

2023 Management Discussion and Analysis

Performance Overview

In 2023, Samart Corporation Pcl., or SAMART, reported a total revenue in an amount of Baht 10,297 million, increased by Baht 879 million or 9.33% from 2022. The Company had revenue from sales, contracted work and services in an amount of Baht 10,139 million, increased by Baht 1,119 million or 12.40% from the previous year. This was mainly from the delivery and installment of network communication equipment for The Ministry of Interior of the Kingdom of Thailand (MOI) from Digital Communications business and the improvement of efficiency in excise tax management for domestic beer project which has been recognized full year income in 2023. In addition, the revenue for air traffic management business in Cambodia had improved from increasing in the number of flights. Moreover, the power substation business operated also expand its business continuously.

The Company reported total cost and expense in an amount of Baht 10,142 million, increased by Baht 444 million or 4.58% from 2022. In 2023, The Company had gross profit Baht 1,780 million, increased by Baht 270 million or 17.86%. The gross profit margin was 17.55% in 2023, increased by 0.81% compared to prior year of 16.74%. The Company's selling, distribution, administrative and other expenses were Baht 1,783 million in total, decreased by Baht 405 million or 18.53% from the previous year. This was mainly from the Company recorded loss from long-term provisions from litigation, loss from write-off of goodwill and loss from the impairment assets in 2022.

In 2023, financial expenses was Baht 539 million, increased by Baht 55 million compared to last year. The Company's loss attributable to equity holders of the Company was Baht 390 million, decreased by Baht 565 million or 59.18% from the previous year. The Company loss in this year was from the impacts of the impairment for loss on asset in accordance with Thai Accounting Standard and the impacts of long-term provisions from litigation.

Operational Outcome of the Company and Subsidiaries

In 2023, the Company earned Baht 10,139 million from sales, contracted work and services. Increased by 12.40% from the previous year.

Revenues from sales, contract works and services breakdown by business

Business	Revenue from sales, contract works and services in 2023 (Million Baht)	Revenue from sales, contract works and services in 2022 (Million Baht)	% Change
Digital ICT Solution	4,489	4,947	-9.25%
Digital Communications	1,898	632	200.36%
Utilities and Transportations	5,053	4,259	18.64%
Adjustment and eliminate transactions	-1,301	-818	-59.05%
Revenue from sales, contracted projects and services (after adjustments and eliminations)	10,139	9,020	12.40%

Digital ICT Solution business (“SAMTEL”)

In 2023, Digital ICT Solution business reported revenue from sales, contract works and services in an amount of Baht 4,489 million, decreased by Baht 458 million or 9.25% from the previous year. Mainly from the reduction of revenues from contract work. The SAMTEL signed the contracts in new projects in 2023 in total of Baht 2,305 million. By the end of the year, Digital ICT Solution business has the backlog value of Baht 4,622 million.

Digital Communications business (“SDC”)

In 2023, Digital Communication business reported revenue from sales, contract works and services in an amount of Baht 1,898 million, increased by Baht 1,266 million or 200.36% compared with 2022. Revenue of Digital Network Business was Baht 1,796 million, increased by Baht 1,283 million or 250.20% from the previous year. This was mainly increased from the delivery and installment of network communication equipment for The Ministry of Interior of the Kingdom of Thailand (MOI). Revenue of Digital Content Business was Baht 103 million, decreased by Baht 16 million or 13.40% from the previous year. By the end of 2023, Digital Communications business has the backlog value of Baht 1,335 million.

Utilities and Transportations business

In 2023, Utilities and Transportations business reported revenue from sales, contract works, and services in an amount of Baht 5,053 million, increased by Baht 794 million or 18.64% from the previous year. This was mainly increased from SAV, the providing air navigation services in Cambodia’s airspace, according to the number of flights had increased after the most countries ease restrictions of COVID-19. In 2023, the number of flights was 92,685 flights, increased by 24,295 flights or increased by 35.52% from the previous year. Additionally, the power substation business operated under Teda Company Limited also expand its business continuously. Including with the improvement of efficiency in excise tax management for domestic beer project which has been fully operated since 1 May 2022 and start to recognized full year income in 2023. By the end of 2023, Utilities and Transportations business has the backlog value of Baht 10,911 million.

Statement of financial position

Assets

As of 31 December 2023, the Company had total asset of Baht 19,109 million, decreased by Baht 227 million or 1.17% from the previous year. Total current asset was Baht 10,686 million, increased by Baht 1,202 million. As a resulted from the increasing in cash and cash equivalents which increased by Baht 819 million, trade and other receivables increased by Baht 537 million and accrued income increased by Baht 371 million, while other current assets decreased by Baht 449 million. Total non-current asset was Baht 8,423 million, decreased by Baht 1,429 million from the previous year. This was mainly from the decreasing in property, plant and equipment which decreased by Baht 812 million and restricted bank deposits decreased by Baht 240 million.

Liabilities

As of 31 December 2023, the Company had total liabilities of Baht 12,787 million, decreased by Baht 2,695 million or 17.41% from the previous year. Total current liabilities was Baht 9,062 million, decreased by Baht 1,669 million. This was mainly from the decreasing in current portion of long-term loans from financial institutions which decreased by Baht 1,234 million, bank overdrafts and short-term loans from financial institutions decreased by Baht 735 million, while other current liabilities increased by Baht 191 million. Total non-current liabilities was Baht 3,725 million, decreased by Baht 1,027 million from the previous year. Primary due to long-term loans from financial institutions - net of current portion decreased by Baht 985 million.

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

As of 31 December 2023, the D/E ratio has decreased from 4.02 times from the previous year to 2.02 times and net interest-bearing debt-to-equity ratio also decreased from 2.24 times to 0.76 times.

Liquidity

As of 31 December 2023, the current ratio was 1.18 times, which increased from the previous year.

The Company has a total of Baht 1,088 million net cash flows from operating activities, Baht 17 million net cash flows from financing activities and Baht 283 million used cash flows to investing activities and decrease in translation adjustments was Baht 3 million. Resulting in cash and cash equivalents value Baht 2,455 million.

Sources of Fund

As of 31 December 2023, the total shareholders' equity of the Company was Baht 6,322 million, increased by Baht 2,469 million from the previous year, while the unappropriated retained earnings were Baht 1,006 million.