year round through various media to provide the pandemic-related knowledge and information.
 - Provided funding to Thammasat Chalermprakiet Hospital for the purchase of medical equipment in dealing with the COVID-19 pandemic.
 - Provided funding to Kasetsart University in support of its operation of the KU Vaccination Center Fighting against COVID-19.
 - Mobile phones were provided for Ramathibodi Hospital and Thammasat University Hospital in support of their coordinating work efforts during the COVID-19 situations.
 - Medical supplies such as medical masks and alcohol for use by medical personnel were presented to Nonthaburi Provincial Public Health Office.
 - A total of 13,800 masks were donated to Pakkred Boys Home (Baan Phumiwate)
 - Paper crates and corrugated paper boxes left in donation bins by employees were collected and then delivered to the SCGP plant to be recycled into cardboard beds for field hospitals nationwide.
 - Donated of items to help Cambodians affected by the COVID-19 pandemic in the red zone of Siem Reap, Cambodia.
3. Fostering Buddhism

Co-hosted Kathin ceremonies at Wat Thammawong and Wat Sri Udom, Lopburi Province and Wat Phra That Doi Wiang, Chiang Mai Province.
4. Supporting other social projects

Donated money and items for young cancer patients to Japan Heart's Hospital, Kandal Province Cambodia in cooperation with the Royal Thai Embassy and the Thai private sector.

4. Management Discussion and Analysis

Financial Statements

Summary of financial positions and operating results of Samart Digital Public Company Limited and its subsidiaries are as follows:

(Unit: Million Baht)

Item	As of December 31		
	2019	2020	2021
Cash and cash equivalents	215	124	171
Account receivables - net	992	502	274
Inventories	105	102	243
Equipment - net	2,624	2,335	2,377
Total assets	5,328	4,392	4,552
Overdrafts, loans from financial institutions, lease liabilities and convertible debentures	3,664	2,979	2,899
Long-term loans from related company	-	322	322
Trade and other payable	602	533	444
Total liabilities	4,479	3,897	3,716
Paid up capital	1,132	1,132	1,250
Retained earnings (Deficit)	(2,924)	(3,265)	(3,648)
Non-controlling interests of the subsidiaries	100	88	67
Shareholders' equity	849	495	836
Revenue from sales, services and contract work	999	637	394
Total revenue	1,120	659	418
Cost of sales, services and contract work	812	585	401
Selling and Administrative expenses including other expenses	333	189	142
Finance Cost	222	173	196
Net profit (loss)	(233)	(354)	(356)
Earnings (loss) per share (Baht)	(0.02)	(0.03)	(0.03)
Cash flow from (used in) operating activities	827	446	(396)
Cash flow from (used in) investing activities	(687)	(153)	(68)
Cash flow from (used in) financing activities	(298)	(384)	512
Net increase (decrease) in cash and cash equivalents	(159)	(91)	48
Par value per share (Baht)	0.10	0.10	0.10
Ordinary shares outstanding (Million shares)	11,324.42	11,324.42	12,499.84
Weighted average number of ordinary shares (Million shares)	11,324.42	11,324.42	11,528.71
Book value per share (Baht)	0.07	0.04	0.07
Dividend per share (Baht)	-	-	-

Financial ratios of Samart Digital Public Company Limited and its subsidiaries are as follows:

Financial Ratio	As of December 31		
	2019	2020	2021
LIQUIDITY RATIO			
Current ratio (Times)	0.51	0.56	0.42
Quick ratio ⁽¹⁾ (Times)	0.34	0.36	0.17
Cash turnover (Times)	0.21	0.15	(0.15)
Account receivable turnover (Times)	0.81	0.87	1.03
Average collection period (Days)	450	420	356
Finished goods turnover (Times)	15.50	5.68	5.70
Average sale (finished goods) period (Days)	24	65	64
Inventory turnover (Times)	15.50	5.68	2.32
Average sale (inventory) period (Days)	24	65	158
Account payable turnover (Times)	16.72	5.65	5.03
Average payment period (Days)	22	65	73
Cash cycle (Days)	452	420	441
PROFITABILITY RATIO			
Gross profit margin ⁽²⁾ (%)	18.74	8.02	(1.75)
Operating profit margin ⁽³⁾ (%)	(2.30)	(8.05)	(35.19)
Other profit margin (%)	2.35	3.40	5.85
Operating cash flow to profitability (%)	(3,595.55)	(870.32)	286.06
Net profit margin (%)	(21.28)	(52.04)	(79.44)
Return on equity (%)	(28.47)	(59.32)	(56.48)
EFFICIENCY RATIO			
Return on assets (%)	(4.24)	(7.06)	(7.43)
Return on fixed assets (%)	(1.92)	(7.63)	(9.58)
Total asset turnover (Times)	0.20	0.14	0.09
FINANCIAL POLICY RATIO			
Debt to equity ratio (Times)	5.27	7.87	4.44
Interest coverage ratio (Times)	0.30	0.36	0.03
Interest bearing debt to EBITDA ratio (Times)	55.15	48.35	577.60
Commitment coverage ratio (Times)	0.02	0.05	0.002
Dividend payout ratio (%)	-	-	-

Remarks ⁽¹⁾ Quick ratio was calculated by including restricted cash deposits.

⁽²⁾ Gross profit was calculated by including sales support revenue.

⁽³⁾ Operating profit was defined as earnings before tax and non-controlling interests of the subsidiaries.

Operation Overview

In 2021, the Company and subsidiaries reported total revenue of Baht 394 million, a decrease of Baht 243 million or 38.1% compared with 2020. Considering operating loss of 2021, the Company reported Baht 124 million, increased by Baht 9 million or 8.1% compared with 2020.

In accordance with operating loss, net loss of 2021 was Baht 332 million, a decrease by Baht 11 million from the previous year, mainly resulted from decreasing in selling and administration expenses including other expenses compared with 2020.

Results of Operation of the Company and Subsidiaries

Sales and service income including gross profit

(Unit: Million Baht)

	Digital Network		Digital Content		Total	
	2021	2020	2021	2020	2021	2020
Sales and service income	265	439	129	198	394	637
Cost of sales and services	(283)	(429)	(118)	(156)	(401)	(585)
Gross profit (loss)	(18)	10	11	42	(7)	52
Other income					24	22
Selling and Administrative expenses and other expenses					(142)	(189)
Finance income					-	1
Finance cost					(196)	(173)
Reversal of impairment loss on financial assets					(15)	63
Corporate income tax					(20)	(130)
Non-controlling interests of the subsidiaries					24	11
Net loss					(332)	(343)

Digital Network

Revenue of Digital Network Business, including selling and service income, was Baht 265 million, decreased by Baht 174 million or 39.6% compared with 2020. This was mainly decreased from installment of network communication equipment. Gross profit (loss) was Baht (18) million, a decrease of Baht 28 million.

Digital Content

Revenue of Digital Content Business was Baht 129 million, a decrease of Baht 69 million or 34.8% compared with 2020. Gross profit was Baht 11 million, a decrease of Baht 31 million or 73.8%. This was mainly from a decrease in revenue of mobile content, and decrease in revenue of football broadcasting.

Other Income

Other income was Baht 24 million, representing 5.8% of total revenue in 2021, an increase of Baht 2 million or 9.2% compared with the previous year. This was mainly increased from gain on exchange of Baht 11 million while other income decreased by Baht 9 million.

Selling and Administration Expenses including Other Expenses

Selling and administration expenses including other expenses were Baht 142 million, a decrease of Baht 47 million or 25.0% compared with 2020. Regarding to restructuring organization in 2021, the Company manage to reduce employee expense by Baht 32 million. Comparing to 2020, depreciation of 2021 also decreased by Baht 31 million due to the

certain equipment was fully depreciated in 2020. As a result, selling and administration expenses including other expenses decreased from the previous year.

Finance Cost

Finance cost was Baht 196 million, an increase from 2020 of Baht 23 million. The increase in finance cost resulted from cost of issuing convertible debentures of Baht 54 million while interest on loans decreased by Baht 31 million due to the principal repayment throughout the year 2021.

Income Tax

Income tax expenses were totally Baht 20 million, a decrease from 2020 of Baht 110 million. It was due to income tax expenses from write-off deferred tax assets in 2020 of Baht 113 million.

Financial Position

Assets

As of December 31, 2021, total assets were Baht 4,552 million, an increase of Baht 160 million or 3.6% compared with the end of 2020. Total current assets were Baht 1,328 million and total non-current assets were Baht 3,224 million, representing of 29.2% and 70.8% of total assets respectively.

Trade Receivables

As of December 31, 2021, trade receivables-net were Baht 274 million, a significant decrease of Baht 228 million or 45.4% compared with the end of 2020. This was primarily due to collection from trade receivables in 2021.

Inventories

As of December 31, 2021, net inventories were Baht 243 million, significantly increased by Baht 141 million or 138.7% compared with the end of 2020. This was mainly contributed by the increase in goods in transit of Digital Trunked Radio System Project (DTRS).

Other Current Assets

As of December 31, 2021, other current assets were Baht 524 million, an increase of Baht 136 million or 35.0% compared with the end of 2020. The outstanding balances were mainly advance for purchase of equipment for new projects.

Non-Current Assets

As of December 31, 2021, non-current assets were Baht 3,224 million, representing 70.8% of total assets. Comparing to December 31, 2020, non-current assets at the end of 2021 decreased by Baht 53 million or 1.6% resulting from a decrease in intangible assets and deferred tax assets.

Liquidity

As of December 31, 2021, cash and cash equivalents were Baht 171 million, an increase of Baht 48 million or 38.5% compared with the end of 2020. Sources and uses of fund are as follows:

- Net cash flows use in operating activities of Baht 396 million was mainly attributed to purchase of finished goods, goods in transit, advance for purchase of goods, and payment of interest on loans.
- Net cash flows use in investing activities of Baht 68 million was mainly attributed to cash paid for acquisition of equipment of Digital Trunked Radio System project (DTRS).
- Net cash flows from financing activities of Baht 512 million was mainly attributed to receiving cash from the convertible debentures.

Compared with 2020, the Company's liquidity ratio decreased from 0.56 times to 0.42 times and quick ratio decreased from 0.36 times to 0.17 times and cash turnover decreased from 0.15 times to (0.15) times.

Sources of Funds

As of December 31, 2021, total shareholders' equity was Baht 836 million, an increase of Baht 341 million or 68.8% compared with the end of 2020 from the conversion rights of the convertible debentures during the year of 2021 of Baht 670 million and net comprehensive loss in this year of Baht 329 million.

Total liabilities as of December 31, 2021 were Baht 3,716 million, a decreased by Baht 181 million or 4.6% compared with the end of 2020. Total liabilities consist of current liabilities of Baht 3,130 million, and non-current liabilities of Baht 586 million, representing 68.8% and 12.9% of total assets respectively. The key components are as follows:

- Bank overdrafts, loans from financial institutions, lease liabilities and convertible debentures were totally Baht 2,899 million, representing 78.0% of total liabilities or 63.7% of total assets, a decrease of Baht 80 million or 2.7% compared with the end of 2020.
- Long-term loans from related company were Baht 322 million, representing 8.7% of total liabilities or 7.1% of total assets.
- Trade payables and other payables were Baht 444 million, representing 12.0% of total liabilities or 9.8% of total assets, a decreased by Baht 89 million or 16.7% compared with the end of 2020.
- Short-term loans were Baht 13 million, representing 0.3% of total liabilities or 0.3% of total assets, a decreased by Baht 9 million or 42.6% compared with the end of 2020.

Regarding the above liabilities and shareholders' equity, the Company's debt to equity ratio decreased from 7.87 times to 4.44 times in 2021.

5. General and important information

5.1 General information

Samart Digital Public Company Limited

Company	:	Samart Digital Public Company Limited
Head Office	:	99/2 Moo 4, Software Park, 34 Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	:	0107546000318
Home Page	:	www.samartdigital.com
Telephone	:	0-2502-6000
Fax.	:	0-2502-6361
Registered Capital	:	Baht 1,675,917,022.50
Paid-up Capital	:	Baht 1,249,984,374.20
Number of Issued Shares	:	12,499,843,742 shares
Par Value	:	Baht 0.10 per share
Warrant	:	SDC-W1 - 1,731,043,303 units of Warrants, Exercise Ratio: 1 unit of Warrant will be entitled to purchase 1 ordinary share at 0.05 baht per share, and the last exercise date is June 1, 2023.

Other References

Company Registrar	:	Thailand Securities Depository Company Limited
Head Office	:	93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindaeng, Bangkok 10400
Telephone	:	0-2009-9000
Fax.	:	0-2009-9991
Auditor	:	Ms. Siriwan Suratepin
		Certified Public Accountant (Thailand) No. 4604
Head Office	:	EY Office Limited 33 rd Floor, Lake Rachada Office Complex 193/136-137 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-9090
Fax.	:	0-2264-0789-90
Company Secretary	:	Ms. Boonrut Mongkolratanakorn
Email	:	CorporateSecretary@samartdigital.com
Telephone	:	0-2502-6871
Fax.	:	0-2502-6361
Internal Audit	:	Mr. Wichai Rongkawilit
Email	:	InternalAudit@samartdigital.com
Telephone	:	0-2502-6190
Fax.	:	0-2502-6361

5.2 Legal disputes

Legal disputes whereby Samart Digital Public Company Limited or its subsidiaries are the parties or parties in court without the final resolution and the lawsuit that negatively affect the assets of the Company or its subsidiaries at an amount higher than 5 percent of the shareholders' equity as of December 31, 2021 are as follows:

On November 27, 2009, Samart Digital Public Company Limited signed the Memorandum of Understanding with respect to 3G Mobile Network Service Trial Project with TOT Public Company Limited. Subsequently, on March 29, 2011, Samart Digital Public Company Limited entered into an agreement to transfer the rights and duties under the Memorandum of Understanding with respect to 3G Mobile Network Service Trial Project to I-Mobile Plus Co., Ltd., a subsidiary company.

On February 22, 2017, TOT Public Co., Ltd. (currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.) submitted a letter to the Office of National Broadcasting and Telecommunications Commission (NBTC) to notify the NBTC of the cancellation of the cooperation under the Memorandum of Understanding with respect to 3G Mobile Network Service Trial Project prior to notifying of such cancellation to I-Mobile Plus Co., Ltd., a subsidiary company. On March 1, 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. had not expanded its base station following its business plan in order to expand the coverage across the country. Subsequently, on June 22, 2017, the NBTC submitted to the subsidiary a letter regarding an approval of the termination of the Telecommunications Business License type 1 and agreed with the Company's recovery plan for the users of i-mobile 3GX. Subsequently, the subsidiary submitted a letter notifying the NBTC that it had mutually agreed with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be July 18, 2017.

Later, the subsidiary company, has been notified by TOT Public Co., Ltd. demanding the payment for Home Location Register (HLR) amounting to Baht 19 million (December 31, 2020: Baht 19 million). However, the management and the legal department of the subsidiary company were of the opinion that the subsidiary company was not liable to such payment because the data storage on HLR did not reach the quota specified in the agreement. The subsidiary company filed a plaint for compensation with TOT Public Co., Ltd. to the Civil Court since October 2018 and at present it is under consideration of the Civil Court. In this regard, as at December 31, 2021 the subsidiary company did not set up a provision in the account.

In addition, TOT Public Co., Ltd. submitted a letter to the subsidiary demanding the payment for accrued service fee totaling Baht 137 million (including, Home Location Register, mentioned above). Subsequently, the subsidiary submitted a letter requesting to offset the service fee with prepaid bulk or package that the subsidiary had purchased from TOT Public Co., Ltd. with the balance of Baht 70 million.

Subsequently, during 2020, TOT Public Co., Ltd. filed a suit against the Company and the subsidiary with the Central Administrative Court for breach of an administrative contract with an amount in dispute of Baht 212 million (including interest thereon). The Central Administrative Court issued an order not to accept the specific plaint regarding the service fee payment for preparing and storing data in the Home Location Register (HLR) from April 2011 to October 2014 with interest and VAT. Subsequently, during 2021, the Supreme Administrative Court reversed the order of the Central Administrative Court to accept the plaint. On April 30, 2021, the Company and the subsidiary filed the amended plaint with the Central Administrative Court.

While the case is under the consideration of the Administrative Court, on October 21, 2020, the Company and its subsidiaries filed an objection against the jurisdiction and requested a court decision per the Act on the Determination of the Powers and Duties among Courts. Subsequently, on May 27, 2021, the Committee on Jurisdiction of Courts decided that the case is in jurisdiction of the Court of Justice, not the Administrative Court. Subsequently, on November 12, 2021, the Administrative Court issued a letter notifying of an order to transfer the case to the Civil Court. On January 12, 2022, the Civil Court notified the Company that the case had been transferred from the Administrative Court and made an appointment for both parties to appear in the Court to schedule the date for the taking of evidence. On February 17, 2022, the plaintiff's lawyer and the defendant's lawyer went to the Court, and the defendant's lawyer requested to amend the statement on such date. The Court then postponed the appointment to April 18, 2022 to determine the proceedings or to schedule the settlement of issues.

The Group's legal advisor was of the opinion that TOT Public Co., Ltd. breached the contract, causing a significant business damage to the Company and the subsidiary. The subsidiary filed the plaint with the Civil Court as mention above, and the Court would finally rule in favor of the subsidiary. The Group's management still believes that the adverse impact arising from this dispute will not be significant.

As of December 31, 2021, the case is under further court proceedings. The Group is confident that the provision in its account is adequate in current situation.

Section 2

Corporate Governance

6. Corporate Governance Policy

The Board of Directors realizes on the importance of the Good Corporate Governance that is the fundamental factor to enhance business operational standard to create transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties for sustainable growth of business. Thus, the Company sets the written Corporate Governance Policy and Business Ethics manual comply with the SET's Principles of Good Corporate Governance for listed companies and CSR Concept to business as the general practices guidelines for directors, management and employees under the principle of being a good corporate citizen, who is accountable to employees, customers, shareholders and support to society. In addition, the Company continuously reviews the Corporate Governance Policy and Business Ethics and discloses the latest version on the website at www.samartdigital.com. The Company Secretary Division take a responsibility as a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they are correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. The results from intention to carry on Good Corporate Governance for sustainable growth, the Company got the highest score "Excellent" or "5 Stars" in the 2021 Corporate Governance Report.

In 2017, the SEC issued the Principles of Good Corporate Governance for Listed Companies or Corporate Governance Code (CG Code) as practice principles for the Board of Directors, the leader or governing person of the organization, to apply the CG Code to the Company's business in the interest of long-term sustainable value creation and fulfil all stakeholders' expectation. Therefore, the Corporate Governance Committee conducted self-assessment of the Company's Corporate Governance Practices compared to the CG Code to apply appropriate practices in the Company's business before proposing to the Board of Directors' Meeting for approval. The Corporate Governance Committee considered and reviewed the appropriateness of applying good corporate governance principles by means that are suitable for the Company's business to ensure that the Corporate Governance Policy conforms to the related rules, regulations and international corporate governance criteria as well as beneficial to creating value for sustainable business.

6.1 Overview of Corporate Governance Policy and Practices

The Board of Directors realizes on the importance of Good Corporate Governance that will create transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. The written Corporate Governance Policy has been provided in both Thai and English since 2006 and posted on the Company's website at www.samartdigital.com for acknowledgement of employees and publics. The policy focuses on internal control and internal audit system, and the overseeing of the operation of the management to comply with policy effectively for long-term benefits of shareholders under the terms of the law and business ethics. The Corporate Governance Committee strictly oversees the employees to comply with the policy and also reviews and revises the policy annually to comply with the new regulations and the Principles of Good Corporate Governance for listed companies of the SEC. Moreover, the Company has complied with the assessment criteria for survey on listed company corporate governance of IOD and survey on quality in convening the shareholders' meeting of the Thai Investors Association.

6.1.1 Policy and Practices for the Board of Directors

As the Board of Directors is the key success of Corporate Governance practice for the highest benefit of the Company, thus, the Company sets policies relating to responsibilities of the Board i.e. composition, qualification of directors including roles and responsibilities of the Board of Directors in order that the Board performs duty effectively in the following details:

Composition of the Board of Directors

The Board of Directors comprise of directors who have various knowledge, experience, transparent working background, nobility and integrity and have occupational diversification. In addition, they have the skills that are beneficial to the Company's business operation, such as accounting & finance, management, strategic planning, laws and corporate governance and other without any gender discrimination. The Board will also have leadership and vision to carry on the Company's business and achieve its objectives. The Company has 6 directors who complied with the qualification that been described under the Charter of the Board of Directors posted on the Company's website at www.samartdigital.com.

The Independent of the Board of Directors

- **Separation of the Chairman and the Executive Chairman**

For the best benefit of shareholders and balance of power within the Company, the Chairman of the Board of Directors is not the same person as the Executive Chairman. The Company's Chairman of the Board of Directors is an independent director who has the qualifications of independent director in accordance with the SET's notification and has no business relation with any management of the Company.

- **Roles and Responsibilities of the Board of Directors and the Executive Chairman**

The Company has clearly set the separate roles and responsibilities of the Board of Directors and the Executive Chairman. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under the Company's objectives, the Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC and other related laws. At the same time, the Executive Chairman who is the management's leader will focus on general management of the Company.

Policy for being Directors in other Listed Companies

- **Policy for directors to serve as directors in other listed companies**

For efficiency in performing duties as a director, the Board of Directors has set a policy for all directors to serve as directors in other listed companies no more than 5 companies. However, none of the existing 6 directors of the Company holds directorships in other listed companies more than 5 companies, which shows that the Board of Directors could participate and contribute to the Company with efficiency of which better than the policy.

- **Policy for top executives to serve as directors in other companies**

The top executives of the Company will also be obtained approval from the Executive Committee prior to be a director in any companies of which are not have either similar business or being the Company's competitors.

Nomination of Directors and Management

Nomination of Directors

The Nominating and Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Boards, members of the Boards and other committees, Executive Chairman and Company Secretary as well as consider the appropriate remuneration for such directors and management with the following criteria and procedures:

1. The Nominating and Compensation Committee will select and nominate the appropriate candidate with regard to qualifications, experience, knowledge, ability that will be beneficial to the Company and consider the diversification in the board's structure, including gender, age, ethnicity and nationality. The Nominating and Compensation Committee will also consider the necessary skills that are still lacking to achieve the Company's business strategy and using the database of IOD. The appropriate candidates, who have qualifications as specified by the relevant laws, will propose to the Board of Directors' or the Shareholders' Meeting for approval in accordance with the Company's Articles and Association.
2. For election of independent directors, the Nominating and Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy and requirements of the SEC and the SET to propose to the Board of Directors' and/or the Shareholders' Meeting for approval in case of rotation or others.
3. Determining whether to recommend a director for re-election, the Nomination and Compensation Committee will consider relevant factors such as past performance, directors' dedication, history of attendance and participation in meeting, number of listed companies that each director holds tenure in of not exceeding five listed companies, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independent qualifications shall also be considered.
4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of the Nomination and Corporate Governance Committee with the following criteria and procedures in the shareholders' meeting:
 - (1) Each shareholder shall have one vote on each share.
 - (2) In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
 - (3) The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the Chairman of the meeting shall have a casting vote.

The Company proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors.

In case a directorship becomes vacant by any reason other than the expiration of the term, the Board of Directors shall elect a person possessing the qualifications and being under no prohibitions under the relevant laws as a replacing director at the Board of Directors' Meeting, unless the remaining term of such director is less than two months. The replacing director shall hold office only for the remaining term of the replaced director. The resolution of the Board of Directors' Meeting must be passed by votes of not less than three-fourths of the remaining directors.

5. For nomination of committee, the Nominating and Compensation Committee will consider appropriate knowledge and ability, composition of the entire committees, criteria of directorship and independence of director prior to propose to the Board of Directors for approval.

Nomination of Management

The Company has criteria and procedures for nomination of the Executive Chairman who is the top management of the Company with the process start from recruiting internal and external persons who have leadership skills, ability to manage the organization and good understanding of company's products and services. The Nominating and Compensation Committee will select and nominate appropriate candidates to be top management and propose to the Board of Directors for approval. For recruiting of key executive, the Board of Directors assigns the Executive Committee to consider qualified persons to appoint as key executive and report to the Board of Directors for acknowledgment.

Executive Succession Plan

The Company is aware of the importance of executive successors for top management and key executive positions. In case any position is vacant, apart from the appointment of the Nominating and Compensation Committee to select and nominate appropriate candidates for directors and top management, the Company also provides executive succession plan for top management and key executive positions. The executive succession included the specifying key positions in the Company's business and determining criteria for selecting of the successors by considering knowledge, ability, experience, potential of each position and management vision in order to select the qualified executives as specified in the criteria. In addition, the Company also set up a development plan to prepare them to be able to support their positions in the future. This is to build confidence among investors, shareholders and employees that the Company's operations will be carried out in a timely manner. The Company reviews the succession plan for top management and key executive on an annual basis.

In addition, the Company should encourage the Executive Chairman to invite key executive to attend the Board of Directors' meetings and/or the Executive Committee's meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the board to gain familiarity with key management and assist succession planning.

Ethics of the Directors and the Executives

The Company wishes its directors and executives to express their intentions on performing the Company's business operations with transparently and morally as well as perform their duties pursuant to the ethical standards on integrity, with carefulness and cautiously for benefits of the shareholders and the stakeholders. Hence, the ethics used as operating guidelines for the directors and the executives specified as follows:

1. To perform duties by compliance with laws, rules and regulations concerning business operation
2. To perform the Company's business operations with integrity, fairness, transparency and morality
3. To perform their duties with fullest capacity to maximize benefits of the Company
4. To have the independence in making decision and their actions must be based on the righteousness basis
5. To perform duties by avoiding the conflicts of their own interests with the Company's benefits so that the management tasks can be effectively achieved
6. Must not have any benefits or interests in any business made with the Company or in any business which is regarded as the competition with the Company, irrespective of directly or indirectly
7. To keep the confidential information of the Company and the stakeholders from leaking to non-relevant people that might cause damages to the Company of the stakeholders

Remuneration Policy for Directors and Management

Directors' Remuneration Policy

Policy of Directors' remuneration has been clearly and transparent set to be comparable to the general practice in same industry consistent with the Company's strategies and long-term objective, and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committee will be paid appropriately more in accordance with the extra work. The Nominating and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders.

Management’s Remuneration Policy

Remuneration of top management shall be in accordance with principles and policies specified by the Nominating and Compensation Committee. Such remuneration is in the appropriated level and can be comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel.

Annual remuneration and bonus of the top managements shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top managements. These criteria shall be explained in advance before they can be used for the assessment at the end of the year. The Nominating and Compensation Committee shall consider prior propose to the Board of Directors for approval.

Executive Chairman’s Remuneration Policy

Remuneration of the Executive Chairman, who is the top management of the Company, is not only consideration in accordance with Management’s Remuneration Policy, but the Board of Directors also set the performance evaluation of the Executive Chairman annually by each Director in order to be a reference for remuneration consideration. The policy of remuneration are as follows:

Category		The purpose & link to the principle of remuneration
Fixed Pay	Salary & other benefits, such as, Provident fund	To motivate and retain the competent Executive Chairman.
Short Term Incentive	Annual bonus	To reward for the success of achieving the goals as defined for each year.
Long Term Incentive	Compensation according to Stock Option* & provident fund in the part that the Company contributes and increases according to year of work experience	<ul style="list-style-type: none"> • To motivate and retain the competent Executive Chairman. • To ensure alignment between interests of Executive Chairman and shareholder. • To promote the growth and value to shareholders in long term.

Remark : * The Stock Option will be depend on the Board of Directors’ consideration which will be based on the appropriate time and situation.

Development of Directors and Management

Development of Directors

The Company will provide orientation program to new directors. Information on the Company’s business and directions as well as Corporate Governance Policy and Business Ethics of the Company will be advised. The Directors’ Manual will comprise of the following:

- Related Laws and Regulations
- Company’s Businesses
- Roles and Responsibilities of Directors of Listed Companies
- Corporate Governance Policy and Business Ethics

Development of Management

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization’s business growth and prepare the Company to become business leader in the industry.

Board Self-Assessment and Director Self-Assessment

The Corporate Governance Committee is responsible for self-assessment of the Board of Directors and individual director to annually review and evaluate directors' performance to comply with Corporate Governance of the Company. Comments and recommendations from the assessments are considered in the Board of Directors' Meeting for improvement.

Supervision on Operation of the Subsidiaries and the Associated Companies

Before establishment of any new company, the Executive Chairman shall propose such matter to the Board of Directors' Meeting for consideration and approval before the registration of the new company. The Board of Directors shall consider appointing the executives who hold the positions of directors and management of such subsidiary and the associated company and defining the scope of authority and responsibility of the directors and the management who shall be the Company's representatives in such company. In case the appointment of additional new director or director in replacement of the vacant position from any reason other than retirement, the Board of Directors assigns the Executive Committee to consider and appoint the director in replacement and report to the Board of Directors for acknowledgment. The management of the subsidiary and the associated company shall report business performance of the company they are responsible to the Executive Committee every month. Any investments or substantial operations as per specified in the delegation of authorities must be performed pursuant to the policies specified and they must be presented to the Executive Committee's Meeting as well. The management of the subsidiary and the associated company must present the annual business plan to the Executive Committee's and the Board of Directors' Meeting for consideration and approval every year. If performance of any company has not achieved the targeted plan, the management must clarify to the Executive Committee's Meeting. In case business operation encountered many problems, the management is required to clarify to the Executive Committee's Meeting as the watch list so that precaution and corrective measures can be closely monitored and resolved.

The subsidiary and the associated company must have an internal control system or measure that the Company's Internal Audit Department can audit and report to the Audit Committee and the Executive Committee. If internal control system of any company is becoming defective that may likely cause risks and damage to the Company, the Executive Committee shall order such company to improve and rectify defects in such internal control system immediately.

In case of any transaction required to comply with the regulations of the Company or the relevant laws and needed to get an approval from the Shareholders' Meeting of such subsidiary, such transaction shall be proposed to the Executive Committee's Meeting for consideration and approval on voting guideline during the Shareholders' Meeting of such subsidiary.

For establishment of a new company or investing in significant portion in other businesses between 20% and 50% of shares with voting rights, and the amount of investment or may have to more invest significantly, the Board of Directors should ensure that shareholder agreements or other agreements are in place to enable the Company's performance monitoring and participation in management, including for approval of significant transactions and decisions. This is to ensure that the Company has sufficient, accurate, and timely information for the preparation of its financial statements that conform to the relevant standards.

In the event where the subsidiary performs any transaction about acquisition or disposal of assets, the Company shall treat the same way as criteria on acquisition and disposal of assets of its own which must be pursuant to criteria on undertaking the significant transaction on asset acquisition or disposal as per specified by the Capital Market Supervisory Board. In case the subsidiary has performed any transaction with its related persons, the Company shall not involve in such matter, except the subsidiary has performed any transaction with the related person of the Company, then the Company shall comply with the criteria on related transaction announced by the Capital Market Supervisory Board.

6.1.2 Policy and Practices for Shareholders and Stakeholders

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; minority shareholders, major shareholders, institutional investors or foreigners. The Company does not hinder or create barriers to allow shareholders to communicate with each other.

All rights that the Company's shareholders obtained in 2021 were as follows:

1. Rights to get share certificate, sell, purchase or transfer the Company's shares

Thailand Securities Depository Co., Ltd. ("TSD") has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares.

2. Rights to propose agenda and send question in advance of the Shareholders' Meeting

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and comply with laws. It is the Company policy to allow the shareholders to propose agenda of the shareholders' meeting and submit the enquiries concerning the Company's operation prior to the meeting date. They must comply with criteria on proposing of meeting agenda for shareholders' meeting as specified by the Board of Directors.

In the 2021 Annual General Meeting of Shareholders, the Company allowed shareholders to propose agenda or submit the enquiries at least 3 months in advance prior to the end of the fiscal year from October 1, 2020. The period time for proposing agenda ended January 31, 2021. Any questions can send to the Company prior to the date of the 2021 General Meeting of Shareholders. The Company notified and disclosed contact channels and period for proposing agenda and enquiries via the SET on October 1, 2020 and also provided details of the procedures on the Company's website, under "Investor Relation" on the topic "Proposal question and additional agenda concerning the Company's operation in advance of the AGM".

3. Participation in the Shareholders' Meeting

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholders. With realize on convenience to shareholders and to encourage them to attend the shareholders' meeting, the Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting.

There were two shareholders' meeting in 2021, the 2021 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders No. 1/2021 held on April 27, 2021 and June 8, 2021 respectively, at Meeting Room, 16th Floor, Software Park Building, 99/20 Moo 4, Chaengwattana Road, Klong luar, Pak-Kred, Nonthaburi 11120. The meeting place is convenient for transportation and able to accommodate the shareholders who attend the meeting. The Company prior notified date, time and place that comfort the shareholders to participate in advance of the meeting. In addition, the Company scored "Very Good" (4TIA) from the survey on quality in convening the 2021 AGM by Thai Investors Association. The rights of shareholders to participate in the meeting are as follows:

Before the Meeting Date

In convening of the 2021 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders No. 1/2021, the shareholders would be informed the date and agenda of the shareholders' meeting via the SET's communication system 63 days and 42 days prior to the meeting date. The Company disclosed the notice of shareholders meeting, supporting document including Annual Report 33 days prior to the 2021 AGM and 22 days prior to the EGM No. 1/2021 on the Company's website on the section "Investor Relations" under the topic "Shareholder Information" for the shareholders to have sufficient time for consideration. Same documents were directly delivered to the shareholders by TSD, the Company's registrar, 25 days and 15 days prior to the meeting

date of which better than what required by laws. The notice of shareholders meeting contain fact, rationales, an opinion of the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders' consideration. Moreover, the notice of shareholders meeting was published on the newspaper 3 consecutive days and 18 days and 8 days prior to the meeting date of which better than what required by laws.

To facilitate the institutional investors to participate in the shareholders' meeting, the Company tries to contact them in advance to assist them in proxy preparation and registration.

On the Meeting Date

Due to the situation of the Coronavirus 2019 (COVID-19), the Company is aware and deeply concerned for the health and well-being of shareholders and attendees including those who are involved in organizing the Meeting. Therefore, the Company has provided appropriate social distancing in various areas of meeting venue according to the disease prevention measures prescribed by the Government, and limited number of available seats in the meeting room for approximately 30 seats. The Company requested cooperation from shareholders to strictly follow the Company's measures and guidelines for attending the meeting in order to prevent and minimize the risk of COVID-19 infection.

Meeting procedures has been set to conform to laws and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipment are sufficient for registration to review on required documents more than 1 hour prior to commencement of the meeting by arrangement of Barcode system in vote counting for faster voting result. There were 6 directors attended in both the 2021 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders No. 1/2021. Moreover, Chairman of all committees, the Company's management and external auditors were also present in the meeting in order that the shareholders could ask questions during the meeting. The Chairman of the Board of Directors was Chairman of the meeting introduced all Board members and management, total shareholders attending in the meeting both in person and by proxy and total shares that entitled to vote to the shareholders for acknowledgement. In the 2021 Annual General Meeting of Shareholders, there were 28 shareholders attending the meeting classified to 9 shareholders in person and 19 shareholders by proxy while there were 33 shareholders attending the meeting classified to 11 shareholders in person and 22 shareholders by proxy in the Extraordinary General Meeting of Shareholders No. 1/2021. The Company held the meeting in accordance with the measures notified to the shareholders in advance. In addition, the Company asked for volunteer from shareholders or proxy to be the counting vote inspector. The Chairman declared vote casting, counting procedures and other related matters for shareholder's acknowledgement before commencement of the meeting including the results of an invitation to propose agenda of the 2021 AGM and sending question prior to the 2021 AGM. In addition, the directors who were the Company's shareholders requested for abstention their vote in the agendas they had interest therein. Then, the Chairman proceeded the meeting to be in line with the agenda without any additional topic from the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. In the Meeting, the shareholders were encouraged to express their opinions and raise questions either in the agenda or other questions related to the Company's business. All questions and replies included significant opinions and suggestions from the shareholders were recorded in the minutes of Meeting. After the meeting, the shareholders were requested to return the voting cards to keep as evidence.

After the Shareholders' Meeting

Resolution of the meeting was publicized via the SET portal with all voting details in approval, disapproval and abstention of each agenda on the meeting date. The Full Minutes of the Shareholders' Meeting, of which disclosed the attendance and absence of directors and management, summary of significant questions and answers during the meeting in both Thai and English, has been sent to the SET and related parties by 14 days after the meeting date. It was also posted on the Company's website for consideration of shareholders.

4. Appointment / Dismissal of Directors of the Company and Approve their Remuneration

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one-third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term. The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- Each shareholder shall have one vote on each share.
- In voting, a shareholder shall vote in accordance with the number of votes each shareholder for one or several directors. The said shareholder may not allot any number of his/her votes to any person.
- The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the Chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his/her term of office by having votes of not less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote. The aggregate number of shares shall be not less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

In every General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of Committees. Adequate information of all candidates were delivered to shareholders for consideration.

5. Appointment of Auditors and approval of their remuneration

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

6. Regularly and timely obtained adequate information, business performance and management policy

The Company concerns on Shareholders' rights and not only disclosed Company's information via the SET's communication system but also posted all significant and updated information on the Company's website at www.samartdigital.com.

7. Profit Sharing

The Company has a policy to pay dividend to shareholders of no less than 50% of its net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws. However, the dividend payment is subject to the Company's future investment plans and business expansion, including other necessity and suitability.

In consideration of dividend payment for profit from disposal of investment or fixed assets of the Company or subsidiaries, it is at the discretion of Management and the Board of Directors to consider whether or not to pay dividend or amount to be paid by taking into account the Company's future investment plans and business expansion including other necessity and suitability.

The dividend payment of subsidiaries should base on policy of the Company.

As reported net loss for 2020, the 2021 Annual General Meeting of Shareholders resolved to approve the omission of dividend payment for 2020.

Details of dividend payment policy of the Company and subsidiaries including dividend payment in the past 3 years were shown in the section "Dividend Payment Policy".

Apart from such shareholders' rights, the Company does not prevent or obstruct any opportunities to allow the shareholders to communicate with each other.

2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, regularly and timely obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each ordinary share. Proxy form and requiring documents are delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 3 independent directors also are attached for shareholders consideration as alternative proxy and also required document, evidence and proxy method, has been prepared in Thai and English for convenience of the shareholders.

In the 2021 Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders No. 1/2021, there were 15 and 19 shareholders, respectively assigned the Company's independent directors to be their proxy to attend and vote in the meeting. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders meeting, the meetings will conduct to be in line with the agenda without any additional topic from the invitation letter in order to prevent the restraining rights of the shareholders who could not participate in the meeting by themselves. In addition, the Company set criteria about Inside Information Monitoring of which details shown in the section "Inside Information Control".

3. Attention to Stakeholders

The Company is aware that the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term success and also realizes the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, trade partners, lenders, societies and environment. Therefore, the Company provides more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations of which will be benefit to the Company. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company's website at www.samartdigital.com.

4. Disclosure and Transparency

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The complete, consistent and updated information will truly reflect the Company's financial performance and future business direction. The Company has a policy to disclose information of any significant and future business directions, so that shareholders and stakeholders can access information comfortably and speedily as follows:

- To submit the financial report and Management Discussion and Analysis (MD&A) to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission Thailand ("SEC") within the specified timeframe. The financial report did not have any transactions where the auditor opinioned with qualified, the financial statement has also never been revised under the order of the SET and the SEC. In order to make the investors are more well informed and understand the changes occurred to the financial position and operating results of the Company in each quarter and post it on the Company's website at www.samartdigital.com and the SET's communication system.
- Criteria on provision of remuneration to directors and executives have been clearly disclosed.
- Details on connected transactions have been clearly disclosed to prevent a conflict of interest. More details were shown in "Connected Transactions".
- Shareholding information of directors and executives has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring directors and executives to report the change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred or accepted transfer. The Company Secretary unit shall coordinate on submission of such report to the SET and the SEC. Moreover, directors and executives should report their securities holding in every board's meeting.

Securities holding information of the directors and the executives in 2021 were as follows:

Director / Executive	Ordinary Share (Shares)							
	SDC				SDC-W1			
	1/1/2021 or Appointment Date	Acquisition /(Disposal) during the year	31/12/2021 or Resignation Date	Increase/ (Decrease)	1/1/2021 or Appointment Date	Acquisition /(Disposal) during the year	31/12/2021 or Resignation Date	Increase/ (Decrease)
1. Mr. Piyapan Champasut Spouse and minor children	-	-	-	-	-	-	-	-
2. Dr. Chotivid Chayavadhanangkur Spouse and minor children	9,000,000	-	9,000,000	-	1,500,000	-	1,500,000	-
3. Mr. Kunthit Arunyananda Spouse and minor children	800,000	-	800,000	-	-	-	-	-
4. Mr. Charoenrath Vilailuck Spouse and minor children	-	-	-	-	-	-	-	-
5. Mr. Watchai Vilailuck Spouse and minor children	23,343,000	-	23,343,000	-	3,890,500	(3,890,500)	-	(3,890,500)
6. Mr. Wongkrit Jiamsripong ⁽¹⁾ Spouse and minor children	-	-	-	-	-	-	-	-
7. Miss Boonrut Mongkolratanakorn ⁽²⁾ Spouse and minor children	70,000	-	70,000	-	-	-	-	-
8. Mrs. Sumonthip Srimek Spouse and minor children	-	-	-	-	-	-	-	-
9. Mr. Hiran Phanbanlaem Spouse and minor children	20,000	-	20,000	-	-	-	-	-

Remark : ⁽¹⁾ Resigned from his directorship on August 9, 2021.

⁽²⁾ Was appointed as Director on on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Furthermore, the Company also has a policy to report the transaction may has conflict of interest of directors and executives as follows:

- 1) Director and executive shall submit their first report on transaction with interest within 30 days from the date of appointment as director or executive pursuant to the specified report form.
- 2) Director and executive shall report a change of transaction with interest within 30 days from the date of such change pursuant to the specified report form.
- 3) Report on transaction may has conflict of interest shall be kept at the Company Secretary and the Company secretary shall arrange to submit a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date of receipt such report.

The Company discloses to shareholders, investors and any related parties via the SET's Communication system, the Company's website at www.samartdigital.com, Annual Report, press release and the Opportunity Day.

The Board of Directors has supervised to ensure that any person involved in the preparation and disclosure of any information of the Company has relevant knowledge, appropriate skills and experience needed for their responsibilities, and sufficient resources as well as ensure that the Company's disclosures are transparency and strictly complied by laws, the Company's and any related regulations. In the past year, the SEC or the SET have never accused the Company from non-disclose of information in accordance with the regulation. The Board of Directors has major concerned on transparency and disclosure in the following area:

- **Information Disclosure Policy**

The Company appreciates on management and business operations in accordance with the principles of good corporate governance. In order to ensure that the information disclosure is accurate, complete transparency and equal, complied with laws and the relevant regulations. Therefore, the Company has established information disclosure policy to be a guideline for directors and employees as follows:

1. Information disclosure in both financial and non-financial should be accurate, complete, sufficient, reliable and on time to ensure that shareholders and stakeholders of the Company receive the information equally.
2. Information disclosure of the Company must be prepared carefully, clearly, accurately and transparently.
3. Be careful to disclose important information that affects the price or value of the Company's securities and complying with the regulations and announcement of the SET.
4. Clearly appoint a responsible person to disclose the Company's information to public.

The persons who have the right to disclose important information not yet disclosed to the public are as follows:

1. Executive Chairman
2. Chief Executive Officer (CEO) or President
3. Manager of Investor Relation of the Company
4. Authorized person from Executive Chairman or Chief Executive Officer or President

Those who do not relevant or assigned duties cannot provide information or interview to the media or public about the Company's business.

- **Provide multi channels for disclosure of information apart from the SET's communication system**

- **Annual Report**

The Board of Directors has to ensure that Annual Report contains adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year. The information will included management structure, nature of business, financial status and operating result, structure of the Board of Directors and performance of the Board of Directors and all Committees.

- **Company's website**

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensures the Company not only provides all significant information of the Company in the Company's Annual Report but also on the Company's website at www.samartdigital.com in both Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, Press Release, Financial Statement as well as Annual Report, etc.

- **Investors Relation**

The Company has also set up an Investors Relation section to provide Company's information and activities for investors, shareholders, analysts and general public via Company's website, Roadshow, analysts meetings, conference calls, etc. The Company's Investor Relations can contacted at phone number 0-2502-6583 or via www.samartdigital.com or e-mail address at InvestorRelations@samartdigital.com. Ethics of the investor relations are as follows:

1. Conduct duties with integrity.
2. Disclose necessary information completely and fairly to all relevant groups equally.
3. Allow all relevant groups to access and enquire the information.
4. Perform duties by mainly adhering to benefits of the shareholders and the stakeholders.
5. Preserve confidential information of the Company and must not use inside information for personal gain.
6. Perform duties at his/her best and professionally.
7. Keep on studying to develop efficiency of the work.
8. Observe the principle on not accepting the appointment during the period close to financial statement, announcement and the practical guidelines on securities trading specified by the Company.

In addition to the above, the announcement on the Company's financial performance has been arranged for shareholders, investors, analysts and public on a quarterly basis with participation of the executives.

Number of meetings with investors and analysts in 2021 were summarized below:

- Analyst Meeting and Road Show	4	Times
- Announcement of Company's Performance	4	Times

- **Disclosure of Information of the Board of Directors and Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board and each Committee.
- Directors' Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and consistent with the Company's strategies and long-term objective as be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders.

The above information and remuneration of each board member have been disclosed on the Company's Annual Report.

- **Accountability to the Financial Statement**

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and any financial information that appears in the Annual Report of which consistent with the Company's strategies and long-term objective. The financial statements are prepared in accordance with Thai Financial Reporting Standard. Appropriate accounting policies are used and practiced regularly. Careful consideration and best estimates are made with sufficient disclosure of information in the notes to the financial statements. This is to ensure transparency and benefits to the shareholders and investors. The financial statements have been audited and commented independently by the authorized auditors of the SEC to increase confidence and reliability of the report. Additionally, the Company has no record to amend financial statement from the SET and the SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak points in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

Inside Information Control

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. In addition, the Company sets as policy that all employees shall acknowledge and sign in the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property. New employees shall sign this agreement together with employment contact. It was also set forth in the Company's Business Ethics to refuse the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. To ensure that the policy is acknowledge and complied, the Company will notify the year plan schedule of such periods in advance to

all directors and executives. Every quarter, the Company has also delivered such notice to directors and executives to acknowledge. In 2021, there is no case of insider trading from the Company's directors and executives. The press releases for the corporate governance are published on a weekly basis to all employees via email, tips and poster in the Company's promotion board. The Directors and management had been informed on their duties to disclose report to the SEC on each person holding securities and derivatives as well as the holding and changes to the holding of their spouse, cohabiting couple and minor children within 3 days from the transaction date according to section 59 of the Securities and Exchange Act B.E. 2535. The report shall include the holding of securities and derivatives by a juristic person whose shares exceeding thirty percent of the total voting rights held by the aforementioned persons, including the spouse or cohabiting couple, and minor children of such persons. Any change in securities and derivatives holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the SEC. In addition, the Company has set as a policy to report on securities and derivatives holdings of directors and management in every meeting of the Board of Directors. In case that any director or management violate the regulations, the warning notice will be made to that director or management to avoid re-misconduct.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration to be complied with the SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors' or the Shareholders' Meetings. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions has been considered to disclose in "Connected Transaction".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in "5. Roles and Responsibilities of the Board of Directors" under the topic "Conflict of Interest". Such practices have been delivered to all directors, management and employees. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

Moreover, the Corporate Governance Committee has been established to ensure that good corporate governance is being conducted continuity at all levels in accordance to legal requirement and the Company's Articles of Association.

Conflict of Interest

To prevent conflict of interest, the Company has drawn out guidelines for directors and employees in the Company's Business Ethics to follow:

1. Avoid all actions that may cause conflicts of interest with the Company.
2. In case that directors or employees commit any action related to the Company, the particular director and employee will be treated like an outsider, and will play no part in decision-making process.
3. Refuse to use Company's information obtained in their posts for an opportunity to derive personal benefits by creating rivalry with the Company or involving in related businesses.
4. Refuse to use Company's information for securities purchase for personal benefits or to leak Company's information to outsiders for their benefits. Any trading of the Company's securities within 1 month prior to disclosure of either the Company's financial performance or any other information that may affect securities' price is prohibited.
5. During and after their posts, refuse to reveal Company's classified information e.g. electronic information, financial situation, work's plans, business information, Company's plan or others.

On any conflict of interest transaction, before entering into the transaction, the Company specified that the Board of Directors, Managements, Employees and relevant parties must disclose the transactions with interest to the Audit Committee to consider the appropriateness of such transactions. The Audit Committee will carefully review prior to submit with opinion on such conflict or connection to the Board of Directors for further review and to ensure that the transaction has to be complied with the SET's regulations. Information and value of the transaction, party involved and

necessity have been disclosed in the Company's Annual Report and the auditor's notes to the financial statements. Any consideration of the connected transaction, the directors who may have conflict of interest will neither participate nor vote in such meeting both the meeting of the Board of Directors Shareholders.

Anti-Corruption

The Company operates business by placing importance on anti-corruption and adherence to integrity, ethics, transparent and auditable management as well as accountability to all stakeholders. The Company prescribed suitable code of conduct guidelines for the Board of Directors, the executives and the employees with regards to business ethics and employee ethics. Compliance with the policy has been reviewed continually.

Duties and Responsibilities

- The Board of Directors is responsible for specifying the anti-corruption policy.
- The Audit Committee is responsible to audit the accounting and financial report, internal control and internal audit including risk management system to ensure that they are compliance with the international standards, concisely and effectively.
- The management team is responsible for promotion and support the anti-corruption policy and convey such policy to all employees and relevant parties.

In addition, the Company has set the written Anti-Corruption policy and its General Operating guidelines and has been disclosed to the organization and posted it on the Company's website at www.samartdigital.com. Details was shown in "Anti-Corruption".

Anti-Corruption Policy

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders. Directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adherence. Details of the policy are as follows:

1. Political neutrality and political assistance

The Company is a politically neutral business entity that supports lawful operations and democratic form of government with the King as Head of State. Directors, executives, and employees enjoy their political rights and freedom under the law. However, they must not deprive Company of neutrality and compromise it though their involvement in politics or use its resources to do so.

2. Donation for charity and support fund

The Company supports community and social development to upgrade the quality of life, enhance the economy, and strengthen communities and society through business processes or donation for charity used for public charity only. Moreover, the support fund for Company's business must have a clear proof of documents in compliance with the Company's regulations.

3. Receiving and giving present, property or other benefits policies

Receiving or giving any benefits as tradition and morality to express gratitude or maintaining business relation as usual should be done with appropriateness. The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits with the following practices:

1. Receiving and giving property or other benefits that could improperly influence decision making;
 - The employee of company shall not receive or give money, property, merchandise or any benefits involving anyone whose intention is to persuade the employee to commit or omit anything contrary to duty.
 - Receiving present or property shall be compliance with morals, and shall not be illegal as well as such gift or property shall not be illegal.

- Paying for business expenses such as meals and other forms of hospitality that are directly connected to performance of business commitments is acceptable, but such expenses must be reasonable.
 - Giving present, property or other benefits to government officer in Thailand and other countries must be sure that it shall not against the law and local tradition.
2. Receiving or giving present and memento:
- Before receiving or giving present or memento, should make sure that such an action does not violate the law and the Company's regulations. Gifts exchanged in the normal course of business should be inexpensive and appropriate to the occasion.
 - Avoid receiving or giving present or memento that could unfairly influence a decision in the performance of one's duties. If it is necessary to receive a gift of unusually high value from someone doing business with the Company, report the matter to the superior.
 - Keep records of expenses as evidence of the value of present or memento given, so that can be examined later.
 - If the employee has been assigned or permitted by the superior to assist an outside agency, the employee may receive money, item, or present according to the guidelines or standards that agency has set.
3. Transactions with the government sector:
- Conduct properly and honestly when in contact with government officials or agencies.
 - Always remember that the laws, rules, and customs of each place may have diverse conditions, procedures, or methods of proceeding.
 - Comply with the laws of each country or locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.

General Operating Guidelines

1. The process of risk assessment and risk management.

The Company has an internal audit unit to audit operations that may trend to have risks of all departments of each company, including risks from corruption to ensure that all departments have appropriated internal control system in place, both on preventive control and detective control. If it is found that any department does not have adequate internal control system or there is a corruption case, such matter shall be reported to the Audit Committee and the high level executives. Preventive guidelines must have also been reported in order to improve the internal control system.

2. Protection

To ensure that the remuneration provided to the employees is adequate, focused on creation of consciousness and it must not be the source for corruption. The Human Resource Department shall compile the survey results report on wage adjustment in each year from the well-known institutes, both domestically and internationally as well as exchange information with the Human Resource Department of other companies in the telecommunication and computer businesses. The information gained shall be used for consideration on provision of remuneration to the employees.

3. Training and Communication

To encourage operations pursuant to anti-corruption policies by providing training to employees to promote honesty, integrity and best practices on good conduct and ethics for employees including code of business ethics of the Company during the orientation of the new employees. All employees can access to such information via HR Website (www.samarthre.com).

4. Reporting Channels

In order to oversee the implementation of anti-corruption policy, the Company encourages its employees and all stakeholders to report the violation of Company's policies and unfair practices by providing the channels for stakeholders to inform any actions which are against the corporate governance principle, ethics, rules and regulations of the Company, laws or any action which may cause damage to the Company to the Internal Audit Department by direct mail or E-mail as informed at the Company's website (www.samardigital.com). The Internal

Audit Department will inspect and analyze the information according to the procedures and methods on “Notifying the information on misconduct and the protection of the informant”. The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower to any person.

5. Governing and monitoring of the policy

The internal audit unit shall summarize the audit result only the corruption issues of each department during the previous year and report to the Audit Committee annually with recommendations to solve the problems.

6. Penalty

Any action that direct or indirect violates this policy shall be subject to disciplinary action according to the Company’s regulations and face with legal penalty, if such action is against the law.

6.2 Business Ethics

As the Company conducts the business with great awareness in ethical issues, the Board of Directors has provided the written Thai-English Business Ethics for directors, management and employees of the Company and subsidiaries since 2005. It is set as the practical working guidelines with honesty, to be in standard, quality and integrity which including an attention of all stakeholders, related transaction, compliance with the laws, assets prevention and conflict of interest. The Company’s directors, management and employees must perform and comply with strictly. It is also posted on the Company’s website for employees and public acknowledgement. The Company reviews Business Ethics annually. In addition to monitor the proceeding with the general practices as stipulated in the Business Ethics, the Company also provided the business ethics assessment. The senior management level were requested to perform self-assessment to evaluate on proceed with the business ethics. The result of the evaluation concluded that the Company and management completely complied with the Business Ethics and Code of Conducts. The latest issue of the Company’s Business Ethics has been approved by the Board of Directors’ Meeting No.1/2021 on February 23, 2021 posted on the Company’s website at www.samartdigital.com covered the following topics:

1. Conflict of interest
2. Responsibilities to Shareholder
3. Employee policies
4. Customer policies
5. Trade partner policies
6. Creditors policies
7. Counterpart/Competitor policies
8. Anti-Corruption policy
9. Money Laundering policy
10. Tax policy
11. Sustainable Development policy
12. Human Rights policy
13. Operating policy and practice on non-infringement of intellectual property or copyright
14. Suggestions and complaints
15. Procedures and methods on “Notifying the information on misconduct and the protection of the informant”

6.3 Major Changes and Developments in Policy, Practices and Corporate Governance

In 2017, the SEC issued the Principles of Good Corporate Governance for Listed Companies or Corporate Governance Code (CG Code) to develop the sustainability of Listed Companies. It aims for listed companies to comply with the CG Code in accordance with the “Apply or Explain” principle. Part 1 are practices that the Board of Directors can apply as appropriate to the context of the company’s business, while Part 2 are guidelines and

explanations of the implementation to be in accordance with the Code of Practice in Part 1. The Board of Directors may use other practices to achieve the intent of the Code. If other practices are considered more appropriate, reasons and actions should also be recorded.

The Board of Directors has reviewed the implementation of the Corporate Governance Code (CG Code) of the SEC annually, at least 1 time per year, by means that are suitable for the Company's business. Moreover, the Company has complied with the assessment criteria for survey on listed company corporate governance of IOD and survey on quality in convening the shareholders' meeting of the Thai Investors Association. The Corporate Governance Committee's meeting will consider and review the implementation of the CG Code and propose the issues to the Board of Directors' meeting for consideration.

In 2021, the Board of Directors reviewed the Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees in accordance with the Principles of Good Corporate Governance (CG Code) and other related principles. The Board of Directors is of the opinion that the Company has implemented all 8 principles of the practices. The Company has chosen appropriate guidelines according to the context of the Company's business, which has been approved to amend the Corporate Governance Policy, Business Ethics and Charter of the Board of Directors and Committees to be appropriate and consistent in the following topics:

Corporate Governance

- Nomination of Directors and Management and Executive Succession Plan
- Supervision on Operation of the Subsidiaries and the Associated Companies

Business Ethics

- Sustainable Development Policy in Responsibility to environment
- Human Rights Policy

Charter of the Board of Directors and Committees in the related areas

- Charter of the Board of Directors
- Executive Committee Charter
- Nominating and Compensation Committee Charter

The Compliance with the Principles of Good Corporate Governance in Other Areas

The Company conducts the business in comply with the Principles of Good Corporate Governance of the SEC. and best practices in the international standard as well as ASEAN CG Scorecard criteria. Moreover, the Company has complied with the assessment criteria for survey on listed company corporate governance of IOD and survey on quality in convening the shareholders' meeting of the Thai Investors Association. For some areas that the Company has not yet followed such regulations, the Company applies principles or other practices to suitable for the Company's business as the following areas:

Equity Treatment of Shareholders

1. The Company has not yet allowed the minority shareholders to nominate candidates for directorship. However, the Board of Directors has appointed the Nomination Committee and Compensation Committee to recruit and nominate the qualified candidate to be director by taking into consideration from IOD's Director Pool. The Nomination Committee and Compensation Committee also considers qualification as the relevant laws and regulations, experience, knowledge and ability that is advantage and needed to the Company of the candidate to propose to the Board of Directors' and/or the Shareholder's Meeting for further approval.

2. The Company has not yet determined to perform the election of directors by cumulative voting. However, the Company entitled the shareholders to vote for the election of directors individually. Each shareholder shall have one vote for each share as stipulated by the Company's Articles of Associations so that the shareholders shall truly elect their desired director.
3. The Company has not yet established the policy regarding directors and top executives to declare their trading transaction of the Company's shares at least 1 day prior to the trading date to the Board of Directors or the assigned person. However, the Company has a policy that director and top executives shall report the change of their ownership of the Company's securities and derivatives in every board meeting.

Attention to Stakeholders

The Company has not yet prepared a Corporate Social Responsibility Report under the framework of the Global Reporting Initiative (GRI). However, the Company has prepared a Business Drive for Sustainability Report in accordance with the criteria of the Securities and Exchange Commission as part of the Annual Report (56-1 One Report).

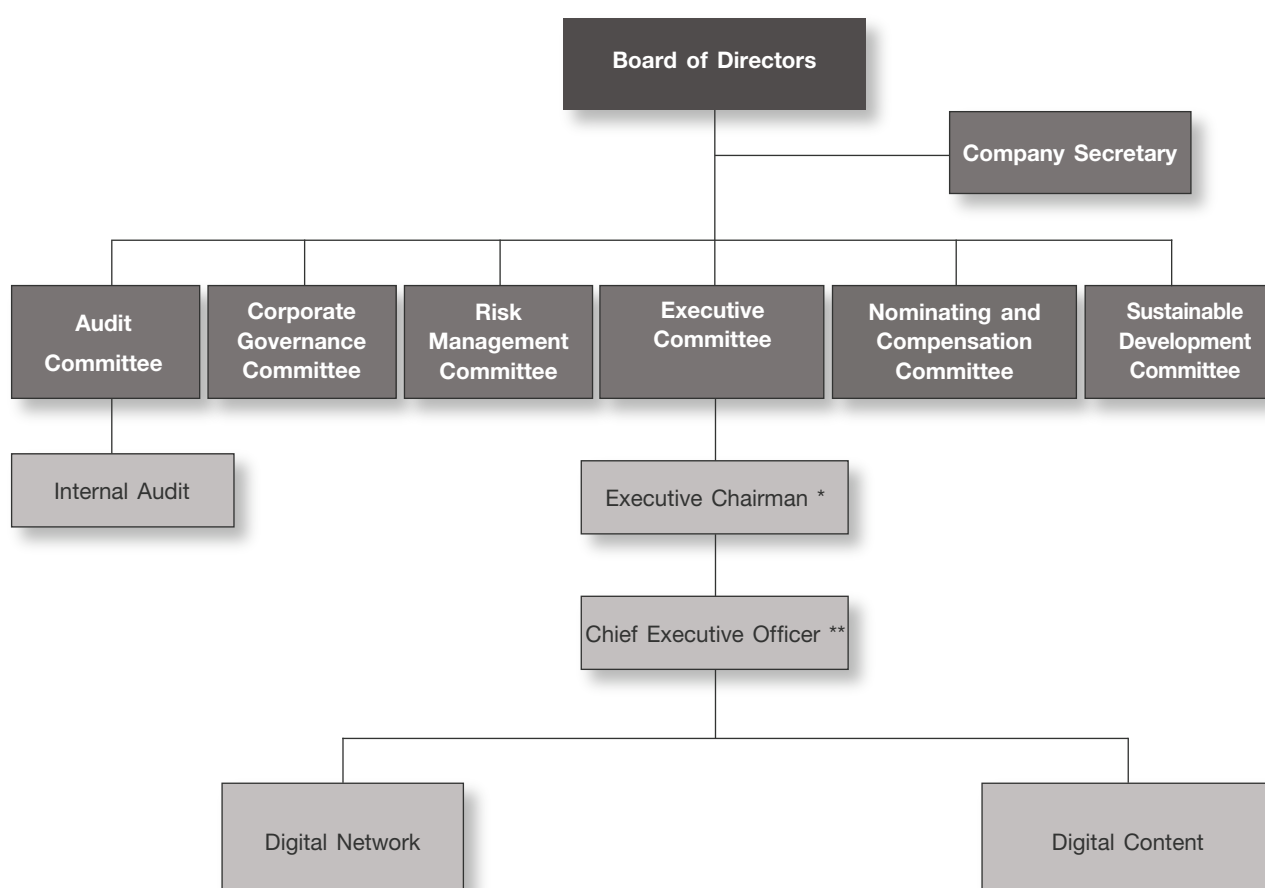
Roles and Responsibilities of the Board of Directors

1. The Company has no policy for executive directors to serve as directors of not exceeding 2 listed companies in the other business group. However, the Company has set the policy for all directors not to hold director position of not exceeding 5 companies. In addition, top executives of the Company will also be obtained approval from the Executive Committee prior to hold director position in any companies of which are not have either similar business or being the Company's competitors. The Nomination Committee and Compensation Committee are responsible to consider and nominate the candidate by taking into consideration of knowledge, capability and adequate time to perform his duty.
2. There is no independent woman director in the Board of Directors. However, the Company has no policy to gender discrimination at all.
3. As of December 31, 2021, the portion of independent directors in the Board of Directors are equivalent to 50% of total number of directors less than the Principles of Good Corporate Governance as stipulated at more than 50% of total number of directors.
4. The Company has not yet participated in Thailand's Private Sector Collective Action Coalition against Corruption (CAC). However, the Company has joined the Partnership against Corruption for Thailand (PACT) to attend the training course and gather recommendation on anti-corruption procedures.

7. Governance Structure and Key Information of the Board of Directors, Committees, Management, Employees and Others

7.1 Governance Structure

The management structure of the Company as of December 31, 2021 consisted of the Board of Directors and 6 Committees; Audit Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee, Nominating and Compensation Committee, and Sustainable Development Committee, to oversee management and internal control systems to be comply with the Company's policy as follows:



Remark: * Executive Chairman is the top management of the Company
 ** Head of Accounting and Finance are under Chief Executive Officer

7.2 Board of Directors

7.2.1 Composition of the Board of Directors

The Board of Directors comprise of directors who have various knowledge, experience, transparent working background, nobility and integrity and have occupational diversification. In addition, they have the skills that advantage to the Company's business, such as accounting & finance, management, strategic planning, laws, corporate governance and other without gender discrimination. The composition of the Board of Directors are as follows:

1. The Board of Directors shall have the number as specified by the shareholders' meeting at least 5 persons and not less than one half of the total number of directors shall have residence in the Kingdom.
2. The Board of Directors must be at least one-third of independent director out of total number of directors, and at least 3 persons.
3. The Board of Directors may elect one of the directors as Chairman. When considering appropriate, the Board of Directors may elect one or many directors to be Vice-Chairman.

Qualifications of Director

1. Have qualifications and not being under any of the prohibitions under the Public Company Act B.E.2535 (including amendments) or other relevant laws as well as not lacking trustworthiness in accordance with the announcement of the Securities and Exchange Commission (the SEC), including the Company's Articles of Association.
2. Not undertaking any business, being a partner or a shareholder of other juristic persons of the same nature and in competition with the Company's business whether doing it for the benefit of itself or others, except for the notification to the shareholders' meeting before the appointment.
3. Have leadership, vision, and independent consideration for best benefit of the Company and the shareholders.
4. Have various knowledge, experience, and specific skill that suitable for the Company business.
5. Have responsibility, carefulness, integrity, and business ethics.
6. Have sufficient time for fully participated as a Director of the Company.

Terms of positions

Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Nominating and Compensation Committee. However, the independent directors shall be in post no longer than 3 consecutive terms except getting a unanimous approval from the Nominating and Compensation Committee due to his/her contribution to the Company. In addition, the Committee ensures that the extra term will not cause or has an impact to the independent of such director, and shall be approved from the resolution of the Board of Directors' and/or the shareholders' meetings.

Balance between members

More than half of the members of the Board of Directors are not a part of executive team. Within this half, one third of the directors and shall at least 3 members are independent members who have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder. To strike a balance of power within the Company, the positions of Chairman of the Board of Directors and the Executive Chairman must not be the same person. The Chairman of the Board of Directors should be an independent member.

The Board of Directors of the Company as of December 31, 2021 comprised of 6 members with various qualifications, skills, experience and expertise. Composition of the members is as follows:

- 3 Independent Directors (equal to 50% of the Board of Directors)
- 2 Executive Directors (1 Executive Director is a representative from major shareholders)
- 1 Non-Executive Directors (representatives from major shareholders)

The 3 Independent Directors have working experience relating to the Company's business.

The shareholders could have confidence that the directors as representatives of the shareholders could perform their duty without any influence or control by management of the Company by the above structure.

7.2.2 Information of the Board of Directors

Board of Directors

As of December 31, 2021, the Board of Directors comprised of 6 members as the following details:

Directors	Position	Date of appointment	Term of position (year/ month)
1. Mr. Piyapan Champasut	Chairman of the Board of Directors / Independent Director / Audit Committee Member	March 1, 2016	5/10
2. Dr. Chotivid Chayavadhanangkur	Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating and Compensation Committee Member	September 30, 2003	18/3
3. Mr. Kunthit Arunyakanda	Independent Director / Audit Committee member / Chairman of the Nominating and Compensation Committee / Corporate Governance Committee Member	September 30, 2003	18/3
4. Mr. Charoenrath Vilailuck ⁽¹⁾	Director / Risk Management Committee Member	September 30, 2003	18/3
5. Mr. Watchai Vilailuck ⁽¹⁾	Authorized Director / Executive Chairman / Chief Executive Officer / Chairman of the Risk Management Committee	September 30, 2003	18/3
6. Miss Boonrut Mongkolratanakorn ⁽²⁾	Authorized Director / Chairman of the Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member	August 10, 2021	0/4.5

Remark: ⁽¹⁾ Representative Directors from Samart Corporation Plc., a major shareholder, with 82.70% stake holding.

⁽²⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

The number of directors is in line with the Company's Articles of Association that the Board of Directors should have at least 5 members. Not less than one a half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law. All 3 members of the Audit Committee have adequate knowledge and experience to review creditability of the Company's financial statements.

Education and working experience of each director including position in subsidiaries and related companies as of December 31, 2021 were disclosed in the attachment 1 "Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary".

Authorized Directors as of December 31, 2021:

Mr. Watchai Vilailuck and Miss Boonrut Mongkolratanakorn are authorized to sign on behalf of the Company with the Company's seal affixed.

7.2.3 Roles and Responsibilities of the Board of Directors

The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC and other related laws. Their duties include:

1. Conduct business with responsibility, due care, and integrity, and ensure the Company's operations in accordance with the law, objectives, Articles of Association of the Company as well as the resolution of the Board of Directors' and shareholders' meeting to protect the rights and interests of the Company and shareholders.
2. Formulate policies and directions of the Company's operations including supervising the management to proceed in accordance with the specified policies and strategies with efficiency and effectiveness.
3. Establish and review the Company's vision, mission and strategy by prioritize and promote appropriate and safe innovation and technology to increase business opportunities, and ensure effective communication throughout the Company in order to drive the business in the same direction.
4. Approve annual budget and investment of the Company as well as ensure proper resource allocation and effective systems and controls, and monitor the implementation of the Company's strategies and annual plans.
5. Appoint directors to replace of those who retire by rotation as well as consider the remuneration package for directors and committee members proposed by the Nominating and Compensation Committee for further consideration of the shareholders' meeting. The Board of Directors also consider the appointment of directors in case of vacancy due to any reason other than the expiration of the term unless the remaining term of office of the director is less than 2 months. The replacing director shall hold office only for the remaining term of the replaced director.
6. Appoint committees to oversee administrative process and internal system to be in accordance with the specified policy and approve the charters of all committees.
7. Appoint Executive Chairman and define its roles and responsibilities as well as ensure that Executive Chairman perform its duties as assigned.
8. Appoint Company Secretary and define its roles and responsibilities as well as ensure that Company Secretary perform its duties as assigned.
9. Approve policy, structure, criteria of remuneration for directors, committees, Executive Chairman, key executive, management and employees as well as propose remuneration for directors and committees for further approval from the shareholders' meeting.
10. Prepare quarterly and annual financial statements to disclose or propose to the shareholders' meeting for approval, as the case may be, as well as supervise to disclose important information accurately, sufficiently and on time to comply with the relevant rules and regulations.
11. Nominate appropriated auditor and its remuneration from proposal of the Audit Committee for further consideration of the Annual General Meeting of Shareholders.
12. Provide written Corporate Governance Policy and Business Ethic, and ensure that the Company has effective internal control and risk management system to prevent conflict of interest.
13. Ensure that good corporate governance is implemented to demonstrate the Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders.
14. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director should immediately inform his/her or related parties' interest to the Company.

15. Supervise to ensure that succession plans for the Executive Chairman and key executives are in place.
16. Encourage and promote innovation including social and environmental responsibilities.
17. Approve interim dividend payment to the Company's shareholders and report the interim dividend payment in the next shareholders' meeting.
18. Approve the acquisition or disposal of the Company's assets according to the rules of the Capital Market Supervisory Board.
19. Approve the connected transactions of the Company according to the rules of the Capital Market Supervisory Board.
20. Organize an annual general meeting of shareholders within 4 months from the end of the Company's fiscal year.
21. Continuously monitor performance of the Company and subsidiaries to comply with the operation plans and budgets of the Company.
22. Supervise subsidiary and affiliate to comply with the Company's policy.

The Company conducted business and manage the Company's operation ethically and transparently with honesty and due care for the benefit of shareholders and all stakeholders. The Board of Directors has provided the Business Ethics manual for the Company's directors and executives to adhere as their practical guidelines and posted on the Company's website at [www. samartdigital.com](http://www.samartdigital.com).

The Board of Directors also has duties to approve other transactions pursuant to the notification of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related laws.

Delegation of Authorities between the Board of Directors and the Management

The Company has specified the delegation of authorities clearly which have been firstly applied since 1995 by specifying approval authority on credit line of the Board of Directors and the Management pursuant to the transaction types, such as finance/accounting/budget, human resources, procurement, general management/administration, marketing and public relations. However, the Company revised such policies and operating guidelines to make them more appropriated with the current situation.

Roles and Responsibilities of the Chairman of the Board of Directors

1. Oversee, monitor, and ensure that the Board of Directors efficiently carries out its duties to achieve the Company's objectives.
2. Ensure that all directors contribute to the Company's ethical culture and good corporate governance.
3. Set the board meeting agenda by discussing with the Executive Chairman which important matters should be included.
4. Allocate sufficient time for management to propose topic, and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the Company.
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

Roles and Responsibilities of the Executive Chairman

1. Manage and control general business operation of the Company to comply with its objectives, policy and the Articles of Association.
2. Consider investment plans before proposing to the Executive Board and the Board of Directors for further approval.
3. Consider the criteria and procedures for nomination and recruiting person to be top management together with the Nomination and Compensation Committee.
4. Act on behalf or in the name of the Company as delegation of authorities defined in the Company's policy and practice.
5. Carry out any assignment from the resolutions of the Board of Directors and/or the Company's shareholders meetings.

The delegation of authorities, duties and responsibilities of the Executive Chairman shall not be delegated or further assigned that authorize the Executive Chairman or its attorney to approve any transactions that the Executive Chairman or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle approved by the Board of Directors. Such connected transactions shall be proposed to the meeting of the Board of Directors and/or shareholders for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission or related law.

7.3 Committees

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following 6 committees to help the Board for consideration in significant matters:

- Audit Committee
- Executive Committee
- Corporate Governance Committee
- Nominating and Compensation Committee
- Risk Management Committee
- Sustainable Development Committee

The Charters of all Committees have been set and disclosed on the Company's website at www.samartdigital.com. Detail of qualifications, terms of positions, and roles and responsibilities of each committee are as follows:

1) **Audit Committee as of December 31, 2021:**

- | | | |
|----|--------------------------------|---------------------------------|
| 1. | Dr. Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. | Mr. Piyapan Champasut | Member (Independent Director) |
| 3. | Mr. Kunthit Arunyananda | Member (Independent Director) |
| | Mr. Wichai Rongkawilit | Secretary |

All 3 members of the Audit Committee have adequate knowledge and experience to review creditability of the Company's financial statements.

Qualifications of the Audit Committee

1. The Audit Committee members shall be appointed by the Board of Directors' and/or Shareholders' Meetings.
2. All members of the Audit Committee should be Independent Directors with the qualifications as specified in the announcement of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand.
3. Not being a director assigned by the Board of Directors to take part in the business decision of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company.
4. Not being a director of parent company, subsidiary, and same-level subsidiary that is a listed company.
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members.
6. At least 1 member of the Audit Committee shall have sufficient knowledge and experience in accounting and finance to review the reliability of financial statements. The Company should specify name of the Audit Committee member who has that qualification in Annual Report, and define his/her qualification in the certification of the Audit Committee profile sent to the SET.

Terms of positions

Term of the Audit Committee member is 3 years. All members shall be in post no longer than 3 consecutive terms except getting an unanimous votes from the Nominating and Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director, and shall be approved from the Board of Directors's and/or the shareholders' meetings.

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial report to ensure its accuracy with adequate, reliable and timely disclosure.
2. Review the Company's internal control, and internal audit systems to ensure that they are suitable and efficient, and consider the independence of internal audit unit, as well as to propose the appointment, transfer and dismissal of the head of internal audit or any other unit in charge of internal audit.
3. Consider and approve the manpower and necessary resources for working process of the internal audit unit, approve the annual audit plan including significant changes in the audit plan.
4. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and the laws relating to the Company's business.
5. Propose for consideration and approval of the Board of Directors' and shareholders' meeting on the selection, appointment, termination of the external auditors including propose their remuneration for further consideration.
6. Arrange the Audit Committee's meeting with auditors without management of the Company at least once a year.
7. Review the connected transactions or the transactions that may lead to conflicts of interests to comply with the Securities and Exchange Act, and the regulations of the SET and the SEC, including the related laws which are effectively with the Company and/or the Company's business to ensure that the transactions are reasonable with the highest benefit of the Company.
8. Prepare report of the Audit Committee to disclose in the annual report with at least information defined in the regulations of the SET.
9. Review the scope of authorities, roles and responsibilities of the Audit Committee in accordance with the situation.
10. Audit and investigate concerned persons in order to gain the clearly information within the scope of authority.
11. Engage the specialist for competent advice and assistance auditing as considered by the Audit Committee with Company's expenses.
12. Perform any other activities as assigned by the Board of Directors.

2) Executive Committee as of December 31, 2021:

- | | |
|--|------------------------------------|
| 1. Mr. Watchai Vilailuck | Chairman / Chief Executive Officer |
| 2. Miss Boonrut Mongkolratanakorn ⁽¹⁾ | Member and Secretary |
| 3. Mrs. Sumonthip Srimek | Member |
| 4. Mr. Hiran Phanbanlaem | Member |

Remark: ⁽¹⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Executive Committee

1. Set and review Company's vision, mission, strategies and business plan as well as the Company's management structure and delegation of authorities for further approval from the Board of Directors.
2. Supervise the subsidiary and associated companies to be in accordance with the Company's policy including review and monitor the operating performance of the Company and subsidiaries to achieve the goal.
3. Audit, monitor and implement the Company's policies and management practices to conform to the assignment from the Board of Directors efficiently.
4. Consider and approve annual budget and investment of the Company for further approval from the Board of Directors.

5. Determine policy, structure, criteria for remuneration of employees and management together with the Executive Chairman and propose to the Nominating and Compensation Committee for consideration prior to further approval from the Board of Directors.
6. Consider and appoint qualified persons as key executive and report to the Board of Directors for acknowledgment.
7. Consider entering into any transactions binding the Company as delegation of authorities defined in the Company's policy and practice.
8. Report the significant performance of the Executive Committee to the Board of Directors on a regular basis.
9. Review the roles and responsibilities of the Executive Committee in accordance with the situation.
10. Perform any other activities as assigned by the Board of Directors.

The delegation of authorities, duties and responsibilities to the Executive Committee shall not be delegated or further assigned that authorize the Executive Committee or its attorney to approve any transactions that the Executive Committee or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle that is approved by the Board of Directors. Such connected transactions shall be proposed to the Board of Directors' and/or Shareholders' Meetings for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission (SEC) or related law.

3) Corporate Governance Committee as of December 31, 2021:

- | | |
|--|---------------------------------|
| 1. Dr. Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. Mr. Kunthit Arunyananda | Member (Independent Director) |
| 3. Miss Boonrut Mongkolratanakorn ⁽¹⁾ | Member and Secretary |

Remark: ⁽¹⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. The Chairman of the Committee has to be nominated from the Company's Independent Director. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Corporate Governance Committee

1. Responsible for governing and monitoring business operation and performance of committees, management and employees of the Company to comply with the principles of good corporate governance, Company's policies and related laws.
2. Establish corporate governance policy including social responsibility and anti-corruption.
3. Establish and review the Company's significant procedures and practices to comply with the good corporate governance policy.
4. Regularly review the Company's policies, principles and practices.
5. Provide suggestions relevant to business ethics and best practices to the Company's directors, management and employees.
6. Ensure that the good corporate governance policy are performed in practice continuously and appropriately.
7. Review the roles and responsibilities of the Corporate Governance Committee in accordance with the situation.
8. Report to the Board of Directors regarding the Company's good corporate governance with comments and recommendations for appropriate improvements.
9. Perform any other activities as assigned by the Board of Directors.

4) Nominating and Compensation Committee as of December 31, 2021:

- | | | |
|----|---|---------------------------------|
| 1. | Mr. Kunthit Arunyananda | Chairman (Independent Director) |
| 2. | Dr. Chotivid Chayavadhanangkur | Member (Independent Director) |
| 3. | Miss Boonrut Mongkolratanakorn ⁽¹⁾ | Member and Secretary |

Remark: ⁽¹⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Terms of positions

One-third of the Nominating and Compensation Committee, who have been longest in office, shall retire by rotation every year. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating and Compensation Committee will consider an appropriate person from the members of the Board of Directors and/or any qualified candidates for further appointment from the Board of Directors.

Roles and Responsibilities of the Nominating and Compensation Committee

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Board of Directors and directors, proposed for consideration and approval of Board of Directors' and/or the shareholders' meetings when those positions are vacant due to termination of terms or other reasons.
2. Recruit, select, and nominate appropriate candidates for position members of each committee, Executive Chairman and Company Secretary proposed for consideration of Board of Directors when such position is vacant as well as propose criteria for selecting candidates of top management and key executives for the succession plan.
3. Determine and review qualification, criteria and procedures for nomination of directors, committees, Executive Chairman, key executives and Company Secretary to propose for approval from the Board of Directors' meeting.
4. Determine policy, structure and criteria for remuneration, whether in cash, securities or otherwise, of directors, committees, Executive Chairman, key executives, management and employees in accordance with the Company's strategy, goal and operating results as well as market conditions to propose for further approval from the Board of Directors.
5. Review the roles and responsibilities of the Nominating and Compensation Committee in accordance with the situation.
6. Perform any other activities as assigned by the Board of Directors.

5) Risk Management Committee as of December 31, 2021:

- | | | |
|----|---|-----------|
| 1. | Mr. Watchai Vilailuck | Chairman |
| 2. | Mr. Charoenrath Vilailuck | Member |
| 3. | Miss Boonrut Mongkolratanakorn ⁽¹⁾ | Member |
| | Mr. Wichai Rongkawilit | Secretary |

Remark: ⁽¹⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors for further consideration and appointment from the Board of Directors in the first board meeting after Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Risk Management Committee

1. Set clear business directions, identify, analyze and investigate significant risk factors as well as determine strategy for managing those risks to the Company's acceptable risk level.
2. Set the risk management policy and propose for approval from the Board of Directors to use as guideline for each division according to its responsibility with the following 4 aspects:
 - 1) Financial Risk
 - 2) Operational Risk
 - 3) Strategic Risk
 - 4) Compliance Risk
3. Supervise to ensure effective communication of such measures thoroughly the Company and employees continuously comply with those measures.
4. Review the roles and responsibilities of the Risk Management Committee in accordance with the situation.
5. Provide efficiently assessment and review of possible damage that may occur to ensure that risk exploration covers all processes of business operations.
6. Support and develop risk management to cover throughout the organization and ensure that it is complied with the international standard.
7. Provide professional opinions from external consultants as necessary with company's expense.
8. Perform any other activities as assigned by the Board of Directors.

In addition, the Company has set the Risk management working team of which members consisted of the Company's directors and management to take responsibilities as follows:

1. Classify the significant risk and provide the effectively and efficiently method to control all company's risks to the appropriate level.
2. Monitor and follow up all practices to comply with the risk management policy and general guideline as approved by the Board of Directors.
3. Regularly report to the Board of Directors regarding the Company's risk management, general practices, action plan, status of risk and any changes including corrective and preventive measures to comply with the specified policy and strategy.

6) Sustainable Development Committee as of December 31, 2021:

- | | |
|--|------------------------|
| 1. Miss Boonrut Mongkolratanakorn ⁽¹⁾ | Chairman and Secretary |
| 2. Mrs. Sumonthip Srimek | Member |
| 3. Mr. Hiran Phanbanlaem | Member |

Remark: ⁽¹⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management and/or any qualified candidates for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Sustainable Development Committee

1. Set policy, strategy and action plan for sustainable development to comply with the Company's business operation in term of economy, society and environment for further approval from the Board of Directors.
2. Encourage and support the Company's activities to achieve the SD policy such as labor and employee management, Employee welfare, employee development, training and promotion, and development of communities and society around the Company's area.

3. Monitor, review, follow up the operational progress and evaluate the effectiveness of SD policy implementation.
4. Review the roles and responsibilities of the Sustainable Development Committee in accordance with the situation.
5. Perform any other activities as assigned by the Board of Directors.

All Committees carry out their duties and convene the meeting with written minutes regularly. The significant issues of the previous year including number of meeting of each sub-committee were shown in the report of each committees.

7.4 Management

7.4.1 Management as of December 31, 2021:

- | | | |
|----|---|--|
| 1. | Mr. Watchai Vilailuck | Executive Chairman / Chief Executive Officer /
Acting Head of Digital Network |
| 2. | Miss Boonrut Mongkolratanakorn ⁽¹⁾ | Executive Director and Secretary |
| 3. | Mrs. Sumonthip Srimek | Vice President - Accounting |
| 4. | Mr. Hiran Phanbanlaem | Assistant Vice President - Finance |

Remark: ⁽¹⁾ Was appointed as Director on August 10, 2021 in replacement of Mr. Wongkrit Jiamsripong, who resigned on August 9, 2021.

Details of Education, working experience including and position in subsidiaries and related company as of December 31, 2021 were disclosed in the attachment 1 “Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary”.

7.4.2 Policy for Remuneration of Executive Directors and Management

Remuneration of Executive Directors and Management shall be in accordance with the principles and policies specified by the Nominating and Compensation Committee. Such remuneration is in the appropriated level and can be comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel.

Annual remuneration and bonus of Executive Directors and Management shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top managements. These criteria shall be explained in advance before they can be used for the assessment at the end of the year. The Nominating and Compensation Committee shall consider prior propose to the Board of Directors for approval.

7.4.3 Monetary Remuneration of Executive Directors and Management

Monetary Remuneration of 4 Executive Directors and Management are as follows:

Type	Amount (Baht)		
	Company ⁽¹⁾	Subsidiaries	Total
Salary	4,628,754	-	4,628,754
Bonus	379,917	-	379,917
Provident Fund ⁽²⁾	462,875	-	462,875

Remark: ⁽¹⁾ The figures included remuneration of Mr. Thawee Udomkitchote who resigned from management on May 1, 2021.

⁽²⁾ The Company contributes to the provident fund at the rate of 3-10% of salary related to year of services.

7.5 Employees

Number of employees of the Company and subsidiaries classified by line of business for the past 3 years are as follows:

Line of business	Number of Employees (persons)		
	2019	2020	2021
1. Digital Network	23	12	6
2. Digital Content	302	139	69
3. Support Business	30	24	19
Total	355	175	94

Remark: The number of employees decreased, due to the changes in structure and business operation. In addition, the number of employees has been reduced to suit the current business operation.

The remuneration of employees of the Company and subsidiaries for the past 3 years which comprise of salary, bonus, provident fund and others such as special grant, O/T and commission are as follows:

Remuneration	Amount (Million Baht)		
	2019	2020	2021
Salary	104.69	50.48	39.03
Bonus	4.03	2.96	1.28
Provident Fund ⁽¹⁾	4.52	3.16	2.10
Others (special grant, O/T and commission)	1.00	0.40	0.06

Remark: ⁽¹⁾ The Company contributes to the provident fund at the rate of 3-10% of salary related to year of services.

Provident Fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and subsidiary companies contribute to the fund monthly at the rate of 3-10 percent of basic salary. Their employees contribute to the fund monthly at the rate of 3-15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited and Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 4 million.

7.6 Other Information

7.6.1 The person assigned to take direct responsibility for accounting supervision, Company Secretary and Head of Internal Audit and Compliance Unit

The person assigned to take direct responsibility for accounting supervision

The person assigned to take direct responsibility for accounting supervision is Mrs. Sumonthip Srimek appointed on September 30, 2003. She has qualifications as an accountant under the criteria set by the Department of Business Development. Profile and experience of the person assigned to take direct responsibility for accounting supervision in the attachment 1 "Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary".

Company Secretary

The Nominating and Compensation Committee considered and appointed a potential and experienced person as Company Secretary proposed for further approval of the Board of Directors. The Board of Directors has appointed Miss Boonrut Mongkolratanakorn as Company Secretary and secretary to Committees since October 31, 2003. The Company has specified qualifications, roles and responsibilities of Company Secretary as follows:

Qualifications of Company Secretary:

1. Have well-rounded knowledge and understanding of the Company's businesses.
2. Understand roles and duties of Company Secretary.
3. Have knowledge and understanding concerning legal matters, regulations of the SEC and the SET.
4. Do not exploit the Company's business opportunity for personal benefits as well as preserve the confidential information of the Company.
5. Have good human relationship and can coordinate and contact with other agencies inside and outside the Company.
6. Possess English proficiency.
7. Have working experiences on Company Secretary at least 3-5 years.

Roles and responsibilities of Company Secretary:

1. Perform his/her duty with accountability, duty of care and duty of loyalty as well as has to comply by laws and any other related regulation.
2. Support the Board of Directors for their activities included providing consultation in related to the Company's Articles of Association, and any other regulations from related authorities.
3. Arrange meetings for the Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with the Company's Objectives, the Articles of Association and the resolutions of the Board of Directors' and the shareholders' meetings as well as laws and related regulations.
4. Prepare and keep the Company's documents such as register of directors, notice calling directors' and shareholders' meetings as well as the minutes of such meetings and the annual report, etc.
5. Keep a report on interest filed by a director and executive as well as submit a copy of the report to the Chairman of the Board of Directors and Audit Committee within 7 business days from the date on which the Company has received such report.

In addition, Company Secretary Division is assigned to be compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws.

In case Company Secretary vacates the position or incapable to perform duty, the Nominating and Compensation Committee shall select the candidate to propose for consideration and approval of the Board of Directors to appoint a new company secretary within 90 days since the date that company secretary has vacated the position or has been incapable to perform duty. In this regards, the Board of Directors shall be empowered to assign any director to perform the duty as the substitutes during such period.

Profile and experience of Miss Boonrut Mongkolratanakorn was shown in the attachment 1 "Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary". During the past year, Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- Prompt One Report
- Sustainability Disclosure on 3 Modules of One Report
- Preparation for One Report
- Guidelines for the preparing of stakeholder report and insider information policy
- Concept of corporate sustainability and data preparation for reporting
- Packaging Industry Trend: Growing after COVID-19
- Coping with the current and future COVID-19 situation
- Adaptation and changing work patterns caused by Digital Disruption

- M&A Trends and Direction, Key points to consider, and Successful M&A Strategy
- Guidelines for the preparing of greenhouse gas emissions reports for Listed Companies
- Biotechnology expanding the business to the New S-Curve
- Solutions for Tomorrow: Dow Sustainability to trickle World Challenges
- Role of the Company Secretary in raising the level of CG in Anti-Corruption
- Update the investment situation of SAMART provident fund in 2021
- Preparing for the end of the COVID-19 Pandemic: Opportunities and Expectations after the COVID-19 Pandemic, the Great Crisis in 100 years
- PDPA Workshop for SAMART Group
- Director Accreditation Program (DAP)-2021
- Flying your Digital Transformation Success
- CGR 2023 Survey Criteria
- Introduction of e-Stamp Duty (Electronic Payment of Stamp Duty)
- Business and Human Rights and Guidelines for filling out human rights information in One Report

Head of Internal Audit Unit

The Audit Committee proposed to the Board of Directors' meeting to appoint Mr. Wichai. Rongquilit as the head of the internal audit unit of the Company on August 13, 2019. The Audit Committee considered the qualifications of the head of the internal audit unit in terms of educational qualifications, work experience and training history is of the opinion that he is qualified. Profile, experience and training history of the head of internal audit unit are disclosed in the Attachment 3 "Head of Internal Audit and Compliance Units".

Head of Compliance Unit

The Company has assigned Company Secretary as head of compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they have been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. Details of education and working experience of Company Secretary are disclosed in the attachment 1 "Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary".

7.6.2 Head of Investors Relation and contact

Corporate Secretary is responsible to supervise and coordinate Investors Relation function. Investors can contacted Investor Relations at telephone number 0-2502-6583, 0-2502-6766 or send inquiries through the Company's website at www.samartdigital.com or e-mail address: InvestorRelations@samartdigital.com.

7.6.3 Remuneration of the Auditors

In 2021, the Company and subsidiaries paid audit fees to the auditors from EY Office Limited amounting to Baht 2,100,000 and 2,080,000 respectively. In addition, the Company and subsidiaries paid out of pocket expenses relating to audit work such as traveling expenses, photocopy expenses and others totaling Baht 62,991, there was no non-audit fee paid to the Company and subsidiaries' auditors from EY Office Limited.

8. Report on Key Performance in Corporate Governance

8.1 Performance of the Board of Directors

- **Set Policy and Business Direction**

The Board of Directors reviews, revises and approve the Company's vision, mission, Corporate Governance Policy, Business Ethics annually and co-considers in strategies, goal, direction, business plan, budget, internal control and internal audit systems, and risk management. The Audit Committee will follow up progress of such matters regularly reports to the Board of Directors. The Board of Directors also governs the management to follow such business plan and budget with efficiency and profitability for the highest economic value to the Company and the best stability to the shareholders. The Board of Directors has not only ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any competition with the Company and its subsidiaries. The Board of Directors also conduct the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations, laws and regulations of the SET and the SEC. The Board of Directors has provided effective internal control system, internal auditing and risk management measures for the Company, and assigned the Audit Committee to monitor and regularly report to the Board of Directors.

The Company's vision, mission, business direction, Corporate Governance Policy, Risk Management Policy and Business Ethics have been posted on the Company's website at www.smartdigital.com and disclosed in the Annual Report under the governance of the Corporate Governance Committee to have all employees to strictly conform and practice.

In addition, the Company has communicated vision, mission, objective and business goals throughout the Company in order to drive the business in the same direction. The Company has organized management meeting for manager level up twice a year and communicated the matters to all employees in the organization through various media such as e-mail, computer screen saver, message on public relations board and company's elevator and other online media in the Company.

- **Monitoring on Business Ethics**

The Company conveyed business ethics practices via various channels and the Company also specified that all directors, executives and employees have responsibility to acknowledge and comply with the Company's policies and regulations. The supervisors or the superior officers at all level have to monitor the compliance with the business ethics as well as to give recommendation and advise in case there is a problem on making decision or performing the works concerning the business ethics which have not been specified elsewhere. However, such recommendation must be based on the legal rules and it must not against the policy or business ethics of the Company, must not have negative impact to the Company's image including must not cause negative effect to the Company's stakeholders. The Company shall revise and improve its business ethics policy continually to make it always appropriate and up-to-date.

In the event that it is found that there is a violation of the business ethics, the supervisor shall undertake the necessary measures to solve or make good of such action or may issue a warning notice, as the case may be. The wrongdoer shall be subject to disciplinary penalty and may also be faced with legal penalty, if such action is against the law.

Moreover, to comply with the principle of the sufficient internal control assessment and accordance with good corporate governance of the Company. The Company conducted self-assessment of the Company's business ethic

for executive to evaluate the proceeds of the business ethic and reported to the Audit Committee to consider in the following areas:

1. Conflict of interest
2. Accountability to shareholders
3. Employee policies
4. Employee ethics
5. Customer policies
6. Trade partner policies
7. Creditors policies
8. Counterpart/Competitor policies
9. Anti-Corruption policy
10. Money Laundering policy
11. Tax policy
12. Sustainable Development policy
13. Responsibility to societies
14. Responsibility to communities
15. Responsibility to environment
16. Human Rights policy
17. Copyright and intellectual property policy

From the above self-assessment covering 17 areas, the Company's executive completely proceeds to the defined business ethic.

Moreover, the Company also has one more channel to receive the misconduct information or complaint or opinion on violation of law or ethics including on the behavior which may lead to the corruption or inequality treatment. Details on procedures and methods on informing such information, as well as the protection of the informant can be found in "Business Ethics" in the Subject of Procedures and methods on "Notifying the information on misconduct and the protection of the informant".

8.1.1 Nomination, Development and Performance of the Board of Directors

(1) Independent Director

The Board of Directors has set the definition of Independent Director which is more stringent than the regulations of the SEC and the SET as follows:

Qualifications of Independent Director

1. Holding no more than 0.5% of total voting shares of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, including shares held by any related person of such independent director.
2. Not being or ever been an executive director, worker, employee, salaried consultant, or controlling person of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended for at least 2 years prior to the date of appointment.
3. Not being a person related by blood or legal registration as father, mother, spouse, sibling and child, including the spouse of the child, of other director, executive, major shareholder, controlling person, or person nominated as a director, executive, or controlling person of the Company or subsidiary.
4. Not having or ever had business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company in a manner that may obstruct his /her

independent judgement, and not being or ever been a significant shareholder or controlling person of person having a business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment. The aforementioned business relationship is inclusive of any normal business transaction, rental or lease of property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions. These result in the Company or counterparty being liable to indebtedness payable to the other party in the amount from 3% of net tangible assets of the Company or from Baht 20 million, whichever is lower. The amount of indebtedness, included the obligation incurred during 1 year prior to the date of having a business relationship with the same person, is determined by the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis.

5. Not being or ever been an auditor of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person of the Company, or partner of the audit firm that employs auditors of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
6. Not being or ever been a professional services provider, including legal advisor or financial advisor who receives service fee more than Baht 2 million per year from the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of such professional service provider unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholder who is a connected person of major shareholder.
8. Not undertaking any business of the same nature and in significant competition with business of the Company or subsidiary or not being a significant partner in the partnership or executive director, worker, employee, salaried consultant, or shareholder holding more than 1% of total voting shares of another company undertaking any business of the same nature and in significant competition with business of the Company or subsidiary.
9. Not having any other characteristic that cause the inability to express independent opinions.

(2) Nomination of Directors and Top Management

Nomination of Directors

The Nominating and Compensation Committee will select, and nominate appropriate candidates for the positions of Chairman of the Board, members of the Board and other committees, Executive Chairman and Company Secretary. The Nominating and Compensation Committee also consider the appropriate remuneration for the duties responsibility to propose to the Board of Directors' meeting and/or the shareholders' meeting to consider and appoint with criteria and methods of recruiting set out in the Company's policy.

In 2021, the Company has nominated and appointed the directors who retire by rotation in the 2021 Annual General Meeting of Shareholders, named Mr. Piyapan Champasut and Mr. Wongkrit Jiamsripong, to re-elect as directors for another term and appointed Mr. Piyapan Champasut to be an independent director and member of the Audit Committee. On August 10, 2021, Company appointed Ms. Boonrut Mongkolratanakorn as a director and member of committees to replace the vacant position, due to the resignation of Mr. Wongkrit Jiamsripong from the position of director and member of committees with the remaining term of the director of whom she replaced.

Nomination of Top Management

The Nominating and Compensation Committee will select internal and external persons who have leadership skills, ability to manage the organization and good understanding of company's products and services to propose to the Board of Directors for appointment. During the year, the Company has implemented according to the Company's policy.

(3) Development of Directors and Management

Development of Directors

The Company supports and increases knowledgeable of directors, and also encourages all directors to strengthen their skills and knowledge for performing their duties including knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates. As of December 31, 2021, 2 directors had joined DCP program, 3 directors had joined DAP program and 1 directors had joined both DCP and DAP program. IOD training course of each director was shown in the attachment 1 "Directors, Executives, Controlling Persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and Company Secretary". Each year, the Company submits training courses arranged by various institutes to directors for their own consideration on attendance.

In 2021, the following 2 directors attended the training courses as shown below:

No.	Director	Training course
1.	Mr. Charoenrath Vilailuck Director / Risk Management Committee Member College of the Constitutional Court	- Rule of Law for Democracy Program (Class 9),
2.	Miss Boonrut Mongkolratanakorn Authorized Director / Chairman of the Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member	- Director Accreditation Program (DAP) 2021

Development of Management

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare the Company to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as TLCA CFO CPD Program No.3: How to Manage the Company's Finance & Accounting and Communicate with Stakeholders during COVID-19 Crisis, TLCA CFO CPD Program No.4: How finance leaders are adapting within the new normal, TLCA CFO CPD Program No.5: Fraud & Cyber Security Risk, TLCA CFO CPD Program No.6: ESG Integration in Sustainable Investing, M&A Trends and Direction, Key points to consider and Successful M&A Strategy.

(4) The Assessment of the Board of Directors, Committees, Executive Chairman, Company Secretary and Head of Internal Audit

The Corporate Governance Committee is responsible for self-assessment of the Board of Directors and individual director, Committee Self-Assessment and Executive Chairman Assessment, Company Secretary Assessment and Head of Internal Audit Assessment annually to review and evaluate the efficiency of operation

to comply with the good corporate governance. The assessment criteria have been adapted from the SET's guideline and approved by the Board of Directors' Meeting No. 6/2021 on November 9, 2021.

Board Self-Assessment The questionnaire covered the following areas:

1. Structure and qualifications
2. Roles, duties and responsibilities
3. Meeting
4. Performance
5. Relationship with management
6. Director's self-development and management training

The 2021 Board Self-Assessment, evaluated by 6 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 95.59%.

Director Self-Assessment The questionnaire covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Self-development

The 2021 Director Self-Assessment, evaluated by 6 directors in the above 4 areas, has an excellent evaluation by obtaining average score of 95.60%.

The Audit Committee Self-Assessment The questionnaire covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Development and training
5. Activities of the Audit Committee
6. Relationship between head of internal audit, external auditors and executives

The 2021 The Audit Committee Self-Assessment, evaluated by 3 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 98.83%.

Committee Self-Assessment

The consisted of Executive committee, Corporate Governance Committee, Nominating and Compensation Committee, Risk Management Committee and Sustainable Development Committee covered the following areas:

1. Structure and qualifications
2. Meeting
3. Roles, duties and responsibilities
4. Development and training

The results of each Committee Self-Assessment were shown below:

	Result	Average Score (%)
1. Executive Committee	Excellent	92.11
2. Risk Management Committee	Excellent	94.35
3. Nominating and Compensation Committee	Excellent	96.25
4. Corporate Governance Committee	Excellent	95.18
5. Sustainable Development Committee	Very Good	81.94

Executive Chairman Assessment The questionnaire covered the following areas:

1. Leadership
2. Strategy formulation
3. Financial planning and performance
4. Board relations
5. Risk management and internal control
6. Human resources management
7. Succession Plan
8. Product and service knowledge
9. Good corporate governance and code of business conduct

The 2021 Executive Chairman Assessment, evaluated by the Company's 5 directors in the above 9 areas, has an excellent evaluation by obtaining average score of 96.71%.

Company Secretary Assessment The questionnaire covered the following areas:

1. Knowledge
2. Compliance
3. Communication and Coordination
4. Documentation
5. Meeting
6. Corporate Governance

The 2021 Company Secretary Assessment, evaluated by 5 directors in the above 6 areas, has an excellent evaluation by obtaining average score of 98.14%.

Head of Internal Audit Assessment The questionnaire covered the following areas:

1. Purpose, Authority and Responsibility
2. Independence and Objectivity
3. Qualification and Professional
4. Continuous Improvement
5. Internal Audit Office Management
6. Knowledge and Competency

The 2021 Head of Internal Audit Assessment, evaluated by 3 Audit Committee members in the above 6 areas, has an excellent evaluation by obtaining average score of 97.67%.

8.1.2 Meeting of attendance and Remuneration to Director Self-Assessment

(1) Meeting of The Board of Directors

The Board of Directors' Meeting schedule has been set at least 5 times a year with certain agenda. The annual meeting schedule will be sent to each director by Company Secretary for preparation, arrangement and participation. However, additional unscheduled board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The notice of the Board of Directors' meeting with the meeting materials will be delivered by Company Secretary to all directors at least 5 working days prior to the meeting date for consideration. While the Company's Articles of Association stipulate that the notice should be sent to directors no less than 7 days before the meeting date except in urgent cases. In addition, if directors would like to propose the agenda, they will inform prior to the meeting date or propose as other matters in the meeting.

At a meeting of the Board of Directors, the presence of not less than one-half of the total number of directors is required to constitute a quorum. In the event the chairman is not present or is unable to discharge his duties, the vice-chairman, if any, shall serve as a chairman. If there is no vice-chairman or such vice-chairman is unable to discharge his duties, the directors present shall elect one of their members as a chairman of the said meeting. The Company set a minimum quorum at the time of voting to be at least two-thirds of all directors attending the meeting. All resolutions of the Board of Directors' meeting shall be passed by the majority vote of the directors presented at the meeting. Each director shall have one vote, however, the director who has interest in any matter cannot exercise the right of such voting. In case of equality votes, the chairman shall have a casting vote.

The average length of the meeting is approximately 2 hours. In 2021, numbers of each meeting and time attendance of each member were summarized below:

Directors	Position	Number of Attendance / Total Number of Meeting		
		Meeting of the Board of Directors	Meeting of AGM 2021	Meeting of EGM No. 1/2021
1. Mr. Piyapan Champasut	Chairman of the Board of Directors / Independent Director / Audit Committee Member	6/6	1/1	1/1
2. Dr. Chotivid Chayavadhanangkur	Independent Director / Chairman of the Audit Committee / Chairman of the Corporate Governance Committee / Nominating and Compensation Committee Member	6/6	1/1	1/1
3. Mr. Kunthit Arunyananda	Independent Director / Audit Committee member / Chairman of the Nominating and Compensation Committee / Corporate Governance Committee Member	6/6	1/1	1/1
4. Mr. Charoenrath Vilailuck ⁽¹⁾	Director / Risk Management Committee Member	6/6	1/1	1/1
5. Mr. Watchai Vilailuck ⁽¹⁾	Authorized Director / Executive Chairman / Chief Executive Officer / Chairman of the Risk Management Committee	6/6	1/1	1/1
6. Mr. Wongkrit Jiamsripong ⁽²⁾	Authorized Director / Chairman of the Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member	5/5	1/1	1/1
7. Miss Boonrut Mongkolratanakorn ⁽³⁾	Authorized Director / Chairman of the Sustainable Development Committee / Executive Director / Risk Management Committee Member / Corporate Governance Committee Member / Nominating and Compensation Committee Member	1/1	0/0	0/0

Remarks : ⁽¹⁾ Representative directors from Samart Corporation Plc., a major shareholder, with 82.70% stake holding.

⁽²⁾ Resigned from Director on August 9, 2021. During his tenure, he attended every meeting.

⁽³⁾ Was appointed as Director on August 10, 2021. During her tenure, she attended every meeting.

(2) Meeting of Committees

In 2021, numbers of each meeting and time attendance of each member were summarized below:

Directors	Number of Attendance / Total Number of Meeting					
	Audit Committee	Executive Committee	Corporate Governance Committee	Nominating and Compensation Committee	Risk Management Committee	Sustainable Development Committee
1. Mr. Piyapan Champasut	4/4					
2. Dr. Chotivid Chayavadhanangkur	4/4		2/2	3/3		
3. Mr. Kunthit Arunyakananda	4/4		2/2	3/3		
4. Mr. Charoenrath Vilailuck					3/3	
5. Mr. Watchai Vilailuck		12/12			3/3	
6. Mr. Wongkrit Jiamsripong ⁽¹⁾		7/7	1/1	1/1	2/2	1/1
7. Miss Boonrut Mongkolratanakorn ⁽²⁾		5/5	1/1	1/1	1/1	2/2
8. Mrs. Sumonthip Srimek		12/12				2/2
9. Mr. Hiran Phanbanlaem		12/12				2/2

Remarks: ⁽¹⁾ Resigned from Director on August 9, 2021. During his tenure, he attended every meeting.

⁽²⁾ Was appointed as Director on August 10, 2021. During her tenure, she attended every meeting.

(3) Meeting among members of non-executive directors

In 2021, the Company has arranged the meeting among only members of the Non-Executive Directors of the Company prior or after to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

Remuneration of Directors

Remuneration of directors consists of Meeting allowance and bonus without other benefits. Meeting allowance will be approved by shareholders' meeting and will be paid to the director who attends in the meeting. All members in the Board of Directors and the Audit Committee will have the same rate of meeting allowances. The meeting allowance rate for the Chairman of the 2 mentioned committees shall be 2 times higher than the other directors. The meeting allowance rate for the Chairman of Nominating and Remuneration Committee and the Corporate Governance Committee shall be 1.33 times higher than the other committee member. There is no consideration of meeting allowance for the Executive Committee, the Risk Management Committee and the Sustainable Development Committee since all members are the Company's executives. Remuneration of directors will be consideration based on the suitability of various reasons and to be comparable to the general practice in same industry as well as the Company's operating result, roles & responsibilities of the Board of Directors and the overall business.

The remuneration of Directors and Committees' members of the Company was approved from the 2021 Annual General Meeting at the amount of not exceeding Baht 4 million which consists of meeting allowance and bonus without other benefits. The meeting allowance for each meeting participated of Directors and Committees was shown below:

The Board of Directors and the Audit Committee

- Chairman Baht 30,000 per time
- Member Baht 15,000 per time

The Nominating and Compensation Committee and the Corporate Governance Committee

- Chairman Baht 20,000 per time
- Member Baht 15,000 per time

In 2021, the Company paid remuneration to directors and committees' members as follows:

Item	Directors	Monetary (Baht)								
		Company							Subsidiaries	Grand Total
		Meeting Allowance					Bonus	Total		
		Board of Directors	Audit Committee	Corporate Governance Committee	Nominating and Compensation Committee	Total				
1	Mr. Piyapan Champasut Chairman / Independent Director	180,000	60,000	-	-	240,000	80,000	320,000	-	320,000
2	Dr. Chotivid Chayavadhanangkur Independent Director	90,000	120,000	40,000	45,000	295,000	50,000	345,000	-	345,000
3	Mr. Kunthit Arunyananda Independent Director	90,000	60,000	30,000	60,000	240,000	50,000	290,000	-	290,000
4	Mr. Charoenrath Vilailuck Director	90,000	-	-	-	90,000	50,000	140,000	-	140,000
5	Mr. Watchai Vilailuck Director	90,000	-	-	-	90,000	50,000	140,000	-	140,000
6	Mr. Wongkrit Jiamsripong ⁽¹⁾ Director	60,000	-	15,000	15,000	90,000	2,000(3)	92,000	-	92,000
7	Miss Boonrut Mongkolratanakorn ⁽²⁾ Director	15,000	-	15,000	15,000	45,000	-	45,000	-	45,000
	Grand Total	615,000	240,000	100,000	135,000	1,090,000	282,000	1,372,000	-	1,372,000

Remark: ⁽¹⁾ Resigned from Director on August 9, 2021. During his tenure, he attended every meeting.

⁽²⁾ Was appointed as Director on August 10, 2021. During her tenure, she attended every meeting.

⁽³⁾ The bonus received ⁽¹⁾ in proportion to the number of position.

8.1.3 Governance of the Subsidiary and the Associated Company

In 2021, there is no case where the subsidiary or associated company does not comply with the policy of supervising the subsidiary and associated company and no actions that cause conflicts of interest. The Company prepares and discloses financial reports and important transactions completely and accurately within the specified time.

8.1.4 Corporate Governance Policy and Guideline Compliance Control

The Company realized on the importance of Good Corporate Governance. The relevant policies and guidelines have been set in the Corporate Governance Policy and Business Ethics as well as promoting real practice to build confidence in all groups of stakeholders.

In 2021, the Company has followed up to ensure compliance with the Company's Corporate Governance Policy and Business Ethics in various matters as follows:

(1) Conflict of Interest

The Company has established guidelines for directors and employees to prevent conflict of interest. In 2021, the Company has complied with the policy and disclosed transactions that may have conflict of interest during the year 2021 in the Annual Report under the topic of "Connected Transactions".

(2) Inside Information Control

The Company sets as policy that all employees shall acknowledge and sign in the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property. New employees shall sign this agreement together with employment contract. It was also set forth in the Company's Business Ethics to refuse the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. To ensure that the policy is acknowledge and complied, the Company will notify the year plan schedule of such periods in advance to all directors and executives. Every quarter, the Company has also delivered such notice to directors and executives to acknowledge.

In 2021, there is no case of insider trading from the Company's directors and executives.

(3) Anti-Corruption

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders. Directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adherence.

Result of the implementation of such policies in 2021 caused the following matters:

- No case of misconduct on corruption or breach of the ethics. It found only fault that not complied with the Company's regulation and it was amended and clarified the correct procedures to the employees.
- No director and executives resigned due to the issues of corporate governance.
- No case of the Company's negative reputation as a result of failure in the monitoring function of the Board of Directors.

(4) Notifying the information on misconduct and the protection of the informant

The Company adheres to good corporate governance principles and encourages its stakeholders to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws, corruption or any action which might cause damages to the Company including rights violation. If such action is found, the stakeholders can notify the clue on misconduct behavior to the Company by sending information and/or document and/or concerned evidence to Internal Audit Department

The Internal Audit Department is responsible for preliminary investigation of offenses, both from documentary witness and witness. If misconduct is happened, they will propose the matter to the Executive Chairman for consideration and setting up an investigation committee.

The investigation committee will propose the results of the investigation to the Executive Chairman to consider and proceed and then the Internal Audit Department will propose the matter to the Audit Committee for acknowledgement, respectively.

(5) Suggestions and complaints

The Board of Directors respects the importance of all stakeholders in participation of the Company's success and discloses related important information to stakeholders sufficiently and transparently. The Company provides channels for all stakeholders to send suggestions and complaints that is beneficial to the Company. Those channels consist of direct mail or E-mail as informed at the Company's website (www.samartdigital.com) under "Contact Us" with the following details:

Mailing Address : Internal Audit Department
Smart Corporation Public Company Limited
99/2 Moo 4, Software Park, 34th Fl., Chaengwattana Rd.,
Klong Gluar, Pak-kred, Nontaburi 11120.
or E-mail address : InternalAudit@samartdigital.com

The Internal Audit Department will collect the suggestion and complain, then, inspect and analyze the information according to the procedures and methods on “Notifying the information on misconduct and the protection of the informant”

The Company has complied with the policy. Suggestions and complaints have been submitted to through the specified channels. During the year 2021, no whistleblowing or complaints have been submitted through various channels.

8.2 Report on Performance of All Committees

All Committees carried out their duties assigned by the Board of Directors, regularly report the performance to the Board of Directors, and provide annual performances report to shareholders in the Annual Report.

9. Internal Control and Connected Transactions

Internal Control

The Board of Directors of the Company puts emphasis on adequacy, appropriateness and coverage of its internal control system for all activities of its business operations in order to increase efficiency and effectiveness. The Board of Directors oversees all the internal control systems of the Company by taking into account of good corporate governance. Therefore, the Audit Committee has been delegated to review the assessment of the sufficiency of internal control system, review the transparency and accuracy of financial statement and also review that all business operation are compliance with applicable law and regulation together with the connected transaction and the key issues shall be reported to the Board for further consideration. The internal audit office is responsible for regular audit of business operation in compliance with policies and guideline and reporting to the Audit Committee, has duty to audit performance of all units, such as, accounting, finance, management and operations of all departments to the annual audit plan which must have been approved by the Audit Committee.

The Company has assessed adequacy and appropriateness pursuant to COSO (The Committee of Sponsoring Organizations of the Treadway Commission) standards and Enterprise Risk Management (ERM) framework. The Board of Directors has considered and deemed that the Company has provided adequate personnel to be able to perform the works effectively pursuant to internal control systems as follows:

1) Control Environment

The Company set out work plans and business goals as the annual plan with aims to make the employees having clear guidelines and working targets. Key performance indicator (KPI) has been specified to consider and measure their performance.

The Company has structured lines of reports, authority, responsibility, and communication in the delegation of authority and the work procedures, so that the works can be managed effectively and appropriately.

2) Risk Assessment

The Company has the policy that the management of the Company and its subsidiaries must be assigned to prepare risk management plans for operating business of their own department, and present to the meeting of the Risk Management Committee to find the guidelines on managing risks and monitoring activities.

The Company has careful and effective internal control measures appropriated with the changing risks to minimize likelihood of risks. Risks have been regularly presented to the meeting of the Risk Management Committee for consideration and finding risk management measures 3 times a year.

3) Control Activities

The Company has suitable policies and regulations for controlling risks associated with activities, duties, and work processes to minimize risks exposed by the organization. In addition, the Audit Committee, internal and external auditors also followed up and monitored on compliance with rules, regulations, and delegation of authority manual including the procedure manual on continued basis.

The Company's Executive Board has duties to supervise operations of the Company and its subsidiaries to ensure that they complied with the policy every month. In case any factors impacted the operations and made them unable to achieve the targets, the Executive Board would give advice to each relevant company for purpose of speedily management.

4) Information and Communication

The Company has arranged the information technology system and communicated information continually to ensure that information conveyed was qualified and adequate for the Board of Directors, the shareholders, the investors, and the relevant persons on making decision.

The Company communicated internal information via website, email, public broadcasting system and computer system, etc., so relevant works can be instantly communicated and obtained from the Company.

5) Monitoring Activities

The Company placed strong emphasis on internal control. In case any material defect was found, the administration team and the management team of the Company must be immediately notified to consider, seek for preventive and corrective measures including specify rectification completion period. The rectification results have been followed-up by the Internal Audit Unit and reported to the Audit Committee for their acknowledgement. The Company specified that the Company's Internal Audit Unit must directly report to the Audit Committee and has duty to audit and assess internal control system of the Company and its subsidiaries pursuant to the work plans approved in each year.

The Company followed-up the operating results to check whether they achieve the planned targets or not. The Executive Board Meeting has been arranged every month to monitor performance of the Company and its subsidiaries, as well as to solve possible problems and adjust the operation plans to make them consistent with the changing situations.

Opinions of the Board of Directors regarding the Company's Internal Control System

The Board of Directors' Meeting No. 1/2022 on February 24, 2022, in which all 3 Audit Committee members attended, has evaluated the Company's internal control system by using the Securities and Exchange Commission evaluation questionnaire and concluded that the Company had a sufficient internal control system. The Company provided sufficient manpower to ensure that the operation would proceed efficiently. Internal control system could be strengthened in monitoring not only the operation of the Company but also the operation of the subsidiaries in safe guarding of assets from wrong usage or used by unauthorized persons. Business transaction with related persons and the persons who had conflict of interest with the Company were prohibited. The Board of Directors also concluded that internal control system for other topics was done sufficiently.

Furthermore, the Company's auditors, Ms. Siriwan Suratepin, an auditor license no. 4604, audited the financial statements of the Company and subsidiaries for the year ended December 31, 2021 without any comment on the Company's internal control system as significant error.

Internal Audit

The Internal Audit Office performs its duties independently and objectively and reports functionally and directly to the Audit Committee. The Internal Audit Charter and Manual are regularly updated as its primary source of reference. This ensures that the Internal Audit Office conforms to the International Standard for the Professional Practices of Internal Auditing (Standard) and delivers a high standard of service with due professional care to support the Company's good corporate governance policy and practice, adding value to both the Company's stakeholders and the Company's sustainable development.

The Internal Audit Office evaluates and improves the effectiveness of internal control, risk management and governance processes according to annual audit plan. The Internal Audit Office creates an annual audit plan, approved by the Audit Committee, after consideration of overall objectives, strategies, mission, and the Risk Based Audit Approach, including key control points and management opinions. The Internal Audit Office also consults and advises on the preparation of

internal control measures and risk management, etc. to ensure that Company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the planned system can be performed continually and it has been revised and updated regularly. The Company also supports the sufficiency of manpower to fit for work load.

In assessing the effectiveness of Risk Management, the Internal Audit Office reviews event identification and risk factors which affect the Company's objectives, and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk assessment, and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appetite level, is reported timely to all relevant personnel, and is reviewed continuously.

In assessing external and internal fraud risks management, the internal audit Office performs fraud risk assessment and events identification and then evaluates the possibility of external and internal fraud. The Internal Audit Office also considered the most effective measures to prevent and control risk to ensure that the Company achieves its objectives.

The Head of Internal Audit acts as the secretary to the Audit Committee to enhance the effective achievement of its responsibilities and ensure accountability as assigned by the Board of Directors and also provide recommendations and suggestions in various aspects which are beneficial to the organization. Moreover, the Audit Committee also emphasized quality and development of internal audit task and also encouraged the internal audit personnel to develop themselves on continued and regular basis.

Head of Internal Audit Unit

The Audit Committee proposed to the Board of Directors' meeting to appoint Mr. Wichai. Rongquilit as the head of the internal audit unit of the Company on August 13, 2019. The Audit Committee considered the qualifications of the head of the internal audit unit in terms of educational qualifications, work experience and training history is of the opinion that he is qualified.

The Audit Committee also considers the independence of the internal audit unit as well as the appointment, transfer and dismissal of the head of the internal audit unit or any other unit responsible for internal audit. Based on the results of the performance appraisal of the head of the internal audit unit in 2021, the Audit Committee is of the opinion that the head of the Company's internal audit unit can perform his duties efficiently. He is able to give useful information and advice to any department in the Company regarding general practice in accordance with the law, rules and regulations. During the year, the internal audit unit performed the following duties:

1. Propose 2021 audit plan to the Audit Committee for consideration and approval.
2. Supervise operations of the internal auditor and review on compliance with the standards.
3. Provide guidance and recommendation on compliance with regulations, orders and internal control to the audited department.
4. Inspection and control of the Company's expenses disbursement, safekeeping of assets, storing document and Information to categories, supervised the performance of audit unit to compliance with the specified plans and determination of the employees' duties and operations clearly.

Details about education, experience and training of the head of internal audit are shown in the Attachment 3 "Head of Internal Audit and Compliance Units".

9.2 Connected Transactions

Connected transactions which might have conflict of interest for the year ended December 31, 2019- 2021 are as follows:

1. Sale of products and services

Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2019	2020	2021
1. Samart Corporation Plc. A Major shareholder of Samart Digital Plc. with 72.92% stake owner <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. and its subsidiaries sold products and provided services to Samart Corporation Plc. and its subsidiaries as follows;			
	- Samart Corporation Plc.	0.069	0.054	0.186
	- Samart Engineering Co., Ltd.	-	0.005	-
	- One to One Contacts Plc.	0.214	0.618	-
	- Vision and Security System Co., Ltd.	0.002	-	0.028
	- Samart U-Trans Co., Ltd.	0.074	-	-
	- Teda Co., Ltd.	-	12.472	18.636
	- Transec Power Services Co., Ltd.	-	0.024	1.179
	- Samart Aviation Solutions Plc.	0.205	-	-
	- Samart Telcoms Plc.	1.923	0.036	1.902
	- Samart Communication Service Co., Ltd.	0.023	2.636	179.992
	- Samart Comtech Co., Ltd.	4.133	1.787	0.364
	- Posnet Co., Ltd.	-	0.008	-
	- Portal net Co., Ltd.	10.934	0.043	-
	- One to One Professional Co., Ltd.	-	0.010	-
	Account receivable as of December 31	6.674	6.520	63.197
	Thai Base Station Co., Ltd. provided space and tower rental to a subsidiary of Samart Corporation Plc. as follows;			
	- Samart Communication Service Co., Ltd.	37.887	23.972	-
	Account payable as of December 31	3.403	-	-
	Samart Digital Plc. and its subsidiaries sold equipment to Samart Corporation Plc. and its subsidiaries as follows;			
	- Samart Corporation Plc.	0.100	0.375	-
- Samart Engineering Co., Ltd.	-	0.008	-	
- One to One Contacts Plc.	0.004	-	-	
- Vision and Security System Co., Ltd.	-	0.002	-	
- Samart U-Trans Co., Ltd.	0.006	-	-	
- Teda Co., Ltd.	0.017	-	-	
- Samart Telcoms Plc.	-	0.004	-	
- Samart Communication Service Co., Ltd.	-	0.374	-	
- Posnet Co., Ltd.	0.002	0.002	-	
- Smarterware Co., Ltd.	-	0.001	-	
- Inno Hub Co., Ltd.	-	0.208	-	
- Samart Comtech Co., Ltd.	-	0.374	-	
Account receivable as of December 31	-	-	-	

Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2019	2020	2021
	Samart Digital Plc. and its subsidiaries bought products and received services from subsidiaries of Samart Corporation Plc. as follows;			
	- Vision and Security System Co., Ltd.	-	0.025	-
	- Samart Engineering Co., Ltd.	0.925	0.005	1.448
	- Samart Infonet Co., Ltd.	1.800	1.685	-
	- Inno Hub Co., Ltd.	0.055	-	-
	- Samart Communication Service Co., Ltd.	-	-	-
	- One to One Professional Co., Ltd.	-	0.006	-
	Account payable as of December 31	1.103	0.182	-
	Samart Digital Plc. and its subsidiaries paid Information Technology fee and related services to Samart Corporation Plc.	6.538	6.538	4.801
	Account payable as of December 31	-	-	-
	Samart Digital Plc. and its subsidiaries paid contact center management fee to a subsidiary of Samart Corporation Plc. as follows;			
	- One to One Contacts Plc.	2.171	0.321	-
	Account payable as of December 31	1.352	-	-
	Samart Digital Plc. bought equipments for project from subsidiaries of Samart Corporation Plc. as follows;			
	- Samart Telcoms Plc.	-	-	0.016
	- Samart Comtech Co., Ltd.	32.797	11.722	100.637
	- Samart Communication Service Co., Ltd.	11.486	2.901	1.499
	- Samart Engineering Co., Ltd.	3.600	-	-
	Account payable as of December 31	487.326	326.170	250.208
	Samart Digital Media Co., Ltd. bought intangible asset for running business from a subsidiary of Samart Corporation Plc. as follows;			
	- Inno Hub Co., Ltd.	1.350	-	-
	Account payable as of December 31	-	-	-
	Siam Sport Television Co., Ltd. paid interest on car according to the hire purchase contract to Samart Comtech Co., Ltd. (A subsidiary of Samart Corporation Plc.)	15.538	11.227	6.585
	Account payable as of December 31	-	-	-
	Samart Digital Plc. and its subsidiaries paid space rental, utility service fees and related expenses to Samart Corporation Plc.	7.969	3.299	3.311
	Account payable as of December 31	8.939	5.723	20.175

Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2019	2020	2021
2. Vilailuck International Holding Co., Ltd. A major shareholder of Samart Corporation Plc. with 14.78% stake owner and SAMART is the major shareholder of Samart Digital Plc. <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. sold products and provided services	-	0.030	0.061
	Account payable as of December 31	-	-	-
	Samart Digital Plc. and its subsidiaries paid space rental, utility service fees and related expenses to Vilailuck International Holding Co., Ltd. and its subsidiaries as follows:			
	- Vilailuck International Holding Co., Ltd.	4.612	2.732	2.454
	- Vilailuck Development Co., Ltd.	0.055	0.055	-
	Account payable as of December 31	0.254	0.476	0.225
3. CSV Asset Co., Ltd. whose major shareholder of 99.97% stake owner is Vilailuck International Holding Co., Ltd. and VIH is a major shareholder of SAMART and SAMART is a major shareholder of Samart Digital Plc. <u>Related Directors</u> 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart Digital Plc. paid space rental, services, utility service fees and related expenses to CSV Asset Co., Ltd.	2.535	2.433	2.378
	Account payable as of December 31	0.017	-	0.209
4. Thai Ticket Pro Co., Ltd. A director is connected Person. <u>Related Director</u> 1. Mr. Watchai Vilailuck	Samart Digital Plc. and its subsidiaries bought air ticket from Thai Ticket Pro Co., Ltd.	0.011	-	-
	Account payable as of December 31	-	-	-
5. Win Performance Co., Ltd. Mr. Watchai Vilailuck, a director of Samart Digital Plc., is a major shareholder with 25.00% stake owner of Win Performance Co., Ltd.	Samart Digital Plc. and its subsidiaries provided services to Win Performance Co., Ltd.	10.627	12.453	11.365
	Account receivable as of December 31	0.428	0.428	0.428

2. Loans from persons who may have conflict of interest

Related Parties	Transaction Type	Value of Transaction (Million Baht)		
		2019	2020	2021
Samart Corporation Plc.	Samart Digital Plc. borrowed money from Samart Corporation Plc. with interest and fees as agreed.			
A Major shareholder of Samart Digital Plc. with 72.92% stake owner	<u>Loan</u>			
<u>Related Directors</u>	Balance beginning the year	-	-	-
1. Mr. Charoenrath Vilailuck	Repayment during the year	-	-	-
2. Mr. Watchai Vilailuck	Additional during the year	-	322.305	-
	Balance at end of the year	-	322.305	322.305
	<u>Interest</u>			
	Balance beginning the year	-	-	-
	Interest for the year	-	4.808	14.504
	Interest paid during the year	-	-	-
	Balance at end of the year	-	4.808	-
	<u>Guarantee fee and others</u>	-	0.044	0.140

Summary of criteria for considering the connected transactions that may have conflict of interest

Necessity and Rationale of transactions

From consideration and review of the connected transactions as the above table, the Audit Committee expressed an opinion that the transactions are reasonable, beneficial and necessary for the Company's business operations with general trading conditions. The financial assistance transactions are fair and beneficial to the Company, and comply with the group's policy. The Company has operated in accordance with the Securities and Exchange Act and regulations, announcements or notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the Disclosure of Information concerning the Connected Transactions.

Measures and Steps of Approval for Connected Transactions

The Audit Committee will review the connected transactions to prevent conflict of interest and propose to the Board of Directors and Shareholders' meetings for approval respectively depended on conditions and values of transactions. Meanwhile, the directors, management and the stakeholders who have conflict of interest will not participate in approving such transactions. The approval on the connected transaction will be in accordance with the Securities and Exchange Act and the regulations, announcements or notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as comply with the Disclosure of Information concerning the Connected Transactions and the Company's Articles of Association. Principles on entering into the normal business transactions with general trading conditions and without general trading conditions are as follows:

- **Normal business transactions with general trading conditions**

Normal business transactions with general trading conditions that may occur in the future are required to have an approval in principle from the Board of Directors. The management can approve such transaction if it has trading conditions in the same manner that any person should do with general contracting parties in the same situation on the basis of bargaining power without any influence in their status as a director, executive or related person.

Additionally, the Company shall summarize such transactions and report at the meeting of the Audit Committee and the meeting of the Board of Directors on quarterly basis.

- **Normal business transactions without general trading conditions**

Normal business transactions without general trading conditions are required to have an opinion from the Audit Committee before proposing to the Board of Directors and/or the shareholders' meeting for further consideration. In addition, it must be complied with the Securities and Exchange Act as well as regulations, notifications, orders and requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand including the regulations on Disclosure of Information concerning the Connected Transactions and the Company's Articles of Association.

In the case where the Audit Committee does not have expertise in considering any connected transaction, the Company will appoint independent experts or the Company's auditor to express opinion on the transaction. The opinion will be proposed for consideration of the Audit Committee and/or the Board of Directors and/or shareholders, as the case may be, to ensure that the transaction is necessary and reasonable by taking into account the interests of the Company. Moreover, the Company shall disclose the connected transactions in the annual information disclosure form and the notes to the Company's audited/reviewed financial statement.

Policy and Trend in Future Connected Transactions

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with the Securities and Exchange Act and the regulations, announcements or notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the Disclosure of Information concerning the Connected Transactions and the Company's Articles of Association. In case of any future conflict of interest transaction, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the notes to the Company's audited/reviewed financial statement.

Report of the Board of Directors' Responsibilities for the Financial Reports

Dear Shareholders

The Company's Board of Directors is responsible for the financial statements of Samart Digital Public Company Limited and the consolidated financial statements of the Company and its subsidiaries as well as the information that appears in the Annual Report. The financial statements are prepared in accordance with Thai Financial Reporting Standards. Appropriate accounting policies have used and practiced regularly. Careful consideration and best estimates have made with sufficient disclosure of information in the notes to the financial statements. This is to ensure transparency and benefits to the shareholders and investors.

The financial statements of Samart Digital Public Company Limited and its consolidated financial statements were audited by EY Office Limited, the Company's auditor. During the audit, the Board of Directors supported the auditor with various information and documents so that the auditor could audit and express its opinions according to the accounting standards. The opinions of the auditor appear in the Report of Independent Auditor in this Annual Report.

In this regard, the Board of Directors had appointed the Audit Committee of which comprised 3 independent directors with qualification according to the SET and the SEC regulations and notification for being the Audit Committee's members to examine the accounting policies and the quality of the financial reports as well as the internal control and internal audit systems. The opinions of the Audit Committee on these matters appear in the Report of the Audit Committee in this Annual Report.

The Board of Directors has provided for and maintained appropriate and effective internal control system to obtain reasonable assurance that the accounting information is accurate, complete and sufficient to maintain the Company's assets and to prevent fraud or significant unusual transactions.

The Board of Directors was of the opinion that the overall internal control system of the Company was at a satisfactory level. The financial statements of Samart Digital Public Company Limited and its consolidated financial statement as of December 31, 2021 was creditable presentation in accordance with Thai Financial Reporting Standards and compliance with related laws and regulations.



(Mr. Watchai Vilailuck)

Director

Samart Digital Public Company Limited



(Ms. Boonrut Mongkolratanakorn)

Director

Samart Digital Public Company Limited

Independent Auditor's Report

To the Shareholders of Samart Digital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Samart Digital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Samart Digital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samart Digital Public Company Limited and its subsidiaries and of Samart Digital Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements regarding the ability of the Group to continue as a going concern, the Group has had operating losses for a number of consecutive years and as at 31 December 2021 the Group's current liabilities exceeded current assets by Baht 1,802 million (The Company only: Baht 2,146 million) and it had deficit of Baht 3,692 million. In addition, there is an uncertainty of the changing current circumstances that may affect the trade accounts receivable and deferred tax assets. The Company had signed for a new business in which the Company has expertise and experience, and the major shareholder continues to provide support to the Group. Management therefore believes that the Group will be able to continue as a going concern.

Additionally, as mentioned in Note 1.3 to the financial statements, there is a new outbreak of the COVID-19 pandemic which has slowed down the economic recovery, and adversely impacting most businesses and industries. This situation affects the Group's business activities in terms of project kickoff delay and reduction or suspension of the service provision, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, including compliance with debt covenants regarding maintenance of financial ratio, and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and is evaluating the impact on the financial statements. The impact is subject to changes in circumstances in the future.

The above circumstances indicate that there are significant uncertainties which may raise substantial doubt about the Group's ability to continue as a going concern. This will depend on the success of plans to improve future operations, including the impact of the COVID-19 pandemic.

My opinion is not modified in respect of this matter.

Emphasis of Matters

I draw attention to the following notes to the financial statements:

- a) Note 35.6 to the financial statements regarding a dispute of I-Mobile Plus Company Limited, a subsidiary, relating to breach of contract with respect to 3G mobile network service trial project with an organisation. A subsidiary filed a plaint claiming compensation from such organisation with the Civil Court since October 2018 and at present it is under consideration of the Civil Court and in 2020 such organisation filed a suit against the Company and the subsidiary with the Central Administrative Court demanding payments of fees and interest there on. However, on 30 April 2021, the Company and the subsidiary filed the amended plaint with the Central Administrative Court. Subsequently, the Company and its subsidiary filed an objection against the court jurisdiction. On 27 May 2021, the Committee on Jurisdiction of Courts decided that the case is in jurisdiction of the Court of Justice, not Administrative Court. According to the opinion of the Group's legal advisor, the Group's management still believes that the adverse impact arising from this dispute will not be significant. Therefore, as at 31 December 2021, the Group has not set up additional provision in its accounts. At present, the outcome of this dispute has not been finalised and depends on future legal proceedings.
- b) Note 6 to the financial statements, significant business transactions with the related parties, relevant to the purchase and sales of goods, provision of services and loans. Such transactions have been conducted on the terms and basis mutually agreed by Samart Digital Public Company Limited and those related parties.

My opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowance for expected credit losses of trade accounts receivable

As at 31 December 2021, the Group had significant balances of trade accounts receivable (accounting for 6% and 5% of total assets in the consolidated and separate financial statements, respectively). Determining the net realisable value of trade accounts receivable, as disclosed in Note 4.14, 5.2 and 8 to the financial statements, requires significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts when debtors are unable to pay, and the timing of such recognition. This impact the amounts of allowance for expected credit losses of trade accounts receivable to be set aside. I therefore gave significant attention to allowance for expected credit losses of trade accounts receivable.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for expected credit losses of trade accounts receivable by making enquiry of the responsible executives, gaining an understanding of the basis applied in determining the allowance for expected credit losses and reviewing the consistency of the application. I also reviewed the debtor aging analysis report, tested the correctness of aging therein and, for long outstanding debts, considered the credit terms given and assessed collectability by taking into account historical debt collection experience. Moreover, I analysed financial information of debtor to assess the financial status of major and long outstanding trade accounts receivable, considered subsequent collections after the period-end date, tested the calculation of the allowance for expected credit losses according to the policy set by the management, and enquired about the

rationale for the recording of specific allowances. I also considered the reasonableness and adequacy of the allowance for expected credit losses of trade accounts receivable.

Deferred tax

The Group has disclosed its accounting policy and details relating to deferred tax in Notes 4.13, 5.6 and 31 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax assets in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. There is a risk with respect to the amount of deferred tax assets. I therefore gave significant attention to deferred tax.

I assessed and gained an understanding of the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, and gaining an understanding of the Group's designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with particular consideration given to information and assumptions that directly affect revenue growth and gross profit margin. Furthermore, I performed comparative analysis based on industry information from external sources, and compared past profit projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

Compliance with loan covenants

As disclosed in Note 20 to the financial statements, as at 31 December 2021 the Company has long term loan amounting to Baht 2,726 million. Under the loan agreements, the Company has to comply with certain conditions including maintaining financial ratios as stipulated in the agreements. As the long-term loan has significant balances in the financial statements (accounting for 73% and 68% of total liabilities in the consolidated and separate financial statements, respectively), there is a risk that the Company could not comply with the certain conditions or maintain financial ratios in accordance with the loan covenants. This could result in the loan becoming payable on demand and reclassification from non-current liabilities to current liabilities and also the going concern of the Company.

I have checked the condition and loan covenants as stipulated in the agreements and tested the correctness of the calculation of financial ratios whether they were complied with the loan covenants. I have inquired with the management regarding the process for tracking the condition and loan covenants as well as the process of the waiver in case of breaching the loan covenants. In addition, I have reviewed the appropriateness of the classification of loans and assessed the adequacy of information disclosed in notes to the financial statements with respect to the compliance with the loan covenants, as well as the appropriateness of the going concern basis used in preparing the financial statements of the Company.

Revenue recognition

The Group has disclosed its policies on revenue recognition from sales and service income in Note 5.1 to the financial statements. Sales and service income represent significant amounts in the financial statements and directly affect profit or loss of the Group. In addition, the Group has entered into agreements with customers and there are a variety of conditions, pertaining to matters. I therefore gave significant attention to revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. On a sampling basis, I selected sales and

service agreements, examined supporting documents for sales transactions occurring during the year and near the end of the accounting period, and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Suratepin
Certified Public Accountant (Thailand) No. 4604
EY Office Limited
Bangkok: 24 February 2022

Financial Statements

Samart Digital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	7	171,183,240	123,562,471	115,471,301	40,644,018
Trade and other receivables	8	273,774,050	501,575,427	271,315,680	484,576,862
Short-term loans	6	-	-	114,059,180	120,961,484
Inventories	9	242,946,790	101,763,424	242,826,740	101,621,109
Other current financial assets	10	116,128,538	246,000	116,128,538	246,000
Other current assets	11	523,515,538	387,664,774	479,568,119	332,756,405
Total current assets		1,327,548,156	1,114,812,096	1,339,369,558	1,080,805,878
Non-current assets					
Restricted bank deposits	7, 12	103,067,425	102,852,253	103,067,425	102,852,253
Other non-current financial assets	10	2,769,572	21,806,267	2,003,601	18,885,127
Investments in subsidiaries	13	-	-	652,638,907	692,336,994
Equipment	14	2,376,623,490	2,334,859,009	2,361,977,216	2,300,687,552
Right-of-use assets	22	165,808,342	189,511,476	10,601,386	5,054,816
Goodwill	15	59,323,000	59,323,000	-	-
Intangible assets	16	79,683,612	94,732,454	-	-
Deferred tax assets	32	312,844,276	352,197,692	309,367,199	328,859,418
Other non-current assets		124,165,415	122,065,415	-	-
Total non-current assets		3,224,285,132	3,277,347,566	3,439,655,734	3,448,676,160
Total assets		4,551,833,288	4,392,159,662	4,779,025,292	4,529,482,038

The accompanying notes are an integral part of the financial statements.

Smart Digital Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	17	18,385,053	6,000,000	15,385,053	-
Trade and other payables	18	444,308,434	533,262,141	329,509,221	402,551,926
Short-term loans	19	12,707,950	22,140,000	523,000,000	493,000,000
Current portion of long-term loans from financial institutions	20	2,595,460,233	1,329,761,807	2,595,460,233	1,329,761,807
Current portion of lease liabilities	22	35,028,912	81,035,829	1,127,644	375,506
Income tax payable		240,133	324,702	-	-
Unearned revenue		21,591,268	19,386,252	20,551,423	17,407,712
Other current liabilities		2,172,884	3,629,599	651,730	1,685,215
Total current liabilities		3,129,894,867	1,995,540,330	3,485,685,304	2,244,782,166
Non-current liabilities					
Long-term loans from related company	6	322,305,000	322,305,000	322,305,000	322,305,000
Long-term loans from financial institutions, net of current portion	20	131,019,545	1,511,765,341	131,019,545	1,511,765,341
Convertible debentures	21	27,631,556	-	27,631,556	-
Lease liabilities, net of current portion	22	91,852,066	50,348,761	10,262,420	5,006,844
Provision for long-term employee benefits	23	12,950,326	16,856,486	6,271,107	6,101,472
Liabilities for investment in subsidiaries under equity method	13	-	-	26,386,537	32,643,831
Total non-current liabilities		585,758,493	1,901,275,588	523,876,165	1,877,822,488
Total liabilities		3,715,653,360	3,896,815,918	4,009,561,469	4,122,604,654

The accompanying notes are an integral part of the financial statements.

Samart Digital Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	24				
Registered					
16,759,170,225 ordinary shares of Baht 0.1 each (2020: 15,400,875,000 ordinary shares of Baht 0.1 each)		1,675,917,023	1,540,087,500	1,675,917,023	1,540,087,500
Issued and fully paid-up					
12,499,843,742 ordinary shares of Baht 0.1 each (2020: 11,324,423,218 ordinary shares of Baht 0.1 each)		1,249,984,374	1,132,442,322	1,249,984,374	1,132,442,322
Share premium		3,167,744,626	2,615,286,678	3,167,744,626	2,615,286,678
Deficit on changes in percentage of shareholding in subsidiary		(206,369)	(206,369)	(206,369)	(206,369)
Retained earnings					
Appropriated - statutory reserve	25	44,400,000	44,400,000	44,400,000	44,400,000
Unappropriated (deficit)		(3,692,458,808)	(3,309,165,247)	(3,692,458,808)	(3,309,165,247)
Other components of shareholders' equity		-	(75,880,000)	-	(75,880,000)
Equity attributable to owners of the Company		769,463,823	406,877,384	769,463,823	406,877,384
Non-controlling interests of the subsidiaries		66,716,105	88,466,360	-	-
Total shareholders' equity		836,179,928	495,343,744	769,463,823	406,877,384
Total liabilities and shareholders' equity		4,551,833,288	4,392,159,662	4,779,025,292	4,529,482,038

The accompanying notes are an integral part of the financial statements.

Samart Digital Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales		254,856,791	410,770,443	253,734,850	410,112,108
Service income	26	138,870,777	225,862,659	9,607,622	3,473,689
Other income	27	24,461,980	22,401,387	29,637,870	17,709,814
Total revenues		418,189,548	659,034,489	292,980,342	431,295,611
Expenses	28				
Cost of sales		243,549,300	377,879,739	242,848,624	377,521,327
Cost of services		157,071,813	207,707,515	24,938,620	22,715,457
Selling and distribution expenses		34,035,185	47,779,284	24,653,970	33,991,387
Administrative expenses		106,673,522	139,123,986	77,818,335	84,957,217
Other expenses	29	1,130,383	1,487,978	635,530	1,250,714
Total expenses		542,460,203	773,978,502	370,895,079	520,436,102
Operating loss		(124,270,655)	(114,944,013)	(77,914,737)	(89,140,491)
Share of loss from investments in subsidiaries	13	-	-	(59,115,774)	(48,836,880)
Finance income		399,588	867,504	11,525,260	13,165,977
Finance cost	30	(196,463,479)	(173,239,060)	(191,372,325)	(163,828,191)
Reversal of impairment (loss) on financial assets	8	(14,688,640)	62,844,485	(14,810,819)	63,128,439
Loss before income tax expenses		(335,023,186)	(224,471,084)	(331,688,395)	(225,511,146)
Income tax expenses	31	(20,632,811)	(129,993,133)	(517,184)	(117,428,978)
Loss for the year		(355,655,997)	(354,464,217)	(332,205,579)	(342,940,124)
Loss attributable to:					
Equity holders of the Company		(332,205,579)	(342,940,124)	(332,205,579)	(342,940,124)
Non-controlling interests of the subsidiaries		(23,450,418)	(11,524,093)		
		(355,655,997)	(354,464,217)		
Basic loss per share	32				
Loss attributable to equity holders of the Company		(0.03)	(0.03)	(0.03)	(0.02)
Weighted average number of ordinary shares (shares)		11,528,710,078	11,324,423,218	11,528,710,078	11,324,423,218

The accompanying notes are an integral part of the financial statements.

Samart Digital Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Loss for the year		(355,655,997)	(354,464,217)	(332,205,579)	(342,940,124)
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gain	23	4,642,728	3,010,647	2,517,525	3,023,945
Income tax effect	31	(924,959)	(602,130)	(499,919)	(604,789)
		3,717,769	2,408,517	2,017,606	2,419,156
Gain (loss) on changes in value of equity investments designated at fair value through other comprehensive income		41,744,412	(2,400,000)	41,744,412	(2,400,000)
Income tax effect	31	(18,970,000)	480,000	(18,970,000)	480,000
		22,774,412	(1,920,000)	22,774,412	(1,920,000)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		26,492,181	488,517	24,792,018	499,156
Other comprehensive income for the year		26,492,181	488,517	24,792,018	499,156
Total comprehensive loss for the year		(329,163,816)	(353,975,700)	(307,413,561)	(342,440,968)
Total comprehensive loss attributable to:					
Equity holders of the Company		(307,413,561)	(342,440,968)	(307,413,561)	(342,440,968)
Non-controlling interests of the subsidiaries		(21,750,255)	(11,534,732)		
		(329,163,816)	(353,975,700)		

The accompanying notes are an integral part of the financial statements.

Smart Digital Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company										
	Issued and paid-up share capital	Share premium	Deficit on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated statutory reserve	Unappropriated (deficit)	Other comprehensive income	Fair value reserve	Total other components of shareholders' equity			
Balance as at 1 January 2020	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(2,968,644,279)	(73,960,000)	(73,960,000)	749,318,352	100,001,092	849,319,444	
Loss for the year	-	-	-	-	(342,940,124)	-	-	(342,940,124)	(11,524,093)	(354,464,217)	
Other comprehensive income for the year	-	-	-	-	2,419,156	(1,920,000)	(1,920,000)	499,156	(10,639)	488,517	
Total comprehensive loss for the year	-	-	-	-	(340,520,968)	(1,920,000)	(1,920,000)	(342,440,968)	(11,534,732)	(353,975,700)	
Balance as at 31 December 2020	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(3,309,165,247)	(75,880,000)	(75,880,000)	406,877,384	88,466,360	495,343,744	
Balance as at 1 January 2021	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(3,309,165,247)	(75,880,000)	(75,880,000)	406,877,384	88,466,360	495,343,744	
Loss for the year	-	-	-	-	(332,205,579)	-	-	(332,205,579)	(23,450,418)	(355,655,997)	
Other comprehensive income for the year	-	-	-	-	2,017,606	22,774,412	22,774,412	24,792,018	1,700,163	26,492,181	
Total comprehensive loss for the year	-	-	-	-	(330,187,973)	22,774,412	22,774,412	(307,413,561)	(21,750,255)	(329,163,816)	
Transfer of fair value reserve of equity instruments designated at FVOCI to retained earnings (Note 10.2)	-	-	-	-	(53,105,588)	53,105,588	53,105,588	-	-	-	
Debentures converted to ordinary shares (Note 24)	117,542,052	552,457,948	-	-	-	-	-	670,000,000	-	670,000,000	
Balance as at 31 December 2021	1,249,984,374	3,167,744,626	(206,369)	44,400,000	(3,692,458,808)	-	-	769,463,823	66,716,105	836,179,928	

The accompanying notes are an integral part of the financial statements.

Smart Digital Public Company Limited and its subsidiaries
 Statement of changes in shareholders' equity (continued)
 For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and paid-up share capital	Share premium	Deficit on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders' equity		
				Appropriated - statutory reserve	Unappropriated (deficit)	Other comprehensive income	Total other components of shareholders' equity	
Balance as at 1 January 2020	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(2,968,644,279)	(73,960,000)	(73,960,000)	749,318,352
Loss for the year	-	-	-	-	(342,940,124)	-	-	(342,940,124)
Other comprehensive income for the year	-	-	-	-	2,419,156	(1,920,000)	(1,920,000)	499,156
Total comprehensive loss for the year	-	-	-	-	(340,520,968)	(1,920,000)	(1,920,000)	(342,440,968)
Balance as at 31 December 2020	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(3,309,165,247)	(75,880,000)	(75,880,000)	406,877,384
Balance as at 1 January 2021	1,132,442,322	2,615,286,678	(206,369)	44,400,000	(3,309,165,247)	(75,880,000)	(75,880,000)	406,877,384
Loss for the year	-	-	-	-	(332,205,579)	-	-	(332,205,579)
Other comprehensive income for the year	-	-	-	-	2,017,606	22,774,412	22,774,412	24,792,018
Total comprehensive loss for the year	-	-	-	-	(330,187,973)	22,774,412	22,774,412	(307,413,561)
Transfer of fair value reserve of equity instruments designated at FVOCI to retained earnings (Note 10.2)	-	-	-	-	(53,105,588)	53,105,588	53,105,588	-
Debentures converted to ordinary shares (Note 24)	117,542,052	552,457,948	-	-	-	-	-	670,000,000
Balance as at 31 December 2021	1,249,984,374	3,167,744,626	(206,369)	44,400,000	(3,692,458,808)	-	-	769,463,823

The accompanying notes are an integral part of the financial statements.

Smart Digital Public Company Limited and its subsidiaries
Statement of cash flows
For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Cash flows from operating activities					
Loss before tax		(335,023,186)	(224,471,084)	(331,688,395)	(225,511,146)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:					
Unrealised (gain) loss on exchange		(890,001)	5,951,046	(890,001)	5,951,046
Gain on change in value of other current financial assets	10.1	(150,000)	(60,000)	(150,000)	(60,000)
Write-off trade accounts receivable		479,360	38,570	-	38,570
Write-off other receivables		8,825,627	-	1,797,338	-
Increase (decrease) in allowance for expected credit losses - trade accounts receivable	8	14,398,461	(61,066,372)	15,000,000	(61,350,326)
Reversal of allowance for diminution in value of other receivables	8	(9,014,809)	(1,478,785)	(1,986,519)	(1,478,785)
Reversal of reduction cost of inventory to net realisable value	9	(6,167,075)	(19,284,960)	(226,888)	(19,052,356)
Write-off withholding tax deducted at sources	11.1	395,310	187,507	-	-
Increase in allowance for diminution in value of other non-current financial assets		-	(299,329)	-	(299,329)
Share of loss from investments in subsidiaries	13.2	-	-	59,115,774	48,836,880
Gain on disposal of other current financial assets		-	(252,414)	-	(252,414)
Gain on disposal of equipment	27	(322,921)	(3,487,331)	(285,893)	(1,207,091)
Gain on disposal of intangible assets		-	(5,502,911)	-	-
Increase (decrease) in allowance for impairment of equipment		(44)	49,678	(44)	(76)
Depreciation of equipment	14	83,168,568	131,464,734	63,668,061	93,630,505
Depreciation of right-of-use assets	22	30,695,347	29,860,714	1,445,643	606,578
Write-off equipment		735,073	533,048	635,530	533,048
Amortisation of intangible assets	16	15,048,842	14,823,004	-	-
Amortisation of deferred interests under lease agreements	22	7,421,388	11,884,207	594,512	286,968
Increase (decrease) in provision for long-term employee benefits	23	736,568	(2,940,445)	194,809	(165,363)
Finance income		(399,588)	(867,504)	(11,525,260)	(13,165,977)
Finance cost		187,940,317	160,277,532	189,901,933	162,752,061
Profit (loss) from operating activities before changes in operating assets and liabilities		(2,122,763)	35,358,905	(14,399,400)	(9,907,207)

The accompanying notes are an integral part of the financial statements.

Samart Digital Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2021

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	213,405,493	553,126,563	197,655,335	523,471,459
Inventories	(129,730,087)	23,007,164	(135,692,539)	22,546,005
Other current financial assets	(115,732,538)	-	(115,732,538)	-
Other current assets	(146,814,926)	88,710,965	(150,366,820)	79,353,892
Other non-current financial assets	6,136,695	1,727,417	3,981,526	780,230
Operating liabilities increase (decrease)				
Trade and other payables	(57,154,463)	25,217,543	(45,316,260)	47,395,402
Other current liabilities and unearned revenue	748,301	(141,453,892)	2,110,226	(139,934,406)
Cash flows from (used in) operating activities	(231,264,288)	585,694,665	(257,760,470)	523,705,375
Proceeds from disposal of other non-current financial assets	-	1,467,480	-	1,467,480
Proceeds from disposal of investment held-for-sale	-	4,955,566	-	-
Cash paid for interest expenses	(173,399,606)	(155,515,421)	(172,800,832)	(154,647,133)
Cash paid for income tax	(5,678,891)	(10,958,347)	(685,870)	(455,048)
Cash received from withholding tax refundable 11.1	13,979,114	20,240,175	4,240,976	1,343,457
Net cash flows from (used in) operating activities	(396,363,671)	445,884,118	(427,006,196)	371,414,131
Cash flows from investing activities				
Cash paid to provide short-term loans to related parties 6	-	-	(4,500,000)	(12,000,000)
Cash received from repayment of short-term loans to related parties	-	-	-	500,000
Cash received for interest income	399,588	867,504	331,083	1,187,921
(Increase) decrease in restricted bank deposits 7	(215,172)	742,007	(215,172)	742,007
Cash paid for acquisition of equipment	(121,260,417)	(152,207,497)	(121,185,516)	(149,708,834)
Cash paid for acquisition of intangible assets	(1,512,409)	(13,637,542)	-	-
Proceeds from disposal of other non-current financial assets 10.2	54,644,412	-	54,644,412	-
Proceeds from disposal of equipment	30,312	3,669,521	-	1,262,750
Proceeds from disposal of intangible assets	-	7,500,000	-	-
Net cash flows used in investing activities	(67,913,686)	(153,066,007)	(70,925,193)	(158,016,156)

The accompanying notes are an integral part of the financial statements.

Smart Digital Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Cash flows from financing activities					
Increase in bank overdrafts		15,385,053	-	15,385,053	-
Proceeds from short-term loans from banks	17	15,000,000	9,000,000	-	-
Repayment of short-term loans from banks	17	(18,000,000)	(78,980,000)	-	(40,980,000)
Proceeds from short-term loans from related parties	6	-	-	30,000,000	-
Repayment of short-term loans from unrelated parties	19	(9,432,050)	-	-	-
Repayment of long-term loans from financial institutions	20	(115,047,370)	(548,808,696)	(115,047,370)	(548,808,696)
Proceeds from long-term loans from related parties		-	322,305,000	-	322,305,000
Proceed from issuance of convertible debentures	21	644,000,000	-	644,000,000	-
Repayment of liabilities under lease agreements	22	(20,007,507)	(87,419,771)	(1,579,011)	(566,012)
Net cash flows from (used in) financing activities		511,898,126	(383,903,467)	572,758,672	(268,049,708)
Net increase (decrease) in cash and cash equivalents		47,620,769	(91,085,356)	74,827,283	(54,651,733)
Cash and cash equivalents at beginning of year		123,562,471	214,647,827	40,644,018	95,295,751
Cash and cash equivalents at end of year		171,183,240	123,562,471	115,471,301	40,644,018
Supplemental disclosures of cash flows information					
Non-cash items for investing activities					
Accounts payable for purchases of equipment		244,705,928	235,011,917	244,705,928	235,011,917
Accounts payable for purchases of intangible assets		966,491	2,478,900	-	-
Transfer equipment to intangible assets		-	1,300,000	-	-
Transfer equipment to inventories		5,286,204	967,989	5,286,204	967,989
Transfer equipment to other current assets		-	1,437,500	-	-
Increase in right-of-use assets from lease liabilities	22	6,992,213	-	6,992,213	-
Non-cash items for financing activities					
Convert short-term loan to long-term loan	17, 20	-	2,214,060,000	-	2,214,060,000
Debentures converted to ordinary shares		670,000,000	-	670,000,000	-

The accompanying notes are an integral part of the financial statements.

Smart Digital Public Company Limited and its subsidiaries**Notes to consolidated financial statements****For the year ended 31 December 2021****1. General information****1.1 Corporate information**

Smart Digital Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company of the Group is Smart Corporation Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the distribution of telecommunications equipment and providing integrated business in digital network and solution. Its registered address is 99/2, Moo 4, Software Park Building, 34th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi.

1.2 Fundamental accounting assumptions

The Group has had operating losses for a number of consecutive years and as at 31 December 2021 the Group’s current liabilities exceeded current assets by Baht 1,802 million (The Company only: Baht 2,146 million) and it had deficit of Baht 3,692 million. The Company had signed for a new business in which the Company has expertise and experience, and the major shareholder continues to provide support to the Group. The management therefore believes that the Group will be able to continue as a going concern. Therefore, the financial statements have been prepared under the going concern basis, in which assets and liabilities are recorded on a basis whereby the Group will be able to realise its assets and meet its obligations in the ordinary course of business.

1.3 Coronavirus disease 2019 Pandemic

A new outbreak of the COVID-19 pandemic has slowed down to the economic recovery and adversely impacting most businesses and industries including the Group’s business activities in terms of delay in commence of new projects and decrease or suspended of the provision of service, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future, including compliance with debt covenants. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Samart Digital Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Subsidiaries directly held by the Company

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 Percent	2020 Percent
Samart Digital Media Co., Ltd.	Provision content services via audiotext and call center	Thailand	100	100
I-Mobile Plus Co., Ltd.	Temporarily ceased its business	Thailand	100	100
Zecureasia Co., Ltd.	Temporarily ceased its business	Thailand	100	100
Samart Mobile Services Co., Ltd.	Temporarily ceased its business	Thailand	97.4	97.4
SIM2ASSET Co., Ltd.	Temporarily ceased its business	Thailand	100	100
Thai Base Station Co., Ltd.	Provision space rental and other service and distribute telecommunication equipment and systems	Thailand	100	100

Indirect subsidiaries held by the Company's subsidiaries

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2021 Percent	2020 Percent
Investments through Samart Digital Media Co., Ltd.				
I-Sport Co., Ltd.	Provision of information of sports via full option interactive multimedia	Thailand	50	50
Entertainment Tree Co., Ltd.	Production, sale and provision of all kinds of entertainment-related content through multiple channels	Thailand	61.87	61.87
Investments through I-Sport Co., Ltd.				
Siam Sport Television Co., Ltd.	Television media, sport license and sport-related business	Thailand	50	50

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from non-controlling interests) when the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in shareholders' equity under the caption of “Surplus (deficit) on change in percentage of shareholding in subsidiary”.

2.3 The separate financial statements present investments in subsidiaries under the equity method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service or recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

The obligation to transfer goods or services to a customer for which the Group has received consideration from the customer is presented under the caption of "Unearned revenue" in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Inventories are valued at the lower of cost (under the average method) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Reduce cost of inventories to net realisable value will be set up for old, obsolete, slow moving or deteriorated inventories.

4.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the equity method.

4.5 Equipment/Depreciation

Condominium and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of condominium and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium	-	20 years
Network equipment and network improvement	-	5 years
Transmission equipment	-	5 - 10 years
Project equipment	-	5 - 6 years
Furniture, fixture and office equipment	-	3 - 10 years
Furniture of sound recording room	-	3 - 10 years
Motor vehicles	-	5 and 7 years
Equipment for rent	-	3 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.6 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	- 5 years and agreement term
Right for air time	- 5 years
Right for telecommunication tower service	- 10 years and agreement term

4.7 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest,

if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.8 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Right-of-use building space	4 - 10	years
Transmission equipment	7 and 10	years
Motor vehicles	5 and 7	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the condominium, equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits*Defined contribution plans*

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

Provision for vacation

The Group sets up provision for vacation which is calculated in accordance with the Group's policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Convertible debentures

Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible debentures, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation.

5.2 Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

5.3 Reducing cost to net realisable value of inventories

Determining the reduce cost to net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated additional costs to be incurred in preparing the inventory for sale; and reduce cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

5.4 Depreciation of equipment and right-of-use assets

In determining depreciation of equipment and right-of-use assets, the management is required to make estimates of the useful lives and residual values of the equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review impairment of equipment and right-of-use assets on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.5 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.6 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.7 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.8 Contingent liabilities

The Group Company have contingent liabilities as a result of claims for payment. The management has exercised judgement to assess the situation and believes that no liabilities will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Group had significant business transactions with related parties, principally in respect of the purchase and sales of goods, and the provision of services and loans. Such transactions, which were summarised below, were concluded on terms and bases agreed upon between the Company and its related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales prices are determining at market price, if there is unknown market price, sales price will be determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Rental expenses are charged at the amount stated in the agreement.
3. Management service income is charged at the amount stated in the agreement.
4. Other service income and expenses are charged at a mutually agreed price.
5. Interest on loans to the subsidiary companies are charged at cost of fund plus 0.25 percent per annum.
6. Interest on loans from subsidiary companies are charged at average 12-month fixed deposit rate of the big five commercial banks plus 0.25 percent per annum.
7. Interest on loans from parent company is charged at fixed rate per annum.
8. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets based on cost plus a margin not over five percent.
9. Fixed assets are sold and purchased at their net book value plus a margin, depending on the condition of assets.
10. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
11. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Significant business transactions between the Company and its related parties were summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Transactions with parent company				
Interest expenses	15	5	15	5
IT service fee expense	5	7	1	1
Rental and other expenses	3	4	3	3
Transactions with subsidiary companies (eliminated from the consolidated financial statements)				
Management fee income	-	-	8	8
Interest income	-	-	11	12
Interest expenses	-	-	3	3

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Transactions with related companies				
Sales	200	17	200	17
Service income	9	32	2	-
Other income	5	5	5	5
Sale of equipment	-	1	-	1
Purchase of equipment	101	14	101	14
Rental and other expenses	8	8	3	4
Interest expenses	7	11	-	-

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts receivable - related parties (Note 8)				
Subsidiary companies	-	-	5,370	5,370
Related companies (related by shareholder)	63,197	1,666	63,197	1,624
Total	63,197	1,666	68,567	6,994
Accrued service income	473	483	16	-
Less: Allowance for expected credit losses (Note 13)	-	-	(5,370)	(5,370)
Total trade accounts receivable - related parties - net	63,670	2,149	63,213	1,624
Amounts due from and advance to related parties (Note 8)				
Parent company	-	4,765	-	4,760
Subsidiary companies	-	-	58,596	40,947
Related companies (related by shareholder)	428	517	428	466
Total	428	5,282	59,024	46,173
Less: Allowance for expected credit losses (Note 13)	-	-	(37,600)	(25,325)
Total amounts due from and advance to related parties - net	428	5,282	21,424	20,848
Trade accounts payable - related parties (Note 18)				
Related companies (related by shareholder)	18	18	18	18
Total trade accounts payable - related parties	18	18	18	18
Amounts due to and advance from related parties (Note 18)				
Parent company	20,175	5,722	19,790	5,121
Subsidiary companies	-	-	12,328	9,761
Related companies (related by shareholder)	250,750	199,048	250,417	198,418
Total amounts due to and advance from related parties	270,925	204,770	282,535	213,300
Accrued expenses - related parties (Note 18)				
Related companies (related by shareholder)	11,649	11,649	11,649	11,649
Total accrued expenses - related parties	11,649	11,649	11,649	11,649

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Unearned revenue - related parties				
Parent company	21	-	21	-
Subsidiary companies	-	-	108	-
Related companies (related by shareholder)	19,518	-	19,518	-
Total unearned revenue - related parties	19,539	-	19,647	-
Lease liabilities				
Parent company	6,226	6,693	5,007	5,382
Related companies (related by shareholder)	120,003	122,805	6,383	-
Total	126,229	129,498	11,390	5,382
Less: Portion due within one year	(34,377)	(79,801)	(1,128)	(375)
Total lease liabilities - net of current portion	91,852	49,697	10,262	5,007

Loans to related parties and loans from related parties

As at 31 December 2021 and 2020, the balances of loans between the Company and those related parties and the movement in loans were as follows:

(Unit: Thousand Baht)

Short-term loans to related parties	Separate financial statements		
	Balance as at 31 December 2020	Increase during the year	Balance as at 31 December 2021
Subsidiary companies			
Thai Base Station Co., Ltd.	121,000	4,500	125,500
I-Mobile Plus Co., Ltd.	119,500	-	119,500
SIM2ASSET Co., Ltd.	6,000	-	6,000
Zecureasia Co., Ltd.	2,000	-	2,000
Total	248,500	4,500	253,000
Less: Allowance for expected credit losses (Note 13)	(127,539)		(138,941)
Short-term loans to related parties - net	120,961		114,059

(Unit: Thousand Baht)

Short-term loans from related parties (Note 19)	Separate financial statements		
	Balance as at 31 December 2020	Increase during the year	Balance as at 31 December 2021
Subsidiary companies			
Samart Mobile Services Co., Ltd.	493,000	-	493,000
Samart Digital Media Co., Ltd.	-	30,000	30,000
Total	493,000	30,000	523,000

(Unit: Thousand Baht)

Long-term loans from related party	Consolidated/Separate financial statements			
	Balance as at 31 December 2020	During the year		Balance as at 31 December 2021
		Increase	Decrease	
Parent Company				
Samart Corporation Public Co., Ltd.	322,305	-	-	322,305
Total	322,305	-	-	322,305

On 2 September 2020, the Company had entered into a loan agreement with Samart Corporation Public Co., Ltd., the parent company, in total of not exceeding Baht 600 million in which the loan has three installments of draw down and the Company drawn down 1st installment in September 2020. Interest on loans is charged at fixed rate per annum and shall be repaid in full amounts within 30 December 2025.

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	Short-term employee benefits	6.8	9.7	6.8
Post-employment benefits	0.2	0.2	0.1	0.1
Total	7.0	9.9	6.9	9.8

Significant agreements with related parties

Service and management agreements

- In May 2021, the Group entered into one-year information technology management agreements with Samart Corporation Public Co., Ltd., the parent company. The Company and subsidiaries has to pay a monthly service fees totaling approximately Baht 0.4 million (Separate financial statements: Baht 0.1 million).
- In July 2020, the Group entered into the three-years facility service agreements with Samart Corporation Public Co., Ltd., the parent company, under which they have to pay monthly facility service fees at the rates stipulated in the agreements.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.2.2 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	482	713	146	148
Bank deposits	273,768	225,701	218,392	143,348
Total cash and bank deposits	274,250	226,414	218,538	143,496
Less: Restricted bank deposits	(103,067)	(102,852)	(103,067)	(102,852)
Total cash and cash equivalents	171,183	123,562	115,471	40,644

As at 31 December 2021, bank deposits carried interests between 0.05 and 0.25 percent per annum (2020: between 0.05 and 0.25 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts receivable - related parties (Note 6)				
Aged on the basis of due dates				
Not yet due	52,668	42	52,668	-
Past due				
Up to 3 months	3,845	1,624	3,845	1,624
3 - 6 months	6,684	-	6,684	-
Over 12 months	-	-	5,370	5,370
Total	63,197	1,666	68,567	6,994
Accrued service income (Note 6)	473	483	16	-
Less: Allowance for expected credit losses (Note 13)	-	-	(5,370)	(5,370)
Total trade accounts receivable - related parties - net	63,670	2,149	63,213	1,624
Total trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	10,729	10,637	744	363
Past due				
Up to 3 months	7,386	79,413	-	75,284
6 - 12 months	3,827	32,222	3,827	30,392
Over 12 months	2,233,857	2,390,495	2,232,464	2,388,464
Total	2,255,799	2,512,767	2,237,035	2,494,503
Accrued service income	7,000	18,099	1,374	4,684
Less: Allowance for expected credit losses	(2,053,475)	(2,039,077)	(2,052,082)	(2,037,082)
Total trade accounts receivable - unrelated parties, net	209,324	491,789	186,327	462,105
Total trade accounts receivable - net	272,994	493,938	249,540	463,729
Other receivables				
Amounts due from and advance to related parties (Note 6)	428	5,282	59,024	46,173
Other receivables - unrelated parties	352	9,383	352	-
Sales promotion receivables	-	1,987	-	1,987
Total	780	16,652	59,376	48,160
Less: Allowance for diminution in value of other receivables and sales promotion receivables	-	(9,015)	-	(1,987)
Less: Allowance for expected credit losses (Note 13)	-	-	(37,600)	(25,325)
Total other receivables - net	780	7,637	21,776	20,848
Trade and other receivables - net	273,774	501,575	271,316	484,577

The normal credit term is 30 days.

- a) Set out below is the movement in the allowance for expected credit losses of trade receivables:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Beginning balance	2,039,077	2,100,143	2,042,452	2,103,805
Provision for expected credit losses	15,000	20,344	15,000	20,000
Amount written off	(479)	(542)	-	(542)
Amount recovered	(123)	(80,868)	-	(80,811)
Ending balance	2,053,475	2,039,077	2,057,452	2,042,452

- b) As at 31 December 2021, the balance of the Group' trade accounts receivable - unrelated parties that have been past due more than 12 months amounted to Baht 2,234 million (2020: Baht 2,390 million), and separate financial statements: Baht 2,232 million (2020: Baht 2,388 million).

During the year 2020, the Group had continually received repayments of approximately Baht 567 million (separate financial statements: Baht 567 million). As a result, net receivable as at 31 December 2020 was approximately Baht 351 million (separate financial statements: Baht 351 million).

During the year 2021, the Group had continually received repayments of approximately Baht 156 million (separate financial statements: Baht 156 million). As a result, net receivable as at 31 December 2021 was approximately Baht 180 million (separate financial statements: Baht 180 million).

The Group has evaluated and believed that they will receive repayments from debtors because they have been doing business together for a long time and the customers are trustworthy considering their continuing repayments. The Group has evaluated the accounts receivable collectability and believed that the allowance for expected credit losses, considering the current situation, as at 31 December 2021 was sufficient and appropriate and it would be able to collect the remaining debt after deducting the allowance for expected credit losses. Although the Group has evaluated and exercised its best estimate, there is still uncertainty about the changing situation, which is normal for future events that have not yet occurred.

- c) During the year 2021, the Company set aside an additional allowance for expected credit loss of Baht 15 million, (2020: Baht 20 million). In addition for the year 2020, the Group had received repayments from some debtors which had already been set up fully allowance for expected credit losses in the past. The Group reversed allowance for expected credit losses amounted to Baht 82 million (2021: Baht 0.1 million) (separate financial statements: Baht 82 million (2021: Nil)) and recognised the allowance for expected credit losses and the reversal of allowance for expected credit losses, respectively in income statement for the year ended 31 December 2021.
- d) In addition, in 2021, the Group wrote-off trade accounts receivable and other receivables approximately Baht 9 million (2020: Baht 0.7 million) and separate financial statements: Baht 2 million (2020: Baht 0.7 million).

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2021	2020	2021	2020	2021	2020
Finished goods	72,055	141,266	(33,336)	(39,503)	38,719	101,763
Supplies	4,546	4,546	(4,546)	(4,546)	-	-
Goods in transit	204,228	-	-	-	204,228	-
Total	280,829	145,812	(37,882)	(44,049)	242,947	101,763

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2021	2020	2021	2020	2021	2020
Finished goods	69,876	133,125	(31,277)	(31,504)	38,599	101,621
Supplies	4,546	4,546	(4,546)	(4,546)	-	-
Goods in transit	204,228	-	-	-	204,228	-
Total	278,650	137,671	(35,823)	(36,050)	242,827	101,621

During the current year, the Group reversed the write-down of cost of inventories by Baht 6 million (2020: Baht 19 million) and reduced the amount of inventories recognised as expenses during the year (separate financial statements: Baht 0.2 million (2020: Baht 19 million)).

10. Other financial assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Financial assets at fair value through profit or loss (Note 10.1)				
Listed equity investment	396	246	396	246
Financial assets at fair value through other comprehensive income (Note 10.2)				
Listed equity investment	-	12,900	-	12,900
Financial assets at amortised cost				
Deposits	118,502	8,906	117,736	5,985
Total other financial assets	118,898	22,052	118,132	19,131
Current	116,129	246	116,129	246
Non-current	2,769	21,806	2,003	18,885
	118,898	22,052	118,132	19,131

10.1 Financial assets at fair value through profit or loss

Movements of the listed equity investment account were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2021	2020
Beginning balance	246	1,401
Decrease		
Proceeds from disposals of listed equity investments	-	(1,467)
Gain on disposals of listed equity investments	-	252
Total	-	(1,215)
Gain on change in value	150	60
Ending balance	396	246

10.2 Financial assets at fair value through other comprehensive income

Movements of listed equity investment account were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2021	2020
Beginning balance	12,900	15,300
Proceeds from disposals of listed equity investments		
Disposals during the year - cost	(107,750)	-
Transfer of fair value reserve of equity instruments designated at FVOCI to retained earnings	53,106	-
Total	(54,644)	-
Gain (loss) on changes in value	41,744	(2,400)
Ending balance	-	12,900

11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Advance for purchase of inventories	267,679	21,493	267,679	19,393
Input tax refundable	200,215	194,211	193,777	188,465
Withholding tax deducted at sources (Note 11.1)	25,904	35,858	1,141	4,696
Prepaid expenses	18,400	4,052	15,164	1,480
Undue input tax	9,475	10,725	1,776	1,121
Advance for purchase of equipments	-	117,590	-	117,590
Advance to employee	-	130	-	5
Others	3,706	5,469	1,894	1,869
Less: Allowance for diminution in value of other current assets	(1,863)	(1,863)	(1,863)	(1,863)
Total other current assets - net	523,516	387,665	479,568	332,756

11.1 Withholding tax deducted at sources

The balances of withholding tax deducted at sources as at 31 December 2021 and 2020, aged on years, were summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
2011	226	226	-	-
2012	356	356	-	-
2014	2,398	2,398	-	-
2018	2,101	2,101	-	-
2019	8,210	22,584	-	4,241
2020	8,193	8,193	455	455
2021	4,420	-	686	-
Total	25,904	35,858	1,141	4,696

The Group regards withholding tax deducted at sources as an asset since they have the right to claim for refund of it. However, the net realisable value of withholding tax depends on the exercise right to claim it, and the results of any tax audit by the Revenue officers.

During the year 2021, the Group received the refund of the withholding tax of 2019 totaling approximately Baht 14 million and wrote off the withholding tax deducted at sources of 2019 - 2020 amounting to Baht 0.4 million (2020: received the refund of the withholding tax of 2018 totaling approximately Baht 20 million and wrote off the withholding tax deducted at sources of 2018 - 2019 amounting to Baht 0.2 million). However, the management has used judgement to assess the outcome of the refund claims and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

12. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

13. Investments in subsidiaries

13.1 Details of investments in subsidiaries as presented in separate financial statements

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Net book value under equity method	
	2021	2020	2021	2020	2021	2020	2021	2020
			Percent	Percent				
Samart Digital Media Co., Ltd.	200,000	200,000	100	100	219,525	219,525	152,320	182,516
I-Mobile Plus Co., Ltd.	100,000	100,000	100	100	100,000	100,000	(182,849)	(177,744)
Samart Mobile Services Co., Ltd.	490,000	490,000	97.4	97.4	43,917	43,917	500,319	498,448
SIM2ASSET Co., Ltd.	2,500	2,500	100	100	2,500	2,500	(6,669)	(6,038)
Zecureasia Co., Ltd.	1,250	1,250	100	100	25	25	(7,339)	(7,096)
Thai Base Station Co., Ltd.	10,000	10,000	100	100	50,000	50,000	(11,441)	11,373
Net					415,967	415,967	444,341	501,459
Less: Deficit of investment in subsidiaries under equity method								
I-Mobile Plus Co., Ltd.							182,849	177,744
SIM2ASSET Co., Ltd.							6,669	6,038
Zecureasia Co., Ltd.							7,339	7,096
Thai Base Station Co., Ltd.							11,441	-
Total							208,298	190,878
Investment in subsidiaries							652,639	692,337

As at 31 December 2021 and 2020, investments in three subsidiaries have deficit net book value under equity method. The excess losses are therefore adjusted to short-term loans and trade and other receivables and presented the remaining as liabilities for investment in subsidiary companies under equity method in the statement of financial position as follows:

(Unit: Thousand Baht)

	2021	2020
Presented as allowance for expected credit losses, net from related party transactions (Note 6)		
Trade accounts receivable	5,370	5,370
Other receivables	37,600	25,325
Short-term loans	138,941	127,539
	181,911	158,234
Liabilities for investments in subsidiaries under equity method		
I-Mobile Plus Co., Ltd.	24,745	31,338
Zecureasia Co., Ltd.	1,460	1,306
SIM2ASSET Co., Ltd.	182	-
	26,387	32,644
Total	208,298	190,878

13.2 Share of other comprehensive income

During the years, the Company recognises share of profit (loss) from investments in subsidiaries in the separate financial statements as follows:

(Unit: Thousand Baht)

Subsidiary companies	For the year ended 31 December			
	Separate financial statements			
	Share of profit (loss) from investments in subsidiaries		Share of other comprehensive income (loss) from investments in subsidiaries	
	2021	2020	2021	2020
Samart Digital Media Co., Ltd.	(32,174)	(24,414)	1,978	56
I-Mobile Plus Co., Ltd.	(5,105)	(5,827)	-	-
Samart Mobile Services Co., Ltd.	1,871	2,534	-	-
SIM2ASSET Co., Ltd.	(692)	(478)	61	-
Zecureasia Co., Ltd.	(243)	(186)	-	-
Thai Base Station Co., Ltd.	(22,773)	(20,466)	(41)	1
Total	(59,116)	(48,837)	1,998	57

13.3 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year	
	2021	2020	2021	2020	2021	2020
	(Percent)	(Percent)				
I-Sport Company Limited and its subsidiaries (Subsidiary companies of Samart Digital Media Co., Ltd.)	50	50	50	74	(24)	(11)

13.4 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	2021	2020
Current assets	62	79
Non-current assets	230	276
Current liabilities	103	155
Non-current liabilities	85	52

Summarised information about comprehensive income

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	For the year ended 31 December	
	2021	2020
Revenue	73	126
Profit	(48)	(23)
Total comprehensive income	(48)	(23)

Summarised information about cash flows

(Unit: Million Baht)

	I-Sport Company Limited and its subsidiaries	
	For the year ended 31 December	
	2021	2020
Cash flows from operating activities	22	51
Cash flows from (used in) investing activities	-	1
Cash flows used in financing activities	(28)	(115)
Net increase (decrease) in cash and cash equivalents	(6)	(63)

13.5 The plan to list I-Sport Co., Ltd. on the Market for Alternative Investment (MAI)

On 29 July 2015, the Extraordinary General Meeting of shareholders of I-Sport Co., Ltd., a subsidiary company, passed a resolution to approve the plan to list it on the Market for Alternative Investment (MAI) with the following details.

- To transform the company into a public limited company for the issuance and the initial public offering (IPO) of its shares and to list on the MAI Stock Exchange.
- To increase the registered share capital from Baht 120 million (12 million ordinary shares of Baht 10 each) to Baht 160 million (16 million ordinary shares of Baht 10 each) through an issuance of additional 4 million ordinary shares of Baht 10 each to offer 3 million shares to the initial public offering (IPO) and offer 1 million shares to the existing shareholders which are the Company and Siam Sport Syndicate Public Co., Ltd. In addition, Siam Sport Syndicate Public Co., Ltd. intends to offer 1 million shares to the initial public offering (IPO).
- To change the par value of ordinary shares from Baht 10 per share to Baht 0.25 per share. However, the changing of the par value does not affect to the portion of the issuance of its shares.

As at 31 December 2021, the subsidiary company has not yet proceeded the above matters.

13.6 Dissolution of subsidiary company

On 11 October 2006, an Extraordinary Meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.

14. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Condominium	Network equipment and network improvement	Transmission Equipment	Project Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
Cost										
1 January 2020	11,512	553,047	154,353	80,706	965,127	46,494	44,124	46,225	2,148,508	4,050,096
Additions	-	118	-	59,677	214	-	-	-	56,559	116,568
Disposals	-	(2,357)	-	-	(6,495)	(4,020)	(8,460)	(43,007)	(63,915)	(128,254)
31 December 2020	11,512	550,808	154,353	140,383	958,846	42,474	35,664	3,218	2,141,152	4,038,410
Additions	-	6	-	-	69	-	-	-	130,880	130,955
Disposals/Write-off	-	(45)	-	-	(2,296)	-	-	(1,473)	(636)	(4,450)
Transfer in (out)	-	-	-	-	-	-	-	-	(5,286)	(5,286)
31 December 2021	11,512	550,769	154,353	140,383	956,619	42,474	35,664	1,745	2,266,110	4,159,629

(Unit: Thousand Baht)

	Consolidated financial statements									
	Condominium	Network equipment and network improvement	Transmission Equipment	Project Equipment	Furniture, fixture and office equipment	Furniture of sound recording room	Motor vehicles	Equipment for rent	Assets under installation	Total
Accumulated depreciation										
1 January 2020	5,578	534,427	126,071	12,227	822,725	35,876	42,968	46,189	-	1,626,061
Depreciation for the year	571	15,660	17,124	21,526	72,968	2,693	887	36	-	131,465
Accumulated depreciation of assets disposed	-	(2,350)	-	-	(6,320)	(4,020)	(8,460)	(43,007)	-	(64,157)
31 December 2020	6,149	547,737	143,195	33,753	889,373	34,549	35,395	3,218	-	1,693,369
Depreciation for the year	572	777	9,649	23,278	46,338	2,286	269	-	-	83,169
Accumulated depreciation of assets disposed and write-off	-	(45)	-	-	(2,196)	-	-	(1,473)	-	(3,714)
31 December 2021	6,721	548,469	152,844	57,031	933,515	36,835	35,664	1,745	-	1,772,824
Allowance for impairment loss										
1 January 2020	-	191	-	-	7,806	-	-	-	2,135	10,132
Increase during the year	-	-	-	-	50	-	-	-	-	50
31 December 2020	-	191	-	-	7,856	-	-	-	2,135	10,182
31 December 2021	-	191	-	-	7,856	-	-	-	2,135	10,182
Net book value										
31 December 2020	5,363	2,880	11,158	106,630	61,617	7,925	269	-	2,139,017	2,334,859
31 December 2021	4,791	2,109	1,509	83,352	15,248	5,639	-	-	2,263,975	2,376,623
Depreciation for the year										
2020 (Baht 58 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)										131,465
2021 (Baht 42 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)										83,169

(Unit: Thousand Baht)

	Separate financial statements					
	Condominium	Project Equipment	Furniture, fixture and office equipment	Motor vehicles	Assets under installation	Total
Cost						
1 January 2020	11,512	80,706	852,630	20,539	2,148,788	3,114,175
Additions	-	59,677	50	-	55,121	114,848
Disposals	-	-	(2,169)	(2,935)	(61,177)	(66,281)
31 December 2020	11,512	140,383	850,511	17,604	2,142,732	3,162,742
Additions	-	-	-	-	130,880	130,880
Disposals/Write-off	-	-	(1,410)	-	(636)	(2,046)
Transfer in (out)	-	-	-	-	(5,286)	(5,286)
31 December 2021	11,512	140,383	849,101	17,604	2,267,690	3,286,290
Accumulated depreciation						
1 January 2020	5,578	12,227	726,049	19,773	-	763,627
Depreciation for the year	571	21,525	70,973	561	-	93,630
Accumulated depreciation of assets disposed	-	-	(2,112)	(2,936)	-	(5,048)
31 December 2020	6,149	33,752	794,910	17,398	-	852,209
Depreciation for the year	572	23,278	39,613	206	-	63,669
Accumulated depreciation of assets disposed / write-off	-	-	(1,410)	-	-	(1,410)
31 December 2021	6,721	57,030	833,113	17,604	-	914,468
Allowance for impairment loss						
1 January 2020	-	-	7,710	-	2,135	9,845
31 December 2020	-	-	7,710	-	2,135	9,845
31 December 2021	-	-	7,710	-	2,135	9,845
Net book value						
31 December 2020	5,363	106,631	47,891	206	2,140,597	2,300,688
31 December 2021	4,791	83,353	8,278	-	2,265,555	2,361,977
Depreciation for the year						
2020 (Baht 22 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)						93,630
2021 (Baht 23 million included in cost of services, and the balance in selling and distribution expenses and administrative expenses)						63,669

As at 31 December 2021, certain equipment items of the Group companies were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,654 million (2020: Baht 1,378 million) (separate financial statements: Baht 794 million (2020: Baht 636 million)).

As at 31 December 2021 and 2020, the Group had allowance for impairment loss of equipment amounting to Baht 10 million and separate financial statements amounting to Baht 10 million for unused and damaged equipment.

15. Goodwill

Goodwill mainly relates to the purchase of shares of Siam Sport Television Co., Ltd. by I-Sport Co., Ltd., a subsidiary company.

The subsidiary company determined the recoverable amounts of the cash generating units (CGUs) based on value in use, using cash flow projections covering a five-year period prepared with reference to financial budgets approved by the management.

Key assumptions used in value in the value in use calculations are as follows:

(Unit: Percent per annum)

	2021	2020
Terminal growth rate	1.8	1.8
Discount rate	8.6	8.8

The management determined the growth rate based on historical operating results, the expected market growth rate, the rate of gross domestic product growth and the discount rate which is a post-tax rates that reflects the specific risk of the particular operating segment.

After consideration, as at 31 December 2021 and 2020 management believed that goodwill is not impaired.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Right for air time	Right for telecommunication tower service	Total
Cost				
1 January 2020	103,077	3,191	109,492	215,760
Additions	-	-	9,839	9,839
Disposals	(2,567)	-	-	(2,567)
31 December 2020	100,510	3,191	119,331	223,032
31 December 2021	100,510	3,191	119,331	223,032
Accumulated amortization				
1 January 2020	97,898	3,191	12,958	114,047
Amortisation for the year	847	-	13,976	14,823
Accumulated amortisation of assets disposal	(570)	-	-	(570)
31 December 2020	98,175	3,191	26,934	128,300
Amortisation for the year	719	-	14,329	15,048
31 December 2021	98,894	3,191	41,263	143,348
Net book value				
31 December 2020	2,335	-	92,397	94,732
31 December 2021	1,616	-	78,068	79,684

Right for air time

On 26 December 2014, I-Sport Co., Ltd., a subsidiary company, purchased shares of Siam Sport Television Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the subsidiary company recorded the right for air time of sport program as intangible assets with five years useful lives.

Right for telecommunication tower service

On 1 September 2017, the Company purchased shares of Thai Base Station Co., Ltd. (a subsidiary company) with mutually agreed price. As a result of the purchase of investment under the acquisition method, the Company recorded the right for telecommunication tower service as intangible assets with ten years useful lives.

17. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020	2021	2020
Bank overdrafts	MOR	-	15,385	-	15,385	-
Short-term loans from banks	MMR	MMR	3,000	6,000	-	-
Total			18,385	6,000	15,385	-

Movement in the short-term loans accounts during the years ended 31 December 2021 and 2020 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning the year	6,000	2,290,040	-	2,255,040
Add: Addition	15,000	9,000	-	-
Less: Covert to long-term loan (Note 20)	-	(2,214,060)	-	(2,214,060)
Less: Repayments	(18,000)	(78,980)	-	(40,980)
Balance at end of the year	3,000	6,000	-	-

Bank overdrafts and short-term loans from banks are secured by the pledge of some bank deposits and short-term loans from banks of I-Sport Co., Ltd., a subsidiary company, secured by the Company and Siam Sport Syndicate Public Co., Ltd. (another shareholder).

In addition, short-term loan agreements with banks of the Group contain certain conditions as specified in the agreements that require the Group to comply.

On 29 June 2020 and 21 December 2020, the Company had entered into debt restructuring agreements with two commercial bank in order to amend the terms of repayment of short-term loan of Baht 2,034 million and Baht 180 million, respectively to the to the long-term loans (as mentioned in Note 20).

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts payable				
Trade accounts payable - related parties (Note 6)	18	18	18	18
Trade accounts payable - unrelated parties	29,634	129,730	19,482	122,326
Total trade accounts payable	29,652	129,748	19,500	122,344
Other payables				
Amount due to and advance from related parties (Note 6)	270,925	204,770	282,535	213,300
Other payables - unrelated parties	131,421	186,395	15,164	54,559
Accrued expenses - related parties (Note 6)	11,649	11,649	11,649	11,649
Other accrued expenses	661	700	661	700
Total other payables	414,656	403,514	310,009	280,208
Total trade and other payables	444,308	533,262	329,509	402,552

19. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Short-term loans from related parties (Note 6)	-	-	523,000	493,000
Short-term loan from unrelated parties	12,708	22,140	-	-
Total short-term loans	12,708	22,140	523,000	493,000

Short-term loan from unrelated parties

Short-term loans as at 31 December 2021 amount to Baht 12.7 million (2020: Baht 22.1 million) are loans from Siam Sport Syndicate Public Co., Ltd., carrying interest at the average 12-month fixed deposit rate of the big five commercial banks plus 0.50 percent per annum.

20. Long-term loans from financial institutions

(Unit: Thousand Baht)

No.	Credit facilities	Significant terms and conditions of loan agreements		Consolidated financial statements/Separate financial statements	
		Repayment schedule	Interest rate (Percent per annum)	2021	2020
1.	493,000	<p>Repayment of the first installment in March 2018, with quarterly payment of principal and monthly payment of interest to be completed within the 20th installment. (i.e. within December 2022)</p> <ul style="list-style-type: none"> - Installment 1 - 4 : Baht 0.05 million each - Installment 5 - 8 : Baht 7.4 million each - Installment 9 : March 2020 : Baht 7.4 million <li style="padding-left: 20px;">May 2020: Baht 12.3 million - Installment 10 - 14 : Only interest - Installment 15 : Baht 8.87 million - Installment 16 : Baht 4.93 million - Installment 17 : Baht 210.41 million - Installment 18 - 19 : Baht 56.05 million each - Installment 20 : The remaining principal and interest 	MLR minus fixed rate per annum	369,798	383,602
2.	358,854	<p>Repayment on a quarterly basis within 30 December 2022</p> <ul style="list-style-type: none"> - Year 2018 : quarterly installments of Baht 0.04 million - Year 2019 : quarterly installments of Baht 5.4 million - Year 2020 : quarterly installments of Baht 14.3 million <p>(June 2020 : moratorium on principal payment)</p> <ul style="list-style-type: none"> - Year 2021 : moratorium on principal payment <ul style="list-style-type: none"> March : moratorium on principal payment June : Baht 1.08 million September : Baht 5.38 million December : Baht 5.38 million - Year 2022 : moratorium on principal payment <ul style="list-style-type: none"> March : Baht 149.42 million June and September : Baht 39.71 million each December : The remaining principal and interest 	MLR minus fixed rate per annum	267,407	279,251

(Unit: Thousand Baht)

No.	Credit facilities	Significant terms and conditions of loan agreements		Consolidated financial statements/Separate financial statements	
		Repayment schedule	Interest rate	2021	2020
3.	199,940	Repayment on a quarterly basis within the 17th installment within 30 December 2022 <ul style="list-style-type: none"> - Installment 1 : Baht 0.02 million - Installment 2 - 5 : Baht 3 million each - Installment 6 : Baht 3.3 million - Installment 7 - 10 : moratorium on principal payment - Installment 11 : Baht 0.6 million - Installment 12 - 13 : Baht 3 million each - Installment 14 - 15 : Baht 2 million each - Installment 16 : Baht 3 million - Installment 17 : The remaining principal and interest 	MLR minus fixed rate per annum	149,020	155,620
4.	193,920	Repayment on a quarterly basis within the 26th installment within 30 December 2025 <ul style="list-style-type: none"> - Installment 1 - 2 : Baht 3 million each - Installment 3 March 2020 : Baht 3 million <li style="padding-left: 20px;">April 2020 : Baht 4.98 million - Installment 4 - 8 : moratorium on principal payment - Installment 9 : Baht 3.6 million - Installment 10 - 11 : moratorium on principal payment - Installment 12 - 14 : Baht 7 million each - Installment 15 - 18 : Baht 8.2 million each - Installment 19 - 22 : Baht 12.09 million each - Installment 23 - 26 : Baht 12.46 million each 	MLR of a bank minus fixed rate per annum	152,020	155,620

(Unit: Thousand Baht)

No.	Credit facilities	Significant terms and conditions of loan agreements		Consolidated financial statements/Separate financial statements	
		Repayment schedule	Interest rate	2021	2020
5.	2,034,120	Repayment on a quarterly basis within the 7th installment within 30 December 2022, the first installment in last business day of June 2021 <ul style="list-style-type: none"> - Installment 1 : Baht 6.6 million - Installment 2 : Baht 33 million - Installment 3 : Baht 710.82 million - Installment 4 - 6 : Baht 250.14 million - Installment 7 : The remaining principal and interest 	MLR minus fixed rate per annum	1,639,215	1,711,815
6.	179,940	Repayment on a quarterly basis within the 9th installment within 30 December 2022, the first installment in last business day of December 2020 <ul style="list-style-type: none"> - Installment 1 : Baht 24.32 million each - Installment 2 - 3 : moratorium on principal payment - Installment 4 : Baht 3.6 million - Installment 5 : Baht 3 million - Installment 6 - 8 : Baht 22.74 million each - Installment 9 : The remaining principal and interest 	MLR minus fixed rate per annum	149,020	155,619
Total long-term loans from financial institutions				2,726,480	2,841,527
Less: Current portion				(2,595,460)	(1,329,762)
Long-term loans from financial institutions - net of current portion				131,020	1,511,765

Movements in the long-term loans account during the years ended 31 December 2021 and 2020 were summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2021	2020
Beginning balance	2,841,527	1,176,276
Convert from short-term loan (Note 17)	-	2,214,060
Repayments	(115,047)	(548,809)
Ending balance	2,726,480	2,841,527

In December 2021 the Company received a waiver letter from two commercial bank in order to waive moratorium on loan repayment for December 2021 installment of Baht 154 million and Baht 107 million, respectively, to the new maturity within March 2022.

In addition, in December 2021, the Company had entered into an amendment of loan agreement with other commercial bank in order to revise term of long-term loan repayment for December 2021 installment of Baht 62 million to the new maturity within December 2022. However, as at 31 December 2021 the Company classified these loans as current portion.

Under the Company's loan agreement and memorandum, the Company must comply with certain conditions stipulated in the agreement such as to maintain the percentage of shareholding of Samart Corporation Public Co., Ltd., in the Group, to maintain financial ratios and to receive financial support from Samart Corporation Public Co., Ltd. in total of not exceeding Baht 600 million. The amount of the financial support was approved by the Company's Extraordinary General Meeting of Shareholders on 1 September 2020.

Based on the financial statements, as at 31 December 2021 the Company was unable to maintain certain financial ratios or conditions as stipulated in the loan agreements with the aforementioned banks. Therefore, the loan of Baht 1,788 million (2020: Baht 156 million) is payable on demand. The Company classifies this loan as current portion. The Company is in the process of negotiation to revise these conditions with banks and to request a waiver of the repayment structure, which is currently in the process of consideration and approval by the bank.

21. Convertible debentures

On 8 June 2021, the Extraordinary General Meeting of the Company's shareholder passed a resolution approving the issuance and offering of the convertible debentures to private placement investors who are not related with the Company in the amount of not exceeding Baht 1,000 million. The proceeds from this debenture issuance will be used for working capital, investments in projects and repayments of loans from financial institutions. The convertible debentures details are summarised below:

Type of convertible debentures	Senior Unsecured Convertible Debentures
Currency	Thai Baht
Total principal amount	Not exceeding Baht 1,000 million as it can be broken down into 4 tranches as follows: <ol style="list-style-type: none"> 1. Tranche 1 not exceeding Baht 200 million, divided into 20 sets of Baht 10 million per set 2. Tranche 2 not exceeding Baht 250 million, divided into 25 sets of Baht 10 million Baht per set 3. Tranche 3 not exceeding Baht 250 million, divided into 25 sets of Baht 10 million per set 4. Tranche 4 not exceeding Baht 300 million, divided into 15 sets of Baht 20 million per set

Conversion condition	<p>The Company gradually will issue the Convertible Debentures in order of the Tranche (1-4) based on the liquidity of the Company. The issuance shall follow the condition precedent which is approved by the Securities and Exchange Commission and other related regulators including requirements and conditions of such convertible debentures.</p> <p>The timeframe of the conversion is within 3 years after shareholder's meeting approved the issuance. However, if the Company does not issue all convertible debentures within 3 years, the Company may request an approval of the shareholders' meeting to issue the unissued convertible debentures depending on the requirement for the Company's liquidity.</p>
Interest rate	0.50 percent per annum, provided that the interest will be paid on a quarterly basis.
Maturity period	3 years after the issuance of each Tranche.
Payback condition	Repay in lumpsum after each due of specific Tranche according to the term and condition of the Convertible Debenture. In such, for each Tranche the maturity period is not over 3 years after the issuance by convert into the Company's share capital.
Redeem rights before due date	The holders of the Convertible Debentures may or may not have rights to redeem the Convertible Debentures before due date and/or the issuer of the Convertible Debentures may or may not have rights to redeem the Convertible Debentures before due date too. The redemption has to be followed by the terms and conditions of each set aligned with rules, regulations, laws and/or permissions from related authorised Governmental Bodies.
Conversion ratio	Principle amount of the Convertible Debentures dividend by the conversion price.
Conversion price	<p>Not lower than 90 percent of market price which does not in the case the price is lower than the offering price offered pursuant to the Notification No. Tor Chor. 72/2558.</p> <p>The market price shall be calculated based on the weighted average price of the Company's shares trading on the Stock Exchange of Thailand for the past 7-15 consecutive business days (Floating Conversion Price).</p> <p>However, if the conversion price calculated above is lower than the par value of the Company's shares. The Company must issue additional compensation shares for the calculation of all shares issued at par value is based on the conversion price.</p>
Conversion period	The holder of the Convertible Debentures may exercise their rights of conversion of the Convertible Debentures into the Company's until the close of business on the date falling 1 week prior to the maturity date of the Convertible Debentures.
Number of ordinary shares reserved for conversion	3,703,703,704 shares (equivalent to 22.01 percent of the total issued shares of the Company after registering the paid-up capital which are based on the assumption that the Convertible Debentures shall be entirely exercised.)
Secondary market for ordinary shares issued after conversion	The Company shall arrange to list the ordinary shares issued after the conversion of the Convertible Debentures on the Stock Exchange of Thailand or other stock exchange where the shares of the Company is a listed security at that time.

Movements of convertible debentures net from convertible debenture expenses for the year ended 31 December 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements
Balance as at 1 January 2021	-
Convertible debentures	700,000
Deferred interest expenses	(56,000)
Issuing during the period	644,000
Amortisation of debenture expenses	53,632
Total	697,632
Convert during the period	(670,000)
Balance as at 31 December 2021	27,632

The management of the Company decided to classify the convertible debentures as financial liabilities since the number of shares required for their redemption will vary with the conversion price and the effective interest rate earned by the debenture holders will be close to the market interest rate or the Company's finance costs. Moreover, the conversion to share capital will take no more than one year from the date the debentures are issued. Therefore, the value of the financial liabilities is the fair value as at the transaction date and there is, consequently, no remaining embedded derivative.

22. Leases

The group as a lessee

The group has lease contracts for various items of property, plant, and equipment used in its operations. leases generally have lease terms between 4 - 10 years.

a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Transmission Equipment	Right-of-use building space	Motor vehicles	Total
1 January 2020	202,637	9,659	7,076	219,372
Depreciation for the year	(26,062)	(1,536)	(2,263)	(29,861)
31 December 2020	176,575	8,123	4,813	189,511
Addition	-	6,992	-	6,992
Depreciation for the year	(26,061)	(2,375)	(2,259)	(30,695)
31 December 2021	150,514	12,740	2,554	165,808

(Unit: Thousand Baht)

	Separate financial statements	
	Right-of-use building space	Total
1 January 2020	5,661	5,661
Depreciation for the year	(606)	(606)
31 December 2020	5,055	5,055
Addition	6,992	6,992
Depreciation for the year	(1,446)	(1,446)
31 December 2021	10,601	10,601

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	145,404	140,194	13,741	6,769
Less: Deferred interest expenses	(18,523)	(8,810)	(2,351)	(1,387)
Total	126,881	131,384	11,390	5,382
Less: Portion due within one year	(35,029)	(81,035)	(1,128)	(375)
Lease liabilities - net of current portion	91,852	50,349	10,262	5,007

Movements of the lease liabilities account during the years ended 31 December 2021 and 2020 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning the year	131,384	206,919	5,382	5,661
Additions	6,992	-	6,992	-
Increase in interest during the year	7,422	11,884	595	287
Repayment	(20,007)	(87,419)	(1,579)	(566)
Adjustment from assessment	1,090	-	-	-
Balance at end of the year	126,881	131,384	11,390	5,382

A maturity analysis of lease payments is disclosed in Note 37.1 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets	30,695	29,861	1,446	606
Interest expense on lease liabilities	7,421	11,884	595	287
Expense relating to short-term leases	779	16,651	-	991
Expense relating to leases of low-value assets	695	859	-	-

d) Other

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 21 million, including the cash outflow related to short-term lease, leases of low-value assets. (2020: Baht 106 million).

The subsidiary companies have entered into the lease agreements with related company and leasing companies for rental of motor vehicles with transmission tools and equipment and media asset management system for use in their operations, whereby the lease agreements carried interests between 7.26 and 7.50 percent per annum and they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

On 17 November 2021, Siam Sport Television Co., Ltd. the subsidiary company entered into a memorandum of amendment to finance lease agreement with the related company, in order to extend the payment period of rental order to lease agreement by 3 years.

The lease agreement with related company was guaranteed by I-Sport Co., Ltd. a parent company of such subsidiary company as described in Note 35.2.2 to the financial statements.

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Provision for long-term employee benefits at beginning of year	16,856	26,141	6,101	12,553
Included in profit or loss:				
Current service cost	986	1,585	342	741
Interest cost	142	373	44	172
Employee transferal	(191)	(511)	(191)	(418)
Gain on settlement	(200)	(4,388)	-	(660)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Financial assumptions changes	(1,453)	432	(425)	133
Experience adjustments	(3,190)	(3,443)	400	(3,087)
Benefits paid during the year	-	(3,333)	-	(3,333)
Provision for long-term employee benefits at end of year	12,950	16,856	6,271	6,101

The Group expects to pay Baht 2.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 2.3 million) (2020: Baht 1.5 million and Separate financial statements: Nil).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 7 - 36 years (Separate financial statements: 7 years) (2020: 10 - 37 years and separate financial statements: 10 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate	1.0 - 3.5	0.7 - 2.7	1.0	0.7
Salary increase rate	2.0 - 5.5	2.0 - 6.0	3.5 - 4.5	3.5 - 6.0
Turnover rate	0 - 29	0 - 29	2 - 24	2 - 24

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Liability increase (decrease)				Liability increase (decrease)			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate	(0.7)	(1.2)	0.8	1.4	(0.3)	(0.4)	0.3	0.4
Salary increase rate	0.8	1.0	(0.7)	(0.9)	0.2	0.3	(0.2)	(0.3)
Turnover rate	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2021	2020	2021	2020	2021	2020	2021	2020
	(0.8)	(1.2)	0.9	1.5	(0.2)	(0.3)	0.3	0.4

24. Share capital and warrants

Share capital

Movements of ordinary shares, paid-up share capital and share premium of the Company during the year ended 31 December 2021 were as follows:

	Number of ordinary shares	Registered share capital
	(Thousand shares)	(Thousand Baht)
<u>Registered share capital</u>		
As at 1 January 2021		
Ordinary shares	15,400,875	1,540,088
Decrease in share capital	(2,345,409)	(234,541)
Increase in share capital	3,703,704	370,370
As at 31 December 2021	16,759,170	1,675,917

On 8 June 2021, an extraordinary general meeting of the Company's shareholders passed the following resolutions:

- Approving the decrease of the Company's registered capital of Baht 234,540,847.90 from Baht 1,540,087,500.00 to the new registered capital of Baht 1,305,546,652.10 by cancelling 2,345,408,479 ordinary shares with par value of Baht 0.10 remaining from the allocation to the shareholders in proportion to their respective shareholding (Rights Offering) and the exercise of warrants in 2018. The Company registered the decrease in share capital with the Ministry of Commerce on 17 June 2021.
- Approving the increase of the Company's registered capital of Baht 370,370,370.40 from Baht 1,305,546,652.10 to the new registered capital of Baht 1,675,917,022.50 by issuing 3,703,703,704 new ordinary shares with par value of Baht 0.10 in order to reserve for the exercise of the conversion right of the Convertible Debentures. The Company registered the increase in share capital with the Ministry of Commerce on 21 June 2021.

	Number of ordinary shares	Paid-up share capital	Share premium
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)
<u>Issue and paid-up share capital</u>			
As at 1 January 2021	11,324,423	1,132,442	2,615,287
Increase from exercise of convertible debentures	1,175,421	117,542	552,458
As at 31 December 2021	12,499,844	1,249,984	3,167,745

The Company has already registered the increase in paid-up share capital with the Ministry of Commerce.

Warrants

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to issue warrants no. 1 (SDC-W1) up to 2,200,125,000 units of warrants to the existing shareholders of the Company who subscribe to and are allocated newly issued shares by offering to them in proportion to their shareholdings (rights offering) at the ratio of 4 newly issued shares to 1 warrant, without any cost. The exercise ratio is 1 warrant : 1 share, with an exercise price of Baht 0.5 per 1 ordinary share. The warrants have a life of 5 years and are exercisable on the last business day of the June and December of each year throughout the life of the warrants, commencing from 28 December 2018 until 1 June 2023.

Warrants	Exercise price	Exercise ratio	Warrants issued	Exercised or cancelled	Warrants as at 31 December 2021
	(Baht per unit)	(Warrants: ordinary shares)	(Thousand units)	(units)	(Thousand units)
SDC-W1	0.50	1:1	1,731,043	-	1,731,043

25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

26. Service income

Service income for the years ended 31 December 2021 and 2020 was summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Service income under telecommunication service license - Type 1	245	-	245	-
Other service income	138,626	225,863	9,363	3,474
Total service income	138,871	225,863	9,608	3,474

27. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Gain on exchange	11,293	494	11,293	494
Gain on sales of equipment	323	3,487	286	1,207
Management fee income	-	-	8,460	7,800
Others	12,846	18,420	9,599	8,209
Total other income	24,462	22,401	29,638	17,710

28. Expenses by nature

Significant expenses classified by nature were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Purchase finished goods for sales	185,605	374,233	184,919	373,398
Changes in inventories	69,211	3,608	63,249	3,147
Depreciation and amortisation	128,912	176,149	65,115	94,236
Salaries and wages and other employee benefits	53,931	89,121	17,822	30,650
Rental expenses from operating lease and services agreements	6,488	8,047	3,503	4,611
Marketing expenses	6,407	6,574	1,019	12
Transmission equipment rental expenses	965	7,869	-	-

29. Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Write-off bad debts	-	718	-	718
Others	1,130	770	636	533
Total other expenses	1,130	1,488	636	1,251

30. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest expenses on:				
Bank loans	119,729	155,470	119,131	154,601
Convertible debentures	53,707	-	53,707	-
Loans from related parties	14,504	4,808	17,064	8,151
Lease liabilities	7,421	11,884	595	287
Total interest expenses	195,361	172,162	190,497	163,039
Bank charges	1,102	1,077	875	789
Total finance cost	196,463	173,239	191,372	163,828

31. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 were made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current income tax				
Current income tax charge	1,174	2,596	-	-
Deferred tax				
Relating to origination and reversal of temporary differences	19,459	127,397	517	117,429
Income tax expenses reported in profit or loss	20,633	129,993	517	117,429

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax on gain from the change in value of financial assets measured at FVOCI	18,970	(480)	18,970	(480)
Deferred tax relating to actuarial loss	925	602	500	605
Income tax charged to other comprehensive income	19,895	122	19,470	125

The reconciliation between accounting loss and income tax expenses was shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Accounting loss before tax	(335,023)	(224,471)	(331,688)	(225,511)
Applicable tax rate	15% and 20%	15% and 20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(66,967)	(44,870)	(66,338)	(45,102)
Share of loss from investment in subsidiaries	-	-	11,823	9,767
Effects of:				
Utilisation of tax loss carry forward	(439)	-	-	-
Non-deductible expenses	4,144	4,804	3,654	4,345
Non-deductible taxable income	(1,803)	(16,626)	(397)	(16,626)
Additional expenses deductions allowed	(153)	(344)	(153)	(344)
Write-off of deferred tax assets	141,687	112,989	123,000	112,989
Others	(10,787)	(196)	(10,622)	(98)
Total	132,649	100,627	115,482	100,266
Deferred tax assets not recognised	57,834	74,236	42,433	52,498
Deferred tax assets not recognised in the prior year that recognise in the current year	(102,883)	-	(102,883)	-
Income tax expenses reported in the income statement	20,633	129,993	517	117,429

The components of deferred tax assets and deferred tax liabilities were as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	172	274	-	-
Allowance for diminution in value of inventories	7,471	8,705	7,164	7,210
Allowance for asset impairment	1,969	1,969	1,969	1,969
Unrealised fair value loss on investment designated at fair value through profit or loss	8,200	8,230	8,200	8,230
Provision for long-term employee benefits	2,575	3,371	1,254	1,220
Loss on change in value of equity investments designated at fair value through other comprehensive income	-	18,970	-	18,970
Unused tax loss	291,238	309,924	291,238	291,238
Lease agreements	6,533	6,479	-	-
Others	38	46	20	22
Total	318,196	357,968	309,845	328,859
Deferred tax liabilities				
Valuation of intangible assets	(4,874)	(5,770)	-	-
Others	(478)	-	(478)	-
Total	(5,352)	(5,770)	(478)	-
Deferred tax, net	312,844	352,198	309,367	328,859

Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets	312,844	352,198	309,367	328,859
Deferred tax, net	312,844	352,198	309,367	328,859

As at 31 December 2021, the Group have Baht 291 million (The Company only: Baht 291 million) (2020: Baht 310 million (The Company only: Baht 291 million)) deferred tax assets in relation to tax loss carried forward deductible against future profit in tax calculation if the Group have sufficient profit.

The Company has signed for a new business under the expertise and experience of the Company during the year of 2021 and it is able to commence business operations immediately thereafter. The Company expects to gain sufficient profit to utilize tax loss carried forward. It therefore believes that it will benefit from the recorded deferred tax assets, considering the current situation. Although the Company has evaluated and exercised its best estimate, there is still uncertainty about the changing situation, which is normal for future events that have not yet occurred.

As at 31 December 2021, the Group companies have deductible temporary differences Baht 2,071 million and separate financial statements: Baht 2,070 million (2020: Baht 2,065 million and separate financial statements: Baht 2,057 million) and unused tax losses which will expire in 2022 - 2026 totaling Baht 1,202 million and separate financial statements: Baht 827 million (2020: Baht 1,370 million and separate financial statements: Baht 1,079 million), on which deferred tax assets have not been recognised as the Group companies believe that the future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

32. Basic loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued according to the portion of exercise.

As at 31 December 2021, the remaining of convertible debentures of Baht 30 million (which derived from the convertible debentures issued) are exclude from the diluted weighted average number of ordinary shares calculation because the effect would have been anti-dilutive.

As at 31 December 2021, the warrants are excluded from the potential ordinary shares since their exercise price is higher than the fair value of the ordinary shares.

33. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services. The Group have two business segments as follows:

1. Digital Network segment
Provision Digital Trunked Radio systems and distribution equipment, audio - visual equipment network and software systems and a mobile antenna services provider (Mobile Virtual Network Operator).
2. Digital Content segment
 - 2.1 Provision of voice services, audiovisual or multimedia services and infotainment services through mobile phones
 - 2.2 Content provider through multimedia channels
 - 2.3 Producer of television
 - 2.4 Provision of multimedia and interactive media services
 - 2.5 Provision of website services
 - 2.6 Provision of entertainment services as part of intelligent marketing strategy

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is set out in Note 6 to the financial statements.

The following tables present revenue and profit and total assets/total liabilities information regarding the Group' operating segments for the years ended 31 December 2021 and 2020, respectively.

(Unit: Million Baht)

	Digital network		Digital content		Adjustments and eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Sales and service income								
Sales and service income from third parties	63	398	122	190	-	-	185	588
Sales and service income from related parties	202	41	7	8	-	-	209	49
Total sales and service income	265	439	129	198	-	-	394	637
Cost of sales and service	279	425	118	156	4	4	401	585
Gross profit (loss)	(14)	14	11	42	(4)	(4)	(7)	52
Unallocated income (expenses):								
Other income							24	22
Selling and distribution expenses							(34)	(48)
Administrative expenses							(107)	(139)
Other expenses							(1)	(2)
Finance income							-	1
Finance cost							(196)	(173)
Reversal of impairment (loss) on financial assets							(15)	63
Income tax expenses							(20)	(130)
Non-controlling interests of the subsidiaries							24	11
Loss for the year							(332)	(343)

(Unit: Million Baht)

	Digital network		Digital content		Adjustments and eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets								
Trade accounts receivable - net	255	469	23	30	(5)	(5)	273	494
Inventories - net	243	102	-	-	-	-	243	102
Equipment - net	2,364	2,303	13	33	-	(1)	2,377	2,335
Deferred tax assets	310	329	8	29	(5)	(6)	313	352
Others	2,288	2,011	325	363	(1,267)	(1,265)	1,346	1,109
Segment total assets	5,460	5,214	369	455	(1,277)	(1,277)	4,552	4,392
Segment total liabilities	4,405	4,498	163	197	(852)	(798)	3,716	3,897
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	57	78	(48)	(69)	(4)	(4)	5	5

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Revenue from contracts with customers				
Sales	255	411	254	411
Service income	139	226	9	3
Total	394	637	263	414
Timing of revenue recognition:				
Revenue recognised at a point in time	255	411	254	411
Revenue recognised at over time	139	226	9	3
Total revenue from contracts with customers	394	637	263	414

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2021, the Group had revenue from 2 major customers in amount of Baht 180 million and Baht 50 million, arising from sales by sales product (2020: Baht 310 million and Baht 79 million).

34. Provident fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and subsidiary companies contribute to the fund monthly at the rate of 3 - 10 percent of basic salary. Their employees contribute to the fund monthly at the rate of 3 - 15 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited and Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 3 million (Separate financial statements: Baht 1 million) (2020: Baht 4 million, Separate financial statements: Baht 2 million) were recognised as expenses.

35. Commitments and contingent liabilities

The Group had commitments and contingent liabilities other than those disclosed in other notes to financial statements as follows:

35.1 Operating lease commitments and service agreements

As at 31 December 2021 and 2020, the Group has future lease payments required under short-term leases, leases of low-value assets and service agreements as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Within 1 year	12	17	5	5
Over 1 and up to 3 years	4	12	2	8
Total	16	29	7	13

35.2 Guarantees

35.2.1 Bank guarantees

As at 31 December 2021, there were outstanding bank guarantees issued by banks on behalf of the Group, in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Performance guarantees	402.91	15.62	393.91	0.62
Guarantee electricity use, among others	0.10	0.11	-	0.01
	403.01	15.73	393.91	0.63

35.2.2 Guarantees to related parties

- The Company has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2021	2020
I-Sport Co., Ltd. and Siam Sport Television Co., Ltd.	10	35
I-Sport Co., Ltd.	-	10

These guarantees are effective for as long as the underlying obligations have not been discharged by those subsidiaries.

- As at 31 December 2021, I-Sport Co., Ltd. a subsidiary company was guarantor for Siam Sport Television Co., Ltd., a subsidiary company of I-Sport Co., Ltd. regarding lease liabilities between Siam Sport Television Co., Ltd. and Samart Comtech Co., Ltd., a related company. The contingent liabilities is amounting to Baht 128 million (2020: Baht 128 million).

35.3 Commitments in uncalled portions of investments

As at 31 December 2021, the Company has outstanding commitment in respect of uncalled portions of investment in its local subsidiary of approximately Baht 3 million (2020: Baht 3 million).

35.4 Other commitments

35.4.1 The Group companies entered into the service agreements with various companies between 1 and 3 years. The Group companies have to pay a monthly facility service fee at the rate stipulated in the agreements.

35.4.2 On 10 March 2017, the Company entered into an agreement to enter into a consortium with Samart Communication Services Co, Ltd. named SISC Consortium, for the purpose of entering into an alliance service agreement for Digital Trunked Radio System with CAT Telecom Public Co., Ltd. (Currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.). The Company was appointed as the lead company of SISC Consortium and is authorised to act on behalf of SISC Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SISC Consortium has fully discharged its responsibilities under the agreement. The Company is obliged to comply with certain conditions and pay fees for the project as stated in the agreement.

Subsequently, on 24 August 2017, SISC Consortium entered into a business alliance agreement with CAT Telecom Public Co., Ltd. in order to increase its capability to provide Digital Trunked Radio System (DTRS) services. The agreement will terminate on 31 July 2025.

On 2 October 2017, the Company entered into a three-year agreement with CAT Telecom Public Co., Ltd. to resell digital trunked radio system services to end-users. The term shall be automatically extended for another one-year term, unless either party provide the other with written notice of its election not to extend on before the date of expiration. Under the terms of the agreement, the Company is obliged to pay minimum wholesale service fees at a stipulated rate.

35.5 Capital commitment

As at 31 December 2021, the Company has capital commitment of approximately USD 17 million or equivalent to Bath 577 million and Baht 648 million (2020: USD 17 million or equivalent to Bath 526 million and Baht 506 million) regarding the purchasing of equipment for Digital Trunked Radio System (DTRS) services.

As at 31 December 2021, Thai Base Station Co., Ltd., a subsidiary company has capital commitment of approximately Bath 92 million (2020: Bath 93 million) regarding the purchasing of equipment and installing for telecommunication tower service for Tower-Co project.

35.6 Litigation

On 22 February 2017, TOT Public Co., Ltd. (currently, CAT Telecom Public Co., Ltd. has been merged with TOT Public Co., Ltd. into National Telecom Public Co., Ltd.) submitted a letter to the Office of National Broadcasting and Telecommunications Commission (NBTC) to notify the NBTC of the cancellation of the cooperation under the Memorandum of Understanding with respect to 3G mobile network service trial project prior to notifying of such cancellation to I-Mobile Plus Co., Ltd., a subsidiary company. On 1 March 2017, the subsidiary company submitted a letter to TOT Public Co., Ltd. and the NBTC to notify of the termination of i-mobile 3GX service because the 3GX cellular phone system was frequently disrupted and TOT Public Co., Ltd. was unable to permanently fix the problem. In addition, TOT Public Co., Ltd. had not expanded its base station following its business plan in order to expand the coverage across the country. Subsequently, on 22 June 2017, the NBTC submitted to the subsidiary a letter regarding an approval of the termination of the Telecommunications Business License type 1 and agreed with the company's recovery plan for the users of i-mobile 3GX. Subsequently, the subsidiary submitted a letter notifying the NBTC that it had mutually agreed with TOT Public Company Limited that the date of discontinuing the i-mobile 3GX service would be 18 July 2017.

Later, the subsidiary company, has been notified by TOT Public Co., Ltd. demanding the payment for Home Location Register (HLR) amounting to Baht 19 million (31 December 2020: Baht 19 million). However, the management and the legal department of the subsidiary company were of the opinion that the subsidiary company was not liable to such payment because the data storage on HLR did not reach the quota specified in the agreement. The subsidiary company filed a plaint for compensation with TOT Public Co., Ltd. to the Civil Court since October 2018 and at present it is under consideration of the Civil Court. In this regard, as at 31 December 2021 the subsidiary company did not set up a provision in the account.

In addition, TOT Public Co., Ltd. submitted a letter to the subsidiary demanding the payment for accrued service fee totaling Baht 137 million (including, Home Location Register, mentioned above). Subsequently, the subsidiary submitted a letter requesting to offset the service fee with prepaid bulk or package that the subsidiary had purchased from TOT Public Co., Ltd. with the balance of Baht 70 million.

Subsequently, during 2020, TOT Public Co., Ltd. filed a suit against the Company and the subsidiary with the Central Administrative Court for breach of an administrative contract with an amount in dispute of Baht 212 million (including interest thereon). The Central Administrative Court issued an order not to accept the specific plaint regarding the service fee payment for preparing and storing data in the Home Location Register (HLR) from April 2011 to October 2014 with interest and VAT. Subsequently, during 2021, the Supreme Administrative Court reversed the order of the Central Administrative Court to accept the plaint. On 30 April 2021, the Company and the subsidiary filed the amended plaint with the Central Administrative Court.

While the case is under the consideration of the Administrative Court, on 21 October 2020, the Company and its subsidiaries filed an objection against the jurisdiction and requested a court decision per the Act on the Determination of the Powers and Duties among Courts. Subsequently, on 27 May 2021, the Committee on Jurisdiction of Courts decided that the case is in jurisdiction of the Court of Justice, not the Administrative Court. Subsequently, on 12 November 2021, the Administrative Court issued a letter notifying of an order to transfer the case to the Civil Court. On 12 January 2022, the Civil Court notified the Company that the case had been transferred from the Administrative Court and made an appointment for both parties to appear in the Court to schedule the date for the taking of evidence. On 17 February 2022, the plaintiff's lawyer and the defendant's lawyer went to the Court, and the defendant's lawyer requested to amend the statement on such date. The Court then postponed the appointment to 18 April 2022 to determine the proceedings or to schedule the settlement of issues.

The Group's legal advisor was of the opinion that TOT Public Co., Ltd. breached the contract, causing a significant business damage to the Company and the subsidiary. The subsidiary filed the plaint with the Civil Court as mention above, and the Court would finally rule in favor of the subsidiary. The Group's management still believes that the adverse impact arising from this dispute will not be significant.

As at 31 December 2021, the case is under further court proceedings. The Group is confident that the provision in its account is adequate in current situation.

36. Fair value hierarchy

As at 31 December 2021, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated/Separate financial statements			
	Level 1		Total	
	2021	2020	2021	2020
Assets measured at fair value				
Financial assets measured at FVTPL				
Equity investments	0.4	0.2	0.4	0.2
Financial assets measured at FVOCI				
Equity investments	-	13	-	13

37. Financial instruments

37.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off according to the Group's policy determining the appropriateness.

Market risk

There are two types of market risk comprising foreign currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to foreign currency risk arise mainly from purchasing transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies were summarised below.

Foreign currency	Consolidated financial statements/ Separate financial statements		Exchange rate as at 31 December	
	2021	2020	2021	2020
	(Million)		(Baht per 1 foreign currency unit)	
Financial assets				
US dollar	-	3.95	33.2469	29.8674
Financial liabilities				
US dollar	6.15	1.29	33.5929	30.2068

Foreign currency sensitivity

The Group's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to their cash at banks, short-term and long-term borrowings. Most of the Groups' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date.

(Unit: Million Baht)

Consolidated financial statements										
	Fixed interest rates				Floating interest rate		Non-interest bearing		Total	
	Within 1 year		1 - 5 years		2021	2020	2021	2020	2021	2020
	2021	2020	2021	2020						
Financial assets										
Cash and cash equivalents	-	-	-	-	171	124	-	-	171	124
Trade and other receivables	-	-	-	-	-	-	274	502	274	502
Restricted bank deposits	103	103	-	-	-	-	-	-	103	103
Other financial assets	-	-	-	-	-	-	119	22	119	22
	103	103	-	-	171	124	393	524	667	751
Financial liabilities										
Bank overdrafts	-	-	-	-	15	-	-	-	15	-
Short-term loans from banks	3	6	-	-	-	-	-	-	3	6
Trade and other payables	-	-	-	-	-	-	444	533	444	533
Short-term loans from unrelated parties	-	-	-	-	13	22	-	-	13	22
Long-term loans from related parties	-	-	322	322	-	-	-	-	322	322
Long-term loans from financial institutions	-	-	-	-	2,726	2,842	-	-	2,726	2,842
Convertible debentures	-	-	28	-	-	-	-	-	28	-
	3	6	350	322	2,754	2,864	444	533	3,551	3,725

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

(Unit: Million Baht)

	Separate financial statements											
	Fixed interest rates				Floating interest rate		Non-interest bearing		Total			
	Within 1 year		1 - 5 years		2021		2020		2021		2020	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets												
Cash and cash equivalents	-	-	-	-	115	41	-	-	-	-	115	41
Trade and other receivables	-	-	-	-	-	-	271	485	-	-	271	485
Short-term loans	-	-	-	-	115	121	-	-	-	-	115	121
Restricted bank deposits	103	103	-	-	-	-	-	-	-	-	103	103
Other financial assets	-	-	-	-	-	-	118	19	-	-	118	19
	103	103	-	-	230	162	389	504	-	-	722	769
Financial liabilities												
Bank overdrafts	-	-	-	-	15	-	-	-	-	-	15	-
Trade and other payables	-	-	-	-	-	-	330	403	-	-	330	403
Short-term loans from related parties	-	-	-	-	523	493	-	-	-	-	523	493
Long-term loans from related parties	-	-	322	322	-	-	-	-	-	-	322	322
Long-term loans from financial institutions	-	-	-	-	2,726	2,842	-	-	-	-	2,726	2,842
Convertible debentures	-	-	28	-	-	-	-	-	-	-	28	-
	-	-	350	322	3,264	3,335	330	403	-	-	3,944	4,060

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate short-term loans and long-term loans affected as at 31 December 2021 and 2020, with all other variables held constant.

Currency	Increase / decrease (%)	Consolidated financial statements		Separate financial statements	
		Effect on loss before tax/ increase (decrease)		Effect on loss before tax increase/(decrease)	
		2021	2020	2021	2020
		(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Baht	+0.10	2,739	2,870	2,996	3,086
	-0.10	(2,739)	(2,870)	(2,996)	(3,086)

The above analysis has been prepared assuming that the amounts of the floating rate borrowings and all other variables remain constant over one year. Moreover, the floating legs of these borrowings are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Liquidity risk

The Group has a policy to control the risk of a shortage of liquidity by maintaining an adequate level of cash and cash equivalents for the Group's operation. As at 31 December 2021, approximately 84% (2020: 51%) of the Group's debt will mature in less than one year (The Company only: 87% (2020: 55%)) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed risk with respect to refinancing its debt and concluded that the Group has access to a source of funding, and the Group can request for roll over debt maturing within 12 months with existing lenders.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdrafts	15	-	-	-	15
Short-term loans from financial institutions	-	3	-	-	3
Short-term loans	13	-	-	-	13
Trade and other payables	444	-	-	-	444
Lease liabilities	-	41	101	3	145
Long-term loans from related parties	-	-	380	-	380
Long-term loans	-	2,657	140	-	2,797
Convertible debentures	-	-	30	-	30
Total non-derivatives	472	2,701	651	3	3,827

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	-	6	-	-	6
Short-term loans	22	-	-	-	22
Trade and other payables	533	-	-	-	533
Lease liabilities	-	87	50	3	140
Long-term loans from related parties	-	-	400	-	400
Long-term loans	-	1,439	1,550	-	2,989
Total non-derivatives	555	1,532	2,000	3	4,090

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdrafts	15	-	-	-	15
Short-term loans from related parties	523	-	-	-	523
Trade and other payables	330	-	-	-	330
Lease liabilities	-	2	9	3	14
Long-term loans from related parties	-	-	380	-	380
Long-term loans	-	2,657	140	-	2,797
Convertible debentures	-	-	30	-	30
Total non-derivatives	868	2,659	559	3	4,089

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from related parties	493	-	-	-	493
Trade and other payables	403	-	-	-	403
Lease liabilities	-	1	4	2	7
Long-term loans from related parties	-	-	400	-	400
Long-term loans	-	1,439	1,550	-	2,989
Total non-derivatives	896	1,440	1,954	2	4,292

37.2 Fair values of financial instruments

Since the majority of the Groups' financial instruments are short-term in nature or bear floating interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

38. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 4.4:1 (2020: 7.9:1) and the Company's was 5.2:1 (2020: 10.1:1).

39. Events after the reporting period

39.1 Debentures

The Company has offered and issued a newly convertible debentures No. 15 pursuant to the convertible debenture agreement in December 2021 totaling of Baht 30 million. The convertible debentures will be matured on 19 November 2024. The convertible debenture holders have exercised convertible rights in January 2022 of Baht 30 million. The Company registered the latest paid-up share capital with the Ministry of Commerce on 5 January 2022.

In addition, the Company has offered and issued a newly convertible debentures No. 16 - 21 pursuant to the convertible debenture agreement in January and February 2022 totaling of Baht 300 million. The convertible debentures will be matured on 7 January 2025. The convertible debenture holders have exercised convertible rights in January and February 2022 of Baht 240 million and Baht 60 million, respectively. The Company registered the latest paid-up share capital with the Ministry of Commerce on 9 February 2022.

39.2 On 5 January 2022, the Extraordinary General Meeting of the shareholders of SIM2ASSET Co., Ltd. approved to change the company's name from "SIM2ASSET Co., Ltd." to "Lucky Heng Heng Co., Ltd.". The subsidiary registered with the Ministry of Commerce for the change of its name on 13 January 2022.

39.3 On 10 February 2022, the Company's Board of Directors' meeting passed a resolution to propose to the Extraordinary General Meeting of Shareholders the significant matters as follows:

1. The decrease of the Company's registered capital of Baht 182,122,044.40 from Baht 1,675,917,022.50 to the new registered capital of Baht 1,493,794,978.10 by reduction of 1,821,220,444 ordinary shares with par value of Baht 0.10 remaining from the reserve for the conversion rights of the convertible debentures.
2. The issuance and offering of the newly issued convertible debentures of the Company of not exceeding Baht 1,000,000,000 (the "Convertible Debentures") by way of private placement to specific investor which is not related person.
3. The increase of the Company's registered capital of Baht 221,302,959.70 from Baht 1,493,794,978.10 to the new registered capital of Baht 1,715,097,937.80 by issuing 2,231,029,597 ordinary shares with par value of Baht 0.10 in order to reserve for the exercise of the conversion right of the Convertible Debentures.

In this regard, the Company convenes the Extraordinary General Meeting of Shareholders on 18 March 2022 to consider the above matters.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.

SAMART *Digital*



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