

3Q24: Management Discussion and Analysis

Business overview

In 3Q24, Samart Digital PLC. (SDC) reported quarterly consolidated total revenue in the amount of Baht 166 million. Comparing to 2Q24, total revenue increased by Baht 54 million or 48.3% QoQ, which majorly contributed by the revenue recognition of airtime service based on a portion of device that delivered in the final phase of MOI Project, totaling 11,150 devices. These devices have been utilizing in service since March 2024, with total value of Baht 32 million. Along with the revenue from sales in trading business increased by Baht 15 million YoY. Comparing to 3Q23, total revenue decreased by Baht 700 million or 80.8% YoY. Due to the Company had revenue mainly from delivery and installation equipment for The Ministry of Interior of the Kingdom of Thailand (MOI) Project in 3Q23 in the amount of Baht 785 million. While the revenue from airtime service increased by Baht 101 million QoQ. The revenue of digital content business was mainly from mobile content and Video Assistant Referee (VAR) Service.

The Company reported operating profit of Baht 61 million, which was better than in 3Q23 that reported operating profit at loss of Baht 412 million which the Company was recognized the impairment for loss on equipment in accordance with Thai Accounting Standard of Baht 403 million in 3Q23. Comparing to 2Q24, operating profit increased by Baht 46 Million QoQ which mainly from the increasing in margin of airtime service.

The Company reported the consolidated net profit attributable to equity holders of the Company of Baht 27 million. Mainly as a result of the revenue recognition of airtime service based on a portion of device that delivered in the final phase of MOI Project, totaling 11,150 devices. These devices have been utilizing in service since March 2024. Thus net profit in 3Q24 was better than in 3Q23 that reported the consolidated net loss attributable to equity holders of the Company of Baht 447 million and in 2Q24 that reported the consolidated net loss attributable to equity holders of the Company of Baht 18 million.

Financial highlights

Revenue breakdown				in Million Baht	
Business Unit	3/24	3/23	%YoY	2/24	%QoQ
Digital Network	142	836	(83.0%)	85	66.5%
Digital Content	22	21	3.4%	24	(8.4%)
Total revenue*	164	857	(80.9%)	109	50.2%

* 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 142 million, which represented 86.7% of total revenue. The revenue decreased by Baht 694 million or 83.0% YoY, but increased by Baht 57 million or 66.5% QoQ.

Digital Content business: This quarter, the revenue of digital content business was reported of Baht 22 million, which represented 13.3% of total revenue. The revenue increased by Baht 1 million or 3.4% YoY, but decreased by Baht 2 million or 8.4% QoQ.

Gross profit

In 3Q24, gross profit of the Company was reported of Baht 75 million, which was mainly from margin of airtime service. Comparing to 3Q23 gross profit increased by Baht 74 million YoY, which 3Q23 was reported gross profit of Baht 1 million. Comparing to 2Q24, gross profit increased by Baht 45 million QoQ, which 2Q24 was reported gross profit of Baht 30 million.

The gross profit margin was 45.9%, which was increased by 45.7% compared to 3Q23 of 0.2% and increased by 17.7% compared to 2Q24 of 18.2%

S&A and other expenses

In 3Q24, selling and administrative expenses including other expenses were reported of Baht 16 million, decreased by Baht 406 million or 96.2% YoY. Due to the Company was recognized the impairment for loss on equipment of Baht 403 million in 3Q23 and decreased by Baht 2 million or 11.7% QoQ.

Financial costs

In 3Q24, financial costs were Baht 34 million, decreased by Baht 11 million or 24.2% YoY and similar to the previous quarter, which 2Q24 was reported of Baht 34 million.

Net Profit

In 3Q24, the consolidated net profit attributable to equity holders of the Company was reported of Baht 27 million. Mainly as a result of the revenue recognition of airtime service based on a portion

of device that delivered in the final phase of MOI Project, totaling 11,150 devices. These devices have been utilizing in service since March 2024. Thus net profit in 3Q24 was better than in 3Q23 that reported the consolidated net loss attributable to equity holders of the Company of Baht 447 million and in 2Q24 that reported the consolidated net loss attributable to equity holders of the Company of Baht 18 million.

Financial position

As at September 30, 2024, SDC reported total assets at Baht 3,335 million, decreased by Baht 1,264 million or 27.5% compared with December 31, 2023, mainly resulted from the decreasing in trade and other receivables of Baht 1,141 million, equipment decreased by Baht 70 million and other current asset decreased by Baht 28 million.

The Company also reported its total liabilities at Baht 3,043 million, decreased by Baht 1,366 million or 31.0%, which trade and other payables decreased by Baht 1,205 million, current portion of long-term loans from financial institutions decreased by Baht 274 million, bank overdrafts decreased by Baht 25 million and convertible debentures decreased by Baht 22 million. While unearned revenue increased by Baht 154 million.

Total shareholders' equity was Baht 292 million, increased by Baht 102 million or 53.6% compared with December 31, 2023, as a result from the increasing of the converted convertible debenture of Baht 123 million while net comprehensive loss of Baht 8 million and decreasing of non-controlling interests of the subsidiaries of Baht 13 million.