



SKY ICT PUBLIC COMPANY LIMITED

Management Discussion and Analysis

for the third quarter ended 30th September 2023



No. SKY-66-11-013

14th November 2023

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

Sky ICT Public Company Limited (“the Company”) would like to submit the financial statement for the period ended on 30th September 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

The Company has significant investment as follows:

1. On September 19, 2023, METTHIER, a subsidiary of the Company, has completed the process of Share Purchase Transaction 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. On October 2, 2023, the Executive Committee Meeting No. 8/2023 of the Company passed a resolution to approve to invest in common shares of ASTRO SOLUTIONS CO., LTD. which is associate by exiting shareholders amount of 150,000 shares at 100 baht per share, representing 30% of ASTRO’S registered capital, totaling Baht 15 million which will result in the increase of Company’s shareholding in ASTRO to 60%. Therefore, ASTRO will be transformed to investment in subsidiary of the Company in the fourth quarter year 2023, onward.



Overview of operating results 9 month and 3-month for the second quarter ended 30th September 2023

| Company's performance | Amount (Million Baht) | | Increase (Decrease) | | Amount (Million Baht) | | Increase (Decrease) | |
|--|-----------------------|-----------------|---------------------|---------------|-----------------------|----------------|---------------------|---------------|
| | 9 Month 2023 | 9 Month 2022 | Million Baht | % | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Core business revenue | 2,842.27 | 1,951.59 | 890.68 | 45.64 | 1,080.00 | 679.22 | 400.78 | 59.01 |
| Other revenue | 6.80 | 3.18 | 3.62 | 113.84 | 4.20 | 1.09 | 3.11 | 285.32 |
| Gain on disposals of investments | - | 111.22 | (111.22) | (100.00) | - | - | - | - |
| Total Income | 2,849.07 | 2,065.99 | 783.08 | 37.90 | 1,084.20 | 680.31 | 403.89 | 59.37 |
| Net Profit | 332.53 | 125.61 | 206.92 | 164.73 | 129.44 | (35.57) | 165.01 | 463.90 |
| Basic earnings per share (Baht per shares) | 0.52 | 0.21 | | | 0.20 | (0.06) | | |

Net profit

The Company and its subsidiaries had net profit for the 3-month, period ended 30 September 2023 amounted to 129.44 million baht, increasing of 165.01 million baht or 463.90 percent compared to the prior year with a total net loss of 35.57 million baht. According to the incremental of overall operations for the 3rd quarter of 2023, result to the Company and its subsidiaries had a total net profit for 9-month in the amount of 332.53 million baht, increasing from comparative period in the amount of 206.92 million baht or 164.73%. As a result from the service of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) project that includes the number of passengers both inbound and outbound. International passenger service through the APPS and PNR systems has continuously increase since the COVID situation subside during the beginning of 2023. The cumulative number of passengers for 9-month of 2023 was 43.28 million, increasing of 30.96 million compared to the prior year. The Company also has recognized the income from government projects for which the Company has continuously won bidding and has delivered work according to contract during 2023.



Core business revenue

The Company and its subsidiaries had total revenue for the 3-month, period ended 30 September 2023 amounted to 1,080.00 million baht, an increasing of 400.78 million baht or 59.01% compared to the previous year with total revenue of 679.22 million baht can be summarized as follows:

| Revenue | Amount (Million Baht) | | Increase/(Decrease) | |
|--|-----------------------|-----------------|---------------------|--------------|
| | 9 Month 2023 | 9 Month 2022 | Million Baht | % |
| Revenue from System Integration Services | 703.27 | 721.09 | (17.82) | (2.47) |
| Revenue from Sales | 74.63 | 24.15 | 50.48 | 209.03 |
| Revenue from Services | 2,064.37 | 1,206.35 | 858.02 | 71.13 |
| Total Revenue | 2,842.27 | 1,951.59 | 890.68 | 45.64 |

| Revenue | Amount (Million Baht) | | Increase/(Decrease) | |
|--|-----------------------|-----------------|---------------------|--------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Revenue from System Integration Services | 292.76 | 239.25 | 53.51 | 22.37 |
| Revenue from Sales | 29.77 | 0.87 | 28.90 | 3,321.84 |
| Revenue from Services | 757.47 | 439.10 | 318.37 | 72.51 |
| Total Revenue | 1,080.00 | 679.22 | 400.78 | 59.01 |

1. **Revenue from sales and installation of integrated systems**, the amount of 292.76 million baht, accounting for 27.11% of total revenue, a increasing of 53.51 million baht or 22.37% compared to the previous year. According to the Company delivered may large projects during the third quarter of the year 2023 as follows:

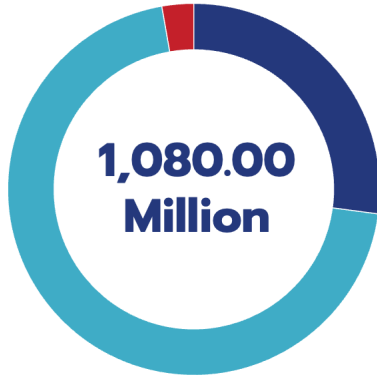
- A project of procurement and installation of traffic monitoring system for Terminal area of at Suvarnabhumi Airport, Don Mueang Airport, Phuket Airport and Chiangmai Airport to Airports of Thailand Public Company Limited. The contract period is 240 days.
- A project of procurement and installation of CCTV at Suvarnabhumi Airport, Don Mueang Airport, Phuket Airport and Hat Yai Airport to Airports of Thailand Public Company Limited. The contract period is 365 days.
- A project of develop information system and analysis big data to Crime Suppression Division. The contract period is 330 days.
- A project of procurement and installation of license plate systems covering the North and Northeast areas by 170 points and the Western and Southern areas by 150 points.



2. **Revenue from Sales**, the amount of 29.77 million baht, accounting for 2.76% of total revenue, an increasing of 28.90 million baht or 3,321.84% compared to the previous year resulted from the revenue from sales of computer equipment to private sector.
3. **Revenue from Services**, the amount of 757.47 million baht, accounting for 70.13% of total revenue, an increasing of 318.37 million baht or 72.51% compared to the previous year. The Company has recognized revenue from services as below:
 - Revenue related to passenger services - The Company will recognize revenue from the number of passengers using the Check-in and Advance passenger processing system service at Suvarnabhumi Airport, Don Mueang Airport, Chiang Mai Airport, Hat Yai Airport and Mae Fah Luang Chiang Rai Airport. During 2023, the number of tourists traveling both domestically and abroad has continued to increase which is resulted from the government's tourism campaign and from the encouragement of the tourism industry in Southeast Asia.
 - Revenue from maintenance services (Maintenance Service Agreement) - During the year, the Company and its subsidiaries provided system maintenance services to many major projects, such as Car license plate systems and CCTV camera systems, etc.
 - Other service revenue - A service that occurs when the company has completed the system installation, such as revenue from a Project to provide high-speed internet service in remote areas , the project provides mobile phone signals and high-speed internet services in village edge areas, Trolley service project at Suvarnabhumi Airport, etc.

Proportion of Revenue from business operation

Q3/2023



27.11%

Revenue from system integration services

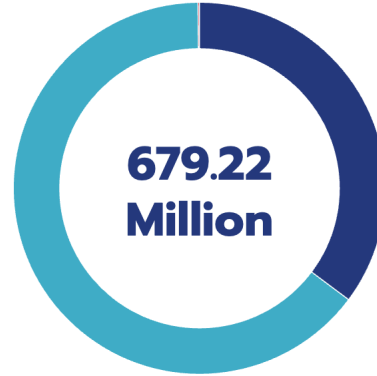
70.13%

Revenue from services

2.76%

Revenue from sales

Q3/2022



35.22%

Revenue from system integration services

64.65%

Revenue from services

0.13%

Revenue from sales

Total Costs

| Costs | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------------------|-----------------------|-----------------|---------------------|---------------|
| | 9 Month 2023 | 9 Month 2022 | Million Baht | % |
| Cost of System Integration Services | 530.69 | 553.65 | (22.96) | (4.15) |
| Cost of Sales | 53.92 | 23.35 | 30.57 | 130.92 |
| Cost of Services | 1,461.45 | 1,150.10 | 311.34 | 27.07 |
| Total Costs | 2,046.06 | 1,727.10 | 318.95 | 18.47 |
| Gross Profit | 796.21 | 224.49 | 571.73 | 254.69 |
| Gross Profit (%) | 28.01 | 11.50 | | |

| Costs | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------------------|-----------------------|-----------------|---------------------|---------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Cost of System Integration Services | 196.15 | 183.54 | 12.61 | 6.87 |
| Cost of Sales | 21.91 | 0.71 | 21.20 | 2,985.92 |
| Cost of Services | 569.45 | 387.41 | 182.04 | 46.99 |
| Total Costs | 787.51 | 571.66 | 215.85 | 37.76 |
| Gross Profit | 292.50 | 107.56 | 184.93 | 171.94 |
| Gross Profit (%) | 27.08 | 15.84 | | |

Total costs for the 3-month, period ended 30 September 2023 amounted to 787.51 million baht, a increasing of 215.85 million baht or 37.76% compared to last year with a total cost of 571.66 million baht, However, the increasing of total costs did not result in the overall gross profit margin. The company's gross profit increased from the same quarter and cumulative 9-month of the previous year. 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 third 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 of the project are fixed cost of depreciation. The Company recognized higher revenues with fixed costs, resulting in higher profits as well.

Expenses

| Expenses | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------|-----------------------|-----------------|---------------------|--------------|
| | 9 Month 2023 | 9 Month 2022 | Million Baht | % |
| Selling Expenses | 93.18 | 77.13 | 16.05 | 20.81 |
| Administrative Expenses | 250.39 | 208.55 | 41.84 | 20.06 |
| Finance Cost | 223.08 | 152.42 | 70.66 | 46.36 |
| Total Expenses | 566.65 | 438.10 | 128.55 | 29.34 |



| Expenses | Amount (Million Baht) | | Increase/(Decrease) | |
|-------------------------|-----------------------|-----------------|---------------------|--------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| Selling Expenses | 33.01 | 25.83 | 7.18 | 27.80 |
| Administrative Expenses | 79.84 | 67.69 | 12.15 | 17.95 |
| Finance Cost | 76.00 | 61.88 | 14.12 | 22.82 |
| Total Expenses | 188.85 | 155.40 | 33.45 | 21.53 |

The overall expenses of the Company for the 3-month ended 30th September 2023, amounted to 188.85 million baht, an increase of 33.45 million baht or 21.53% from the previous year, mainly due to the following reasons:

- Selling and administrative expenses, the total amount of the expenses for the the third quarter year 2023 was 112.85 million baht, increase from the same quarter year 2022 by 19.33 million baht or 20.67%. According to the strategic plan for creating growth in the service business and developing platforms related to security services for both the Company and its subsidiaries, The Company invest in expertise people. As a result, employee expenses in 2023 are increased from 2022. In addition, the Company has expanded office rental space and office renovation to accommodate the employees expansion, cause to office expenses increment as well.
- Financial costs of the Company and its subsidiaries amounted to 76.00 million baht, an increase of 14.12 million baht or 22.82% from the same quarter year 2022. Although in 2023 the Company has repaid long-term loans for major projects, but the increasing in interest rates for both short-term and long-term loans that are floating interest rates. In addition, the short-term borrowing for use in revolving projects that the company bids in 2023, causing financial cost increasing from 2022.

Share of profit from associated companies

| Company | Amount (Million Baht) | | Increase/(Decrease) | |
|---|-----------------------|-----------------|---------------------|----------------|
| | 9 Month 2023 | 9 Month 2022 | Million Baht | % |
| TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”) | 45.66 | 287.13 | (241.47) | (84.10) |
| ASTRO SOLUTIONS COMPANY LIMITED (“ASTRO”) | (0.96) | (1.28) | 0.32 | (25.00) |
| GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”) | 7.11 | - | 7.11 | 100.00 |
| SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”) | 99.12 | 20.49 | 78.63 | 383.75 |
| Total | 150.93 | 306.34 | (155.41) | (50.73) |

| Company | Amount (Million Baht) | | Increase/(Decrease) | |
|---|-----------------------|-----------------|---------------------|--------------|
| | 3 Month 2023 | 3 Month 2022 | Million Baht | % |
| TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”) | 17.65 | 11.53 | 6.12 | 53.08 |
| ASTRO SOLUTIONS COMPANY LIMITED (“ASTRO”) | (0.17) | (0.37) | 0.20 | 54.05 |
| GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”) | 4.83 | - | 4.83 | 100.00 |
| SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”) | 23.37 | 12.17 | 11.20 | 92.03 |
| Total | 45.68 | 23.33 | 22.35 | 95.80 |

For the 3-month ended 30th September 2023, the Company has recognized its share of profit from investments in associates and joint operation totaling 45.68 million baht, a increasing of 22.35 million baht from the previous same quarter (Q3/2022 share profit from investment in associates and joint operation was 23.33 million baht), comprised of:

- (1) Profit sharing from Turnkey Communication Services Public Company Limited (“TKC”) amounting to 17.65 million baht (increase by 6.12 million baht compare to Q3/2022). 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 0.17 million baht (shared of loss decrease by 0.20 million baht compare to Q3/2022) Mainly from Astro has restructured its organization to reduce employee costs.
- (3) Profit sharing from Global Sport Ventures Company Limited amounting to 4.83 million baht came from operating loss which is operate in Sports organizer.
- (4) Profit sharing from SAL Group (Thailand) limited amounting to 23.37 million baht (increase by 11.20 million baht compare to Q3/2022) because SAL invested in AOT ground aviation service Company Limited, “AOTGA”, which is an associate company of SAL, The operating profits increased from 2022 due to the air traffic volume of Don Mueang and Phuket airports. The increasing in number of domestic and international flights in 2023, causing various airlines to use ground services from AOTGA higher than prior year.

Please be informed accordingly.

Sincerely yours,

(MR. SITHIDEJ MAYALARP)

Director

Corporate Secretary
Tel. 02 029 7888 Ext 812