

1Q22: Management Discussion and Analysis

Business overview

In 1Q22, Samart Digital PLC. (SDC) reported quarterly consolidated revenue of Baht 283 million, increased by Baht 184 million or 185.9% YoY, majorly contributed by the increasing in revenue of trading DTRS equipment in Digital Network business, from completely delivering all equipment of Provincial Electricity Authority (PEA) Project and initially recognizing the revenue of the Ministry of the Interior (MOI) Project, but decreasing in revenue of Digital Content business from the decreasing of revenue of mobile content and decreasing in revenue of football broadcasting.

Comparing 1Q22 to 4Q21, consolidated revenue increased by Baht 166 million or 141.5% QoQ, majorly contributed by the increasing in revenue of trading DTRS equipment in Digital Network business but decreasing in revenue of Digital Content business from a football broadcasting.

Operating loss (EBT) of Baht 83 million increased by Baht 19 million YoY but operating loss (EBT) decreased by Baht 26 million QoQ.

The Company reported the consolidated net loss attributable to equity holders of the company of Baht 84 million, increased by Baht 21 million YoY, but decreased by Baht 30 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	1/22	1/21	%YoY	4/21	%QoQ
Digital Network	250	60	316.9%	83	199.2%
Digital Content	33	39	(15.4%)	34	(1.8%)
Total revenue*	283	99	185.9%	117	141.5%

* Total Revenue (sales, service revenue and revenue from contract work)

Revenue

Digital Network Business: This quarter, the revenue of digital network business was reported of Baht 250 million, which represented 88.3% of total revenue. Comparing 1Q22 to 1Q21, the revenue increased by Baht 190 million or 316.9% YoY. In addition, the revenue increased by Baht 166 million or 199.2% QoQ.

Digital Content business: This quarter, the revenue of digital content business was reported of Baht 33 million, which represented 11.7% of total revenue. Comparing 1Q22 to 1Q21, the revenue decreased by Baht 6 million or 15.4% YoY. In addition, the revenue decreased by Baht 1 million or 1.8% QoQ.

Gross profit

In 1Q22, overall gross profit of the Company was reported at profit of Baht 2.6 million, increased by Baht 0.3 million YoY, which 1Q21 was reported at profit of Baht 2.3 Million. Comparing to last quarter, gross profit increased by Baht 2.8 Million QoQ, which 4Q21 was reported at loss of Baht 0.2 million.

S&A and other expenses

In 1Q22, selling and administrative expenses including other expenses were reported of Baht 29 million, decreased by Baht 8 million or 21.6% YoY. The reduction of the expenses were due to decreasing in depreciation expense.

Comparing to 4Q21, selling and administrative expenses including other expenses decreased by Baht 3 million or 9.0% QoQ.

Financial costs

In 1Q22, financial costs were Baht 62 million, increased by Baht 26 million or 73.2% YoY, which mainly resulted from the increasing of convertible debenture expenses. However, financial costs decreased by Baht 14 million or 18.4% QoQ, which mainly resulted from the decreasing of convertible debenture expenses.

Net loss

In 1Q22, the consolidated net loss attributable to equity holders of the company was reported of Baht 84 million. Net loss attributable to equity holders of the company increased by Baht 21 million or 34.0% YoY, resulted from the increasing of convertible debenture expenses of Baht 26 million. However, net loss attributable to equity

holders of the company decreased by Baht 30 million or 26.4% QoQ, which mainly resulted from the decreasing of convertible debenture expenses, the decreasing of selling and administrative expenses including other expenses, and the decreasing of corporate tax expenses.

Financial position

As at March 31, 2022, SDC reported total assets at Baht 4,968 million, increased by Baht 416 million or 9.1% compared with December 31, 2021, mainly resulted from the increasing in cash and cash equivalents of Baht 189 million which mainly due to the cash received from the convertible debenture, the increasing in trade and other accounts receivable of Baht 135 million from increasing of an undue trade receivables, increasing in other current assets of Baht 230 million from Advance for purchase of inventories, and the increasing in equipment of Baht 114 million. As inventories decreased by Baht 118 million from selling products of DTRS project, and other current financial assets decreased by Baht 115 million from reducing goods deposits.

The Company also reported its total liabilities at Baht 3,893 million, increased by Baht 178 million or 4.8%, which unearned revenue of DTRS project increased by Baht 234 million. As the long-term loans from financial institution decreased by Baht 46 million from loan repayment.

Total shareholders' equity was Baht 1,075 million, increased by Baht 239 million or 28.6% compared with December 31, 2021, as a result of the increasing from the converted convertible debenture of Baht 330 million and net comprehensive loss in this year of Baht 91 million.