



SKY ICT PUBLIC COMPANY LIMITED

Management Discussion and Analysis
for the second quarter ended 30th June 2023



No. SKY-66-08-025

15th August 2023

Subject Management Discussion and Analysis for the second quarter ended 30th June 2023
To The Director and the Manager of the Stock Exchange of Thailand
Enclosed A copy of the financial statement for the second quarter ended 30th June 2023 (1 set)

Sky ICT Public Company Limited (“the Company”) would like to submit the financial statement for the period ended on 30th June 2023, which has been reviewed by the Auditor as well as the explanation and analysis from the management to provide the information to the investors and the public. The operational performance of the Company are as follows:

Executive Summary

There are significant transactions of the Company for the second quarter ended 30th June 2023 as follows:

1. Investment

On June 19, 2023, the Board of Director meeting no. 7/2023 of the Company passed a resolution to approve to invest in newly issued ordinary shares of a subsidiary, METTHIER, at the existing shares holding proportion for 1,500,000 shares at par value of Baht 100 per share, totaling Baht 150 million. The Company paid the subscription in July 2023 as investing in businesses related to security services providing and Facility Management services to create a competitive advantage and opportunity to acquire larger projects.

On June 19, 2023, the Board of Directors Meeting no. 7/2023 of the Company passed a resolution to approve to invest in newly issued ordinary shares of a subsidiary, PRO INSIDE, at the existing shares holding proportion for 500,000 shares at par value of Baht 100 per share, totaling Baht 50 million. The Company paid the subscription in July 2023 as working capital to support the future business expansion of Pro Inside.

On July 10, 2023, the Board of Directors Meeting No. 8/2023 of the Company passed a resolution to approve METTHIER, a subsidiary of the Company, invest by purchasing 12,000,000 shares of THE SIAM ADMINISTRATIVE MANAGEMENT CO., LTD. at 10 baht per share, representing 100% of all issued and paid-up ordinary shares, totaling Baht 500 million.

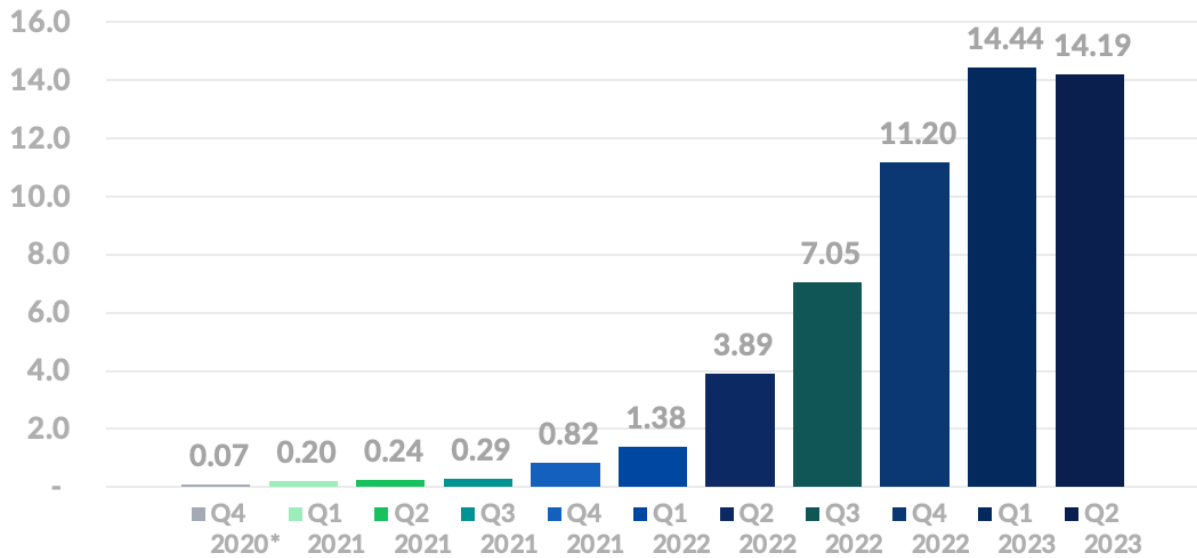
2. The impact of COVID-19 situation

Since the COVID situation has been resolved in the year 2022, resulting in the tourism business starting to trend in a better way. Therefore, the number of passengers both inbound and outbound which are service of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) continued to increase



every quarter. As a result, in the second quarter year 2023, the Company have profit from the service of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) Project amount of 166.28 million baht which is recognized revenue based on actual number of passengers (inbound, outbound, change flight and transit).

Number of Passenger using APPS & PNR (Million)



* APPS & PNR START OPERATE IN DECEMBER 2020

Overview of operating results 6 month and 3-month for the second quarter ended 30th June 2023

| Company's performance | Amount (Million Baht) | | Increase (Decrease) | | Amount (Million Baht) | | Increase (Decrease) | |
|--|-----------------------|-----------------|---------------------|--------------|-----------------------|----------------|---------------------|---------------|
| | 6 Month 2023 | 6 Month 2022 | Million Baht | % | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Core business revenue | 1,762.27 | 1,272.36 | 489.91 | 38.50 | 942.28 | 804.40 | 137.88 | 17.14 |
| Other revenue | 2.60 | 2.09 | 0.51 | 24.40 | 1.54 | 0.91 | 0.63 | 69.23 |
| Gain on disposals of investments | - | 111.22 | (111.22) | (100.00) | - | 13.12 | (13.12) | (100.00) |
| Total Income | 1,764.87 | 1,385.67 | 379.20 | 27.37 | 943.82 | 818.43 | 125.39 | 15.32 |
| Net Profit | 203.09 | 161.18 | 41.91 | 26.00 | 119.77 | (20.18) | 139.95 | 693.51 |
| Basic earnings per share (Baht per shares) | 0.32 | 0.27 | | | 0.19 | (0.03) | | |



Net profit

The Company and its subsidiaries had net profit for the 3-month, period ended 30 June 2023 amounted to 119.77 million baht, a increasing of 139.95 million baht or 693.51 percent compared to the prior year with a total net loss of 20.18 million baht due to The Company had profit from the service of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) project as mentioned above.

Core business revenue

The Company and its subsidiaries had total revenue for the 3-month, period ended 30 June 2023 amounted to 942.28 million baht, an increasing of 137.88 million baht or 17.14% compared to the previous year with total revenue of 804.40 million baht can be summarized as follows:

| Revenue | Amount (Million Baht) | | Increase/(Decrease) | |
|--|-----------------------|-----------------|---------------------|--------------|
| | 6 Month 2023 | 6 Month 2022 | Million Baht | % |
| Revenue from System Integration Services | 410.51 | 481.85 | (71.34) | (14.81) |
| Revenue from Sales | 44.86 | 23.27 | 21.59 | 92.78 |
| Revenue from Services | 1,306.90 | 767.24 | 539.66 | 70.34 |
| Total Revenue | 1,762.27 | 1,272.36 | 489.91 | 38.50 |

| Revenue | Amount (Million Baht) | | Increase/(Decrease) | |
|--|-----------------------|-----------------|---------------------|--------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Revenue from System Integration Services | 222.04 | 369.56 | (147.53) | (39.92) |
| Revenue from Sales | 43.55 | 21.06 | 22.49 | 106.79 |
| Revenue from Services | 676.69 | 413.78 | 262.92 | 63.54 |
| Total Revenue | 942.28 | 804.40 | 137.88 | 17.14 |

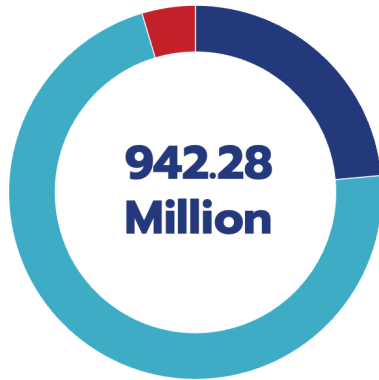
1. **Revenue from sales and installation of integrated systems**, the amount of 222.04 million baht, accounting for 23.56% of total revenue, a decreasing of 147.53 million baht or 39.92% compared to the previous year. In 2022, the Company had delivered many large projects, however in the second quarter, year 2023, the Projects that have been delivered are as follows:

- A project of Operation and Cargo management control at Free Zone area of Airports of Thailand Public Company Limited
- A project of procurement and installation of CCTV at Suvarnabhumi Airport, Don Mueang Airport, Phuket Airport and Hat Yai Airport to Airports of Thailand Public Company Limited
- A project of development of information technology systems for managing and collecting service fees for buildings and parking lots at Suvarnabhumi Airport, Don Mueang Airport

- A project of installation management system Chalong bay, Phuket smart pier
 - A project of develop information system and analysis bid data to Crime Suppression Division
 - A project of procurement and installation of license plate systems covering the Western and Southern areas by 150 points.
 - A project of procurement and installation of license plate systems covering the North and Northeast areas by 170 points.
2. **Revenue from Sales**, the amount of 43.55 million baht, accounting for 4.62% of total revenue, an increasing of 22.49 million baht or 106.79% compared to the previous year resulted from the revenue from sales of computer equipment to private sector.
3. **Revenue from Services**, the amount of 676.69 million baht, accounting for 71.81% of total revenue, an increasing of 262.92 million baht or 63.54% compared to the previous year. Most of the services revenue in the second quarter year 2023 from the projects as follows:
- The project of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) which has a service period of 7 years 11 months. Since the third quarter of 2022, the higher number of inbound and outbound passengers continuously increased and the trend of passengers is likely to be an increase especially during the Winter schedule 2023 due to the promotion of the tourism industry in Southeast Asia. In the second quarter year 2023, the recognized number of passengers in this period are higher than the previous year that lead to revenue increased in amount of 124.72 million bath.
 - The project of service and maintenance of the Common Use Passenger Processing System (CUPPS) at Suvarnabhumi Airport , Don Mueang Airport, Chiang Mai Airport, Hat Yai Airport and Mae Fah Luang Chiang Rai Airport. Even though, number of passengers both inbound and outbound increased but did not reach 90 percent of number of passengers according to TOR criteria. Therefore, the Company recognized revenue at 90% of number of passengers according to TOR criteria which the passengers in the second quarter of 2023 is higher than the same period of 2022
 - The project of Passenger Baggage Reconciliation System (PBRs) at Suvarnabhumi Airport which has been extended the service period for 1 year, contract dated on July 1st, 2022.

Proportion of Revenue from business operation

Q2/2023



23.56%

Revenue from system integration services

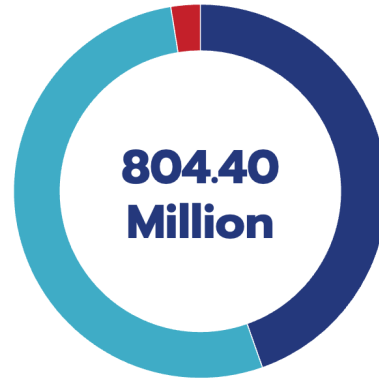
71.81%

Revenue from services

4.63%

Revenue from sales

Q2/2022



45.94%

Revenue from system integration services

54.44%

Revenue from services

2.62%

Revenue from sales

Total Costs

| Costs | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------------------|-----------------------|-----------------|---------------------|---------------|
| | 6 Month 2023 | 6 Month 2022 | Million Baht | % |
| Cost of System Integration Services | 334.54 | 370.10 | (35.56) | (9.61) |
| Cost of Sales | 32.00 | 22.64 | 9.36 | 41.34 |
| Cost of Services | 892.00 | 762.70 | 129.30 | 16.95 |
| Total Costs | 1,258.54 | 1,155.44 | (103.10) | 8.92 |
| Gross Profit | 503.73 | 116.92 | 386.81 | 330.83 |
| Gross Profit (%) | 28.58 | 9.19 | | |

| Costs | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------------------|-----------------------|-----------------|---------------------|---------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Cost of System Integration Services | 179.75 | 279.27 | (99.52) | (35.64) |
| Cost of Sales | 31.58 | 20.92 | 10.66 | 50.96 |
| Cost of Services | 462.31 | 401.44 | 60.87 | 15.16 |
| Total Costs | 673.64 | 701.63 | (27.99) | (3.99) |
| Gross Profit | 268.63 | 102.77 | 165.86 | 161.39 |
| Gross Profit (%) | 28.51 | 12.78 | | |

Total costs for the 3-month, period ended 30 June 2023 amounted to 673.64 million baht, a decreasing of 27.99 million baht or 3.99% compared to last year with a total cost of 701.63 million baht, which can be summarized as follows:

- The increasing in gross profit margin of System Integration Services and sales segment from the large project have been delivered in the second quarter year 2023.
- The increasing in gross profit margin of Service segment from the recovery of aviation business and tourism industry as a result, the Company has profit from the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) project. The main cost from depreciation of assets which are fixed costs. The Company recognized higher revenues with fixed costs, resulting in higher profits as well.

Expenses

| Expenses | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------|-----------------------|-----------------|---------------------|--------------|
| | 6 Month 2023 | 6 Month 2022 | Million Baht | % |
| Selling Expenses | 60.17 | 51.30 | 8.87 | 17.29 |
| Administrative Expenses | 170.55 | 140.86 | 29.69 | 21.08 |
| Finance Cost | 147.08 | 90.54 | 56.54 | 62.45 |
| Total Expenses | 377.80 | 282.70 | 95.10 | 33.64 |



| Expenses | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------|-----------------------|-----------------|---------------------|--------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Selling Expenses | 27.13 | 25.71 | 1.42 | 5.52 |
| Administrative Expenses | 78.43 | 60.13 | 18.30 | 30.43 |
| Finance Cost | 78.44 | 47.17 | 31.27 | 66.29 |
| Total Expenses | 184.00 | 133.01 | 50.99 | 38.34 |

The overall expenses of the Company for the 3-month ended 30th June 2023, amounted to 184.00 million baht, an increase of 50.99 million baht or 38.34% from the previous year, mainly due to the following reasons:

- Selling and administrative expenses, the total amount of the selling and admin expenses in this quarter was 105.56 million baht, increase from the last quarter by 19.72 million baht or 22.97%. mainly due to since 2022, the Company has continually increased the number of employees in the SKY Group to prepare for the expansion of the Company's business.
- Financial costs of the Company and its subsidiaries amounted to 78.44 million baht, an increase of 31.27 million baht or 66.29% from the same quarter of 2022 due to in the second quarter of 2023 the Company had the interest of long-term loan for large projects such as the project of service and maintenance of the Common Use Passenger Processing System (CUPPS) at Surat Thani airport, Ubon Ratchathani airport, Khon kaen airport, Nakhon si Thammarat airport, Trang airport, Phisanulok airport. Moreover, the Company have interest expenses from Bond issued on second and third quarter of 2022 while the same quarter of 2022, there is only 1st bond issued transaction.



Share of profit from associated companies

| Company | Amount (Million Baht) | | Increase/(Decrease) | |
|---|-----------------------|-----------------|---------------------|----------------|
| | 6 Month 2023 | 6 Month 2022 | Million Baht | % |
| TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”) | 28.01 | 275.60 | (247.59) | (89.84) |
| ASTRO SOLUTIONS COMPANY LIMITED (“ASTRO”) | (0.79) | (0.91) | 0.12 | (13.19) |
| GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”) | 2.28 | - | 2.28 | 100.00 |
| SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”) | 75.75 | 8.32 | 67.43 | 810.46 |
| Total | 105.25 | 283.01 | (177.76) | (62.81) |

| Company | Amount (Million Baht) | | Increase/(Decrease) | |
|---|-----------------------|-----------------|---------------------|---------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”) | 15.49 | 16.95 | (1.46) | (8.61) |
| ASTRO SOLUTIONS COMPANY LIMITED (“ASTRO”) | (0.52) | (0.42) | (0.10) | (23.81) |
| GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”) | (0.17) | - | (0.17) | (100.00) |
| SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”) | 36.85 | 1.63 | 35.22 | 2,160.74 |
| Total | 51.65 | 18.16 | 33.49 | 184.42 |

For the 3-month ended 30th June 2023, the Company has recognized its share of profit from investments in associates and joint operation totaling 51.65 million baht, a increasing of 33.49 million baht from the previous same quarter (Q2/2022 share profit from investment in associates and joint operation was 18.16 million baht), comprised of:

- (1) Profit Sharing from Turnkey Communication Services Public Company Limited (“TKC”) amounting to 15.49 million baht (decrease by 1.46 million baht compare to Q2/2022). Mainly, from operating profit from delivering services to government and many private customers.



- (2) Share of loss from Astro Solutions Company Limited (“Astro”) amounting to 0.52 million baht (shared of loss increase by 0.10 million baht compare to Q2/2022) as a new managing director joins Astro , who has experience in sales and marketing, will drive Astro's business to increase revenue.
- (3) Share of loss from Global Sport Ventures Company Limited amounting to 0.17 million baht came from operating loss which is operate in Sports organizer.
- (4) Profit Sharing from SAL Group (Thailand) limited amounting to 36.85 million baht (increase by 35.22 million baht compare to Q2/2022) Because SAL invested in AOT ground aviation service Company Limited, “AOTGA”, which is operate in the ground services (Don Mueang Airport and Phuket Airport), and Cargo management in Phuket Airport. AOTGA has a profitable performance due to the air traffic volume of both airports, the number of domestic and international flights has continued to increase.

Please be informed accordingly.

Sincerely yours,

(MR. SITHIDEJ MAYALARP)

Director

Corporate Secretary

Tel. 02 029 7888 Ext 812