

1Q23: Management Discussion and Analysis

Business overview

In 1Q23, Samart Digital PLC. (SDC) reported quarterly consolidated revenue in an amount of Baht 700 million. Comparing 1Q23 to 1Q22, consolidated revenue increased by Baht 413 million or 143.7% YoY. Majorly contributed by the revenue from contract work in digital network business which the Company was recognized the revenue of trading equipment for The Ministry of Interior of the Kingdom of Thailand (MOI) Project of Baht 642 million in this quarter. While the revenue of digital content business was slightly decreased mainly from mobile content and football broadcasting.

Comparing 1Q23 to 4Q22, consolidated revenue increased by Baht 632 million or 928.2% QoQ, mainly from the revenue of trading equipment in digital network business in this quarter.

Operating loss (EBT) of Baht 13 million decreased by Baht 8 million YoY, and operating loss (EBT) decreased by Baht 500 million QoQ.

The Company reported the consolidated net loss attributable to equity holders of the Company of Baht 63 million, decreased by Baht 22 million YoY, and decreased by Baht 733 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	1/23	1/22	%YoY	4/22	%QoQ
Digital Network	661	246	168.9%	30	2,095.5%
Digital Content	34	37	(8.1%)	33	3.0%
Total revenue*	695	283	145.7%	63	1,000.9%

* 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 661 million, which represented 95.1% of total revenue. Comparing 1Q23 to 1Q22, the revenue increased by Baht 415 million or 168.9% YoY and increased by Baht 630 million or 2,095.5% QoQ.

Digital Content business: This quarter, the revenue of digital content business was reported of Baht 34 million, which represented 4.9% of total revenue. Comparing 1Q23 to 1Q22, the revenue decreased by Baht 3 million or 8.1% YoY. While the revenue increased by Baht 1 million or 3.0% QoQ.

Gross profit

In 1Q23, overall gross profit of the Company was reported of Baht 9 million, increased by Baht 6 million YoY, which 1Q22 was reported of Baht 3 million. Comparing to last quarter, gross profit increased by Baht 29 Million QoQ, which 4Q22 was reported at loss of Baht 20 million.

S&A and other expenses

In 1Q23, selling and administrative expenses including other expenses were reported of Baht 28 million, decreased by Baht 1 million or 3.4% YoY and decreased by Baht 470 million or 94.5% QoQ. Mainly resulted from provision for impairment in last quarter.

Financial costs

In 1Q23, financial costs were Baht 49 million, decreased by Baht 13 million or 21.5% YoY. However, financial costs increased by Baht 6 million or 14.4% QoQ.

Net loss

In 1Q23, the consolidated net loss attributable to equity holders of the Company was reported of Baht 63 million. Net loss attributable to equity holders of the Company decreased by Baht 22 million or 25.9% YoY. In addition, net loss attributable to equity holders of the Company decreased by Baht 733 million or 92.1% QoQ due to the recognized provision for impairment and write-off deferred tax assets in last quarter.

Financial position

As at Mar 31, 2023, SDC reported total assets at Baht 4,468 million, increased by Baht 217 million or 5.1% compared with December 31, 2022, mainly resulted from the increasing in trade and other receivables of Baht 565 million, increasing in equipment of Baht 51 million. As inventories decreased by Baht 184 million from selling products of DTRS project. Cash and cash equivalents decreased by Baht 125 million and other current asset decreased by Baht 85 million.

The Company also reported its total liabilities at Baht 4,359 million, increased by Baht 166 million or 4.0%, which trade and other payables increased by Baht 391 million. While unearned revenue decreased by Baht 74 million. Bank overdrafts decreased by Baht 65 million and current portion of long-term loans from financial institutions decreased by Baht 55 million.

Total shareholders' equity was Baht 109 million, increased by Baht 50 million or 85.6% compared with December 31, 2022, as a result from the increasing of the converted convertible debenture of Baht 114 million while net comprehensive loss in this period of Baht 64 million.