

3Q23: Management Discussion and Analysis

Business overview

In 3Q23, Samart Digital PLC. (SDC) reported quarterly consolidated revenue in an amount of Baht 866 million. Comparing 3Q23 to 3Q22, consolidated revenue increased by Baht 807 million or 1,373.9% YoY. Comparing 3Q23 to 2Q23, consolidated revenue increased by Baht 747 million or 630.6% QoQ. 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 785 million in this quarter. While the revenue of digital content business was slightly decreased mainly from mobile content and football broadcasting.

Operating loss of Baht 412 million increased by Baht 321 million YoY and increased by Baht 363 million QoQ. This mainly resulted from the Company was recognized the impairment for loss on equipment in accordance with Thai Accounting Standard of Baht 403 million in this quarter.

The Company reported the consolidated net loss attributable to equity holders of the Company of Baht 447 million, increased by Baht 239 million YoY, and increased by Baht 357 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	3/23	3/22	%YoY	2/23	%QoQ
Digital Network	836	30	2,686.7%	92	808.7%
Digital Content	21	27	(22.2%)	24	(12.5%)
Total revenue*	857	57	1,403.5%	116	638.8%

* 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 836 million, which represented 97.5% of total revenue. Comparing 3Q23 to 3Q22, the revenue increased by Baht 806 million or 2,686.7% YoY, and increased by Baht 744 million or 808.7% QoQ.

Digital Content business: This quarter, the revenue of digital content business was reported of Baht 21 million, which represented 2.5% of total revenue. Comparing 3Q23 to 3Q22, the revenue decreased by Baht 6 million or 22.2% YoY, and the revenue decreased by Baht 3 million or 12.5% QoQ.

Gross profit

In 3Q23, overall gross profit of the Company was reported of Baht 10 million, increased by Baht 18 million YoY and increased by Baht 28 Million QoQ.

S&A and other expenses

In 3Q23, selling and administrative expenses including other expenses were reported of Baht 29 million, decreased by Baht 57 million or 66.6% YoY, and decreased by Baht 4 million or 13.1% QoQ.

Financial costs

In 3Q23, financial costs were Baht 45 million, increased by Baht 4 million or 8.7% YoY and increased by Baht 2 million or 3.9% QoQ. This mainly resulted from an increased in interest expense, which was affected by an increased in interest rate.

Net loss

In 3Q23, the consolidated net loss attributable to equity holders of the Company was reported of Baht 447 million. Net loss attributable to equity holders of the Company increased by Baht 239 million or 114.7% YoY and increased by Baht 357 million or 396.8% QoQ. This mainly resulted from the Company was recognized the impairment for loss on equipment in accordance with Thai Accounting Standard of Baht 403 million in this quarter.

Financial position

As at Sep 30, 2023, SDC reported total assets at Baht 4,735 million, increased by Baht 484 million or 11.4% compared with December 31, 2022, mainly resulted from the increasing in trade and other receivables of Baht 1,476 million. As equipment decreased by Baht 376 million, inventories decreased by Baht 155 million from selling products of DTRS project, cash and cash equivalents decreased by Baht 151 million and other current asset decreased by Baht 291 million.

The Company also reported its total liabilities at Baht 5,121 million, increased by Baht 929 million or 22.2%, which trade and other payables increased by Baht 1,137 million. While current portion of long-term loans from financial institutions decreased by Baht 164 million.

Total shareholders' equity was reported in negative of Baht 386 million, decreased by Baht 445 million or 754.4% compared with December 31, 2022, as a result from net comprehensive loss of Baht 605 million, while the increasing of the converted convertible debenture of Baht 160 million.