

2022 Management Discussion and Analysis

Performance Overview

In 2022, Samart Corporation Pcl., or SAMART, had a total revenue of Baht 9,418 million. Increased from 2021 by 32.10%. In 2022, the revenue from sales, contracted work and services increased from Baht 6,955 to Baht 9,021 million or 29.71%. The increase was due to unravel the impact of COVID-19, which create the better momentum to the ICT Solution & Service and Utilities and Transportations business, especially the air traffic management business in Cambodia.

The Company had Baht 9,699 million of expenses in 2022, which increased by Baht 2,589 million or 36.41% from 2021. The gross profit margin was 16.74%, compared to the year earlier of 14.18%. Besides, the Company's selling, distribution, administrative and other expenses were Baht 2,188 million in total, which increased by Baht 1,047 million or 91.76%. The increase was due to the impacts of long-term provisions from litigation, loss from write-off of goodwill and loss from the impairment assets.

In 2022, there were Baht 484 million of financial expenses in total, increased by Baht 96 million compared to last year. The Company loss in the shareholders part was Baht 955 million. The key contribution to the Company loss were Digital business and the impacts of long-term provisions from litigation.

Operational Outcome of the Company and Subsidiaries

In 2022, the Company earned Baht 9,021 million from sales, contracted work and services. Increased by 29.71% from the previous year.

Revenues from sales, contract works and services breakdown

Business	Revenue from sales, contract works and services in 2022 (Million Baht)	Revenue from sales, contract works and services in 2021 (Million Baht)	% Change
ICT Solution and Service	4,947	4,581	8.00%
Digital	632	394	60.41%
Utilities and Transportations	2,526	1,968	28.35%
Technology Related Services	1,734	578	200.00%
Adjustment and transactions	-818	-566	-44.52%
Revenue from sales, contracted projects and services (before transactions)	9,021	6,955	29.71%

ICT Solution and Service business (“SAMTEL”)

In 2022, ICT Solution and Service business had total of Baht 4,947 million revenue from sales, contract works and services, increased by 8.00% from the previous year. During the past year, SAMTEL signed the contracts in new projects in total of Baht 5,300 million worth from various clients; such as Provincial Electricity Authority, Government Saving Bank and Industrial Estate Authority of Thailand. By the end of the year, there were still Baht 6,883 million worth of backlog of which the revenue has not been realized.

Digital business (“SDC”)

In 2022, the Company and subsidiaries reported total revenue of Baht 632 million, an increase of Baht 238 million or 60.41% compared with 2021. Revenue of Digital Network Business, including selling and service income, was Baht 513 million, increased by Baht 248 million or 93.60% compared to previous year. This was mainly increased from selling and installment of network communication equipment. Likewise, Digital Content Business had total of Baht 119 million revenue, which decreased by Baht 10 million or 7.80% compared to previous year. By the end of 2022, the company has the backlog value of Baht 3,389 million.

Non-Listed business

Utilities and Transportations business

This year, the revenue from sales, contract works, and services had increased from Baht 1,968 million in the previous year to Baht 2,526 million or raise by 28.35%. The increase was due to unravel the impact of COVID-19, which create the better momentum to Cambodia Air Traffic Service (CATS) in Cambodia. CATS operates the countrywide air traffic business in Cambodia, which in 2022 the flights inflated from 30,876 flights to 68,390 flights or increased by 121.50%. Additionally, the power substation business operated under Teda Company Limited also expand its business continuously. By the end of 2022, Teda has the backlog value of Baht 2,439 million.

Technology Related Services business

The revenue from sales, contract works, and services of Technology Related Service business slice increased to Baht 1,734 million from Baht 578 million on the previous year or increase by 200%. The keys driver of Technology Related Service business are Vision and Security System Co., Ltd. that runs a security system and high-quality close-circuit camera installation business and the Direct Coding Project which has been fully operated since 1 May 2022.

Statement of financial position

Assets

As of 31 December 2022, the Company's total asset value Baht 19,336 million, increased from the previous year by 6.54% due to the current asset increased from Baht 8,441 million to Baht 9,484 million or 12.36%, resulted from the increase in cash and cash equivalents increased from Baht 1,309 million to Baht 1,636 million, trade and other receivables increased from Baht 1,759 million to Baht 2,469 million. Likewise, other current assets increased from Baht 1,426 million to Baht 1,806 million. However, inventories and other current financial assets decreased from Baht 749 million to Baht 615 million, from Baht 205 million to Baht 34 million.

Liabilities

As of 31 December 2022, the Company has total liabilities of Baht 15,483 million, increased from Baht 13,343 million or 15.35% due to the increase in current liabilities from Baht 10,233 million to Baht 10,731 million or 4.87%, bank overdrafts and short-term loans increased from financial institutions from Baht 2,989 million to Baht 3,141 million. Additionally, trade and other payables increased from Baht 1,554 million to Baht 2,062 million, project accrued expenses increased from Baht 819 million to Baht 1,126 million, other current liabilities increased from Baht 472 million to Baht 664 million from the previous year. However, the result from maturity debentures has an effect on decreasing in current portion of debentures from Baht 1,199 million. On the other hand, current portion of long-term loans increased from financial institutions from Baht 2,987 million to Baht 3,495 million from the previous year, the total non-current liabilities increased from Baht 3,191 million to Baht 4,752 million or 48.93% resulting from increased of selling new debentures Baht 1,669 million during the year and provision for long-term liabilities increased from Baht 130 million to Baht 665 million from the previous year. Nevertheless, long-term loans from financial institutions decreased from Baht 2,474 million to Baht 1,686 million. The Company's total debt has increased to Baht 15,483 million or 15.35%.

Debt-to-Equity Ratio (D/E Ratio)

As of 31 December 2022, the D/E ratio has increased from 2.84 times from the previous year to 4.02 times and net interest-bearing debt-to-equity ratio increased from 1.81 times to 2.24 times.

Liquidity

As of 31 December 2022, the current ratio was 0.88 time, which increased from the previous year.

The Company has a total of Baht 904 million net cash flows from operating activities, Baht 645 million net cash flows from financing activities and Baht 1,234 million used cash flows investing activities, resulting in cash and cash equivalents value Baht 1,636 million this year.

Sources of Fund

As of 31 December 2022, the total shareholders' equity of the Company was Baht 3,853 million. Decreased by Baht 872 million from the previous year, while the unappropriated retained earnings were Baht 1,398 million.