



SKY ICT PUBLIC COMPANY LIMITED

Management Discussion and Analysis
for the second quarter ended 30 June 2024



No. SKY-67-08-005

13th August 2024

Subject Management Discussion and Analysis for the second quarter ended 30th June 2024
 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 2024 (1 set)

Sky ICT Public Company Limited (“the Company”) would like to submit the financial statement for the period ended on 30th June 2024, 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

Overview of operating results for the second quarter ended 30th June 2024

Company's performance	Amount (Million Baht)		Increase (Decrease)		Amount (Million Baht)		Increase (Decrease)	
	6 Month 2024	6 Month 2023	Million Baht	%	3 Month 2024	3 Month 2023	Million Baht	%
Total Income	3,003.97	1,762.27	1,241.70	70.46	1,625.11	942.28	682.83	72.47
Net Profit	234.79	203.09	31.70	15.61	117.84	119.77	(1.93)	(1.61)
Basic earnings per share (Baht per shares)	0.33	0.32			0.17	0.19		

Net profit

The Company and its subsidiaries had total revenue for the 3-month, period ended 30th June 2024 amounted to 1,625.11 million baht, increasing of 682.83 million baht or 72.47% compared to the same period of prior year due to the revenue from Siam Administrative Management and Security Guards Co., Ltd (“SAMCO”) which was acquired by subsidiary in portion 100%. The core revenue from facilities management, cleaning and securities guard services, cash collection and delivery services which totaling revenue for the second quarter of 2024 was 407 million baht. However, the gross margin ratio of service revenue from “SAMCO” is not high margin. Additional selling and administrative expenses of SAMCO is increase from expansion of its business lead to the profit of the Company and its subsidiaries for 3-month, period ended 30th June 2024 had decreased from the same period of previous year amounted 1.93 million bath or 1.61%



Core business revenue

The Company and its subsidiaries had total revenue for the 3-month, period ended 30th June 2024 amounted to 1,625.11 million baht, an increasing of 682.83 million baht or 72.47% compared to the previous year with total revenue of 942.28 million baht can be summarized as follows:

Revenue	Amount (Million Baht)		Increase/(Decrease)	
	6 Month 2024	6 Month 2023	Million Baht	%
Revenue from System Integration Services	480.14	410.51	69.63	16.96
Revenue from Sales	9.32	44.86	(35.54)	(79.22)
Revenue from Services	2,514.51	1,306.90	1,207.61	92.40
Total Revenue	3,003.97	1,762.27	1,241.70	70.46

Revenue	Amount (Million Baht)		Increase/(Decrease)	
	3 Month 2024	3 Month 2023	Million Baht	%
Revenue from System Integration Services	370.74	222.04	148.70	66.97
Revenue from Sales	0.25	43.55	(43.30)	(99.43)
Revenue from Services	1,254.12	676.69	577.43	85.33
Total Revenue	1,625.11	942.28	682.83	72.47

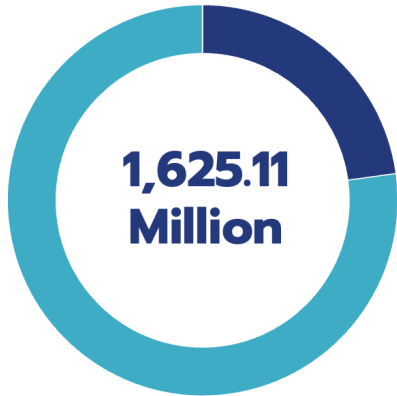
1. **Revenue from System Integration Services**, the amount revenue of 370.74 million baht, represent to 22.81% of total revenue, increased 148.70 million baht or 66.97% compared to the previous year. The delivered and recognized project revenues in this year were higher than previous year. The projects were delivered and recognized during the second quarter ended 30 June 2024 as follows:
 - A project for development of Thailand’s Central Health Cloud System
 - 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 develop Smart City system. The project develops extension area of the government, honor of His Majesty the King's 80th Birthday Anniversary, 5 December 2007, Zone C.
 - A project of procurement and installation of CCTV and equipment at Songkhla
 - A project of installment and maintenance distribution center system (Multimodal Transportation: ZONE 3)
2. **Revenue from Sales**, the amount of 0.25 million baht, represent to 0.02% of total revenue, an decreasing of 43.30 million baht or 99.43% compared to the previous year resulted from the revenue from sales of computer equipment to private sector which was recognized in 2023



3. **Revenue from Services**, the amount of 1,254.12 million baht, accounting for 77.17% of total revenue, an increasing of 676.69 million baht or 85.33% compared to the previous year. The Company has recognized revenue from services as below:
- Revenue from service 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. The Company recognized revenue from number of outbound passengers both domestic and international travelling. Even though, number of passengers 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 per TOR for the second quarter ended 30th June 2024 is higher than the year 2023 cause the revenue recognition in 2024 increased. The Company recognized revenue for 3-months and 6-months, period ended 30 June 2024 amounted 317.73 million baht and 635.45 million baht respectively and revenue for 3-months and 6-months, period ended 30th June 2023 amounted 241.53 million baht and 483.06 million baht, respectively
 - Revenue from service of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) for 6 airports, Airports of Thailand Public Company Limited. For the 3-month and 6-month for the second quarter of 2024 year, the number of inbound, outbound and transit passengers increased from the same period of 2023 year by 2.23 million passengers and 6.55 million respectively because of Tourist campaign from Government especially “Free VISA” campaign for Chinese tourists visit Thailand and Thai tourists visit China since 1st March 2024.
 - Revenue from Maintenance Service Agreement. In this year, The Company had signed many Maintenance service agreements for the projects delivered by the Company. Most of agreements have service period over 1 year such as Car license plate systems and CCTV camera systems, etc.
 - Other service revenue. After the Company completely delivered implementation phase, the Company also provided the maintenance services as per installation agreements such as providing high-speed internet service in remote areas project, providing high-speed internet services in village edge areas project, Trolley service project at Suvarnabhumi Airport, etc.
 - Service revenue of Siam Administrative Management and Security Guards Co., Ltd as mentioned above was revenue for the 3-month and 6-month, period ended 30th June 2024 amounted 407 million baht and 769 million baht, respectively. Most of the agreements have service period at least 12-months.

Proportion of Revenue from business operation

Q2/2024



22.81%

Revenue from system integration services

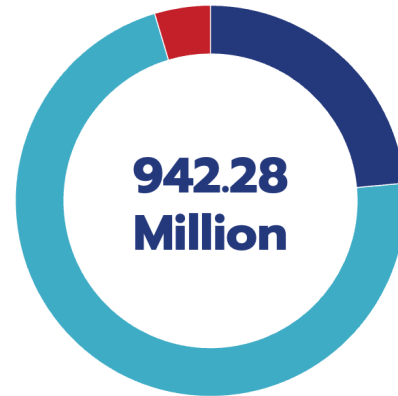
77.17%

Revenue from services

0.02%

Revenue from sales

Q2/2023



23.56%

Revenue from system integration services

71.81%

Revenue from services

4.63%

Revenue from sales

Total Costs

Costs	Amount (Million Baht)		Increase/(Decrease)	
	6 Month 2024	6 Month 2023	Million Baht	%
Cost of System Integration Services	388.35	334.54	53.81	16.08
Cost of Sales	6.42	32.00	(25.58)	(79.94)
Cost of Services	1,948.50	892.00	1,056.49	118.44
Total Costs	2,343.28	1,258.54	1,084.72	86.19
Gross Profit	660.69	503.73	156.97	31.16
Gross Profit (%)	21.99	28.58		

Costs	Amount (Million Baht)		Increase/(Decrease)	
	3 Month 2024	3 Month 2023	Million Baht	%
Cost of System Integration Services	308.70	179.75	128.92	71.74
Cost of Sales	0.20	31.58	(31.38)	(99.37)
Cost of Services	978.35	462.31	516.03	111.62
Total Costs	1,287.25	673.64	613.60	91.09

Costs	Amount (Million Baht)		Increase/(Decrease)	
	3 Month 2024	3 Month 2023	Million Baht	%
Gross Profit	337.86	268.63	69.23	25.77
Gross Profit (%)	20.79	28.51		

Total costs for the 3-month, period ended 30th June 2024 amounted to 1,287.25 million baht, an increasing of 613.60 million baht or 91.09% compared to previous year with a total cost of 673.64 million baht. The increasing of total costs did not result in the decreasing of gross profit amount which the Company's gross profit increased from the previous year amounted to 69.23 million bath or 25.77%. However, gross profit ratio decreased from 28.51% to be 20.79%, compared to the same period of the previous year. The main result is as following:

- (A) Cost of System Integration Services increased in higher proportion, compare to the increasing in Revenue proportion due to Cost of some projects are higher than project budget.
- (B) Cost of Sales which the Revenue from Sales is not main business of the Company and its subsidiaries. The most customer of revenue from sales are private sector which is not higher margin ratio.
- (C) Cost of Services proportion is higher than the same period of previous year due to Cost of securities guard and cleaning services from "SAMCO" mainly included labor cost which is higher cost and more difficult to control than other service cost of the Company and its subsidiaries. The most service cost is fixed cost and low value such as depreciation, rental, and consumable cost, etc.

Expenses

Expenses	Amount (Million Baht)		Increase/(Decrease)	
	6 Month 2024	6 Month 2023	Million Baht	%
Selling Expenses	83.29	60.17	23.12	38.42
Administrative Expenses	259.43	170.55	88.88	52.11
Finance Cost	151.81	147.08	4.73	3.22
Total Expenses	494.53	377.80	116.73	30.90
Expense to income ratio (%)	16.46	21.44		



Expenses	Amount (Million Baht)		Increase/(Decrease)	
	3 Month 2024	3 Month 2023	Million Baht	%
Selling Expenses	34.53	27.13	7.40	27.28
Administrative Expenses	144.28	78.43	65.85	83.96
Finance Cost	73.87	78.44	(4.57)	(5.83)
Total Expenses	252.68	184.00	68.68	37.33
Expense to income ratio (%)	15.55	19.53		

The overall expenses of the Company for the period ended 30th June 2024, amounted to 252.68 million baht, an increase of 68.68 million baht or 37.33% from the previous year, mainly due to the expenses of Astro solutions Co., Ltd which changing from an associate company to a subsidiary company and Siam Administrative Management and Security Guards Co., Ltd which 100% hold by Metthier Co., Ltd. while there was no these expenses in the second quarter of 2023. In addition, the Company and subsidiaries' administrative expenses in the second quarter of 2024 also increased due to SAMCO' employee expenses and office expenses.

Share of profit from associated companies

Company	Amount (Million Baht)		Increase/(Decrease)	
	6 Month 2024	6 Month 2023	Million Baht	%
TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”)	32.13	28.01	4.12	14.71
ASTRO SOLUTIONS COMPANY LIMITED (“ASTRO”)	-	(0.79)	0.79	100.00
GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”)	10.39	2.28	8.11	355.70
SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”)	91.80	75.75	16.05	21.19
Total	134.32	105.25	29.07	27.62

Company	Amount (Million Baht)		Increase/(Decrease)	
	3 Month 2024	3 Month 2023	Million Baht	%
TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”)	15.78	15.49	0.29	1.87

Company	Amount (Million Baht)		Increase/(Decrease)	
	3 Month 2024	3 Month 2023	Million Baht	%
ASTRO SOLUTIONS COMPANY LIMITED (“ASTRO”)	-	(0.52)	0.52	100.00
GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”)	4.20	(0.17)	4.37	2,570.59
SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”)	32.68	36.85	(4.17)	(11.32)
Total	52.66	51.65	1.01	1.96

For the period ended 30 June 2024, the Company has recognized its share of profit from investments in associates and joint operation totaling 52.66 million baht, an increasing of 1.01 million baht from the prior year because of :

- (1) Profit sharing from Turnkey Communication Services Public Company Limited (“TKC”) amounting to 52.66 million baht (increase by 0.29 million baht compare to Q2/23). TKC had recognized 24.9% profit sharing from their associated company, Advanced Information Technology Public Company Limited.
- (2) Astro solutions Company Limited (“ASTRO”). In Q4/2023 the Company increased in investment, resulting in Astro's status changing from an associate to a subsidiary, in which the Company changed from recognizing share of profit from investments in associates and joint ventures to consolidating the financial statements of subsidiaries in the consolidated financial statements.
- (3) Profit sharing from Global Sport Ventures Company Limited amounting to 4.20 million baht came from operating profits which is operate in Sports organizer.
- (4) Profit sharing from SAL Group (Thailand) limited (“SAL”) amounting to 32.68 million baht due to AOT ground aviation service Company Limited, “AOTGA”, which is an associate company of SAL. operate in the ground services (Don Mueang Airport and Phuket Airport), and Cargo management in Phuket Airport.



Please be informed accordingly.

Sincerely yours,

(MR. SITHIDEJ MAYALARP)

Director

Corporate Secretary

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