

2Q22: Management Discussion and Analysis

Business overview

In 2Q22, Samart Digital PLC. (SDC) reported quarterly consolidated revenue in an amount of Baht 230 million increased by Baht 192 million or 501.2% YoY, majorly contributed by the increasing in revenue of trading DTRS equipment in Digital Network business, mainly from recognizing the revenue of The Ministry of Interior of the Kingdom of Thailand (MOI) Project.

Comparing 2Q22 to 1Q22, consolidated revenue decreased by Baht 57 million or 19.9% QoQ, Due to all equipment of Provincial Electricity Authority (PEA) Project were completely delivered in the last quarter and decreasing in revenue of Digital Content business, mainly from a football broadcasting according to the season break of Thai League.

Operating loss (EBT) of Baht 90 million increased by Baht 15 million YoY and operating loss (EBT) increased by Baht 7 million QoQ.

The Company reported the consolidated net loss attributable to equity holders of the Company of Baht 87 million, increased by Baht 15 million YoY, and increased by Baht 2 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	2/22	2/21	%YoY	1/22	%QoQ
Digital Network	203	3	7,452.2%	250	(18.6%)
Digital Content	26	28	(7.6%)	33	(21.6%)
Total revenue*	229	31	646.3%	283	(19.0%)

* 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 203 million, which represented 88.7% of total revenue. Comparing 2Q22 to 2Q21, the revenue increased by Baht 200 million or 7,452.2% YoY. But the revenue decreased by Baht 47 million or 18.6% QoQ.

Digital Content business: This quarter, the revenue of digital content business was reported of Baht 26 million, which represented 11.3% of total revenue. Comparing 2Q22 to 2Q21, the revenue decreased by Baht 2 million or 7.6% YoY. In addition, the revenue decreased by Baht 7 million or 21.6% QoQ.

Moreover, other income was reported of Baht 1 million in this quarter.

Gross profit

In 2Q22, overall gross profit of the Company was reported at loss of Baht 4.3 million, decreased by Baht 3.7 million YoY, which 2Q21 was reported at loss of Baht 8.0 Million. Comparing to last quarter, the loss increased by Baht 6.9 Million QoQ, which 1Q22 was reported at profit of Baht 2.6 million.

S&A and other expenses

In 2Q22, selling and administrative expenses including other expenses were reported of Baht 25 million, decreased by Baht 14 million or 35.3% YoY. The reduction of the expenses were due to decreasing in depreciation expense.

Comparing to 1Q22, selling and administrative expenses including other expenses decreased by Baht 3 million or 11.4% QoQ.

Financial costs

In 2Q22, financial costs were Baht 37 million, increased by Baht 1 million or 4.1% YoY. However, financial costs decreased by Baht 25 million or 40.5% QoQ, which mainly resulted from the decreasing of convertible debenture expenses.

Net loss

In 2Q22, the consolidated net loss attributable to equity holders of the company was reported of Baht 87 million. Net loss attributable to equity holders of the company increased by Baht 15 million or 21.1% YoY, resulted from recognizing the reversal of impairment loss on financial assets of Baht 25 million in this quarter. And, net loss attributable to equity holders of the company increased by Baht 2 million or 2.6% QoQ.

Financial position

As at June 30, 2022, SDC reported total assets at Baht 4,881 million, increased by Baht 329 million or 7.2% compared with December 31, 2021, mainly resulted from the increasing in equipment of Baht 285 million, increasing in trade and other accounts receivable of Baht 225 million. As inventories decreased by Baht 196 million from selling products of DTRS project.

The Company also reported its total liabilities at Baht 3,883 million, increased by Baht 167 million or 4.5%, which unearned revenue increased by Baht 210 million. As Long-term loan, net of current portion decreased by Baht 16 million and bank overdrafts decreased by Baht 15 million.

Total shareholders' equity was Baht 998 million, increased by Baht 162 million or 19.3% compared with December 31, 2021, as a result of the increasing from the converted convertible debenture of Baht 345 million and net comprehensive loss in this year of Baht 171 million.