

3Q22: Management Discussion and Analysis

Business overview

In 3Q22, Samart Digital PLC. (SDC) reported quarterly consolidated revenue in an amount of Baht 57 million. Majorly contributed by digital network business which company provided airtime service to Provincial Electricity Authority (PEA) Project, digital content business and football broadcasting. Comparing 3Q22 to 3Q21, consolidated revenue decreased by Baht 102 million or 64.0% YoY, Comparing 3Q22 to 2Q22, consolidated revenue decreased by Baht 172 million or 75.0% QoQ, mainly from in this quarter the Company was not recognized the revenue of trading DTRS equipment for The Ministry of Interior of the Kingdom of Thailand (MOI) Project and Provincial Electricity Authority (PEA) Project.

Operating loss (EBT) of Baht 158 million increased by Baht 71 million YoY, and operating loss (EBT) increased by Baht 68 million QoQ, due to the impairment of goodwill recorded of Baht 59 million in this quarter.

The Company reported the consolidated net loss attributable to equity holders of the Company of Baht 208 million, increased by Baht 125 million YoY, and increased by Baht 122 million QoQ.

Financial highlights

Revenue breakdown			in Million Baht		
Business Unit	3/22	3/21	%YoY	2/22	%QoQ
Digital Network	30	119	(74.5%)	203	(85.1%)
Digital Content	27	28	(3.6%)	26	(4.4%)
Total revenue*	57	147	(61.0%)	229	(75.0%)

* 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 30 million, which represented 52.9% of total revenue. Comparing 3Q22 to 3Q21, the revenue decreased by Baht 89 million or 74.5% YoY. However, the revenue decreased by Baht 173 million or 85.1% QoQ.

Digital Content business: This quarter, the revenue of digital content business was reported of Baht 27 million, which represented 47.1% of total revenue. Comparing 3Q22 to 3Q21, the revenue decreased by Baht 1 million or 3.6% YoY. While the revenue increased by Baht 1 million or 4.4% QoQ.

Gross profit

In 3Q22, overall gross profit of the Company was reported at loss of Baht 8 million, increased by Baht 7 million YoY, which 3Q21 was reported at loss of Baht 1 Million. Comparing to last quarter, the loss increased by Baht 4 Million QoQ, which 2Q22 was reported at loss of Baht 4 million.

S&A and other expenses

In 3Q22, selling and administrative expenses including other expenses were reported of Baht 84 million, increased by Baht 50 million or 148.8% YoY and increased by Baht 59 million or 232.9% QoQ. Due to the company recorded the impairment of goodwill of Baht 59 million.

Financial costs

In 3Q22, financial costs were Baht 41 million, decreased by Baht 8 million or 16.2% YoY. However, financial costs increased by Baht 4 million or 11.7% QoQ.

Net loss

In 3Q22, the consolidated net loss attributable to equity holders of the Company was reported of Baht 208 million. Net loss attributable to equity holders of the Company increased by Baht 125 million or 151.0% YoY. And, net loss attributable to equity holders of the Company increased by Baht 122 million or 140.2% QoQ.

Financial position

As at Sep 30, 2022, SDC reported total assets at Baht 4,816 million, increased by Baht 265 million or 5.8% compared with December 31, 2021, mainly resulted from the increasing in equipment of Baht 434 million, increasing in cash and cash equivalents of Baht 159 million. As inventories decreased by Baht 203 million from selling products of DTRS project. Deferred tax assets decreased by Baht 93 million and goodwill decreased by Baht 59 million.

The Company also reported its total liabilities at Baht 3,988 million, increased by Baht 272 million or 7.3%, which trade and other payables increased by Baht 214 million. Unearned revenue increased by Baht 209 million while, Current portion of long-term loans from financial institutions decreased by Baht 145 million.

Total shareholders' equity was Baht 829 million, decreased by Baht 7 million or 0.9% compared with December 31, 2021, as a result from the increasing of the converted convertible debenture of Baht 419 million and net comprehensive loss in this year of Baht 426 million.