



# AVIATION TECHNOLOGY SERVICE

**SKY ICT Public Company Limited**  
Management Discussion and Analysis  
For the Third Quarter Ended September 30, 2024





No. SKY-67-11-014

14<sup>th</sup> November 2024

Subject: Management Discussion and Analysis for the Third Quarter of 2024  
To: President The Stock Exchange of Thailand  
Attachment: A copy of the financial statements for the third quarter ended 30<sup>th</sup> September 2024, 1 set

SKY ICT Public Company Limited and its subsidiaries (“SKY Group”) are pleased to present the financial statements for the third quarter ended 30<sup>th</sup> September 2024, which have been reviewed by the auditor, along with the Management Discussion and Analysis. This comprehensive information is provided to keep our investors and stakeholders well-informed, with details outlined below.

## **Business Overview**

SKY ICT Public Company Limited and its subsidiaries (“SKY Group”) operate in the information and communication technology (ICT) industry, offering products and services designed to ensure efficient and secure communication and information systems for clients. The Group provides high-quality, industry-recognized base products while customizing solutions to meet the diverse needs of organizations. This includes consulting, design, and installation of physical and data security systems, integrated network controls, and other essential ICT security solutions. These services are tailored to align with each organization’s unique requirements, whether for on-site or network-based ICT security systems. As an “ICT contractor,” SKY Group addresses the fast-growing and highly competitive business environment by integrating ICT to enhance business efficiency and potential.

The Group’s operations are divided into three main segments:

### **1. Service Business**

#### **1.1. Aviation Service**

SKY Group integrates modern information technology into airport management, applying new technologies to adapt to the evolving behaviors of airport users. This service facilitates both domestic and international passengers, including advanced systems for passenger screening and data management, ensuring convenience and efficiency for travelers entering and exiting Thailand. The company also develops systems for processing and managing passenger travel data.

#### **1.2. Platform Development and Services**

The Group develops and manages digital content platforms related to travel and tourism, providing interactive information about tourist attractions, key locations, and services. These platforms serve as comprehensive information hubs for tourists and are designed with high efficiency for various user groups. SKY Group’s specialized teams manage large datasets and develop tailored programs to meet customer demands, ensuring appropriate and innovative solutions.

#### **1.3. Maintenance and Post-Sales Services**

SKY Group provides comprehensive maintenance services for hardware and software sold to clients, ensuring continuous system efficiency. The company emphasizes round-the-clock support, with teams ready to resolve system issues quickly. Additionally, SKY Group offers high-speed internet services in rural areas across various provinces.

#### **1.4. Smart Security and Property Management Services**

The Group offers advanced security and property management solutions using cutting-edge technologies such as AI and IoT. These include smart physical and data security systems, Digital Twin technology, and 3D visualization for efficient building management. The company also employs AI for intelligent incident management and uses robots and IoT to optimize operations. With a workforce of over 6,000 employees and more than 400 clients nationwide, SKY Group integrates advanced technology with quality service to foster safe and thriving communities.



### 1.5. Customer Service Management

SKY Group provides comprehensive customer service management solutions, covering both digital and traditional channels. The company excels in resource and customer service management, serving leading public and private organizations. SKY Group continuously develops its workforce and systems to keep up with rapidly changing technologies and market demands.

### 2. Information and Communication Technology System Integration (ICT-SI)

SKY Group operates in the sale and integration of information and communication technology (ICT) systems, offering a full range of services, including consulting, design, installation, and project management for complex and large-scale ICT network projects. These services cater to both public and private sector clients. Most projects undertaken are characterized by high operational complexity (Complexity Projects) and involve collaboration with specialized partners for various software and hardware systems. The Group's expertise in advanced and secure ICT technologies enables the development of diverse solutions that enhance organizational efficiency in data management and workflow processes while ensuring the highest levels of data and physical security.

### 3. Sales of IT-Related Products

The Group sells a wide range of IT-related products and equipment, including computers, laptops, scanners, printers, printer ink, servers, storage devices, network switches, CCTV cameras, and other items tailored to customer requirements.

## Economic and Industry Conditions Impacting Operations

In 2024, Thailand's economic and political landscape presents significant positive signs for SKY Group's business operations. The economic recovery, driven by a strong rebound in tourism and increased private consumption, is bolstered by government investment in digital infrastructure, which aligns with the growth of the information technology (IT) sector—one of the company's core business areas.

The stable new government and its policies focusing on digital economic development and promoting technology investments create opportunities for the company to continuously expand its market in IT solutions and smart security services. Additionally, the growing importance of security and building management, as well as the rising demand for comprehensive cleaning services and call center operations, continues to increase in a highly competitive business environment.

SKY Group sees opportunities arising from the tourism sector's growth, which drives demand for modern security services, maintenance, and customer experience management—areas where the company has extensive expertise. Management is confident that the integration of IT solutions with the company's diverse services will create added value and lead to sustainable growth.

With a strong economic outlook and government support, SKY Group is well-prepared to leverage these opportunities to strengthen its business foundation and deliver stable and sustainable returns to investors over the long term.

## Summary of Key Events and Developments

On August 14, 2024, at the 5<sup>th</sup> meeting of the Board of Directors for 2024, a resolution was passed to approve an investment in One to One Professional Company Limited (“OTP”) by purchasing common shares from Peer For You Public Company Limited (“PEER”). SKY ICT Public Company Limited (“the Company”) and Turnkey Communication Services Public Company Limited (“TKC”) will jointly acquire 5,600,000 shares of OTP, equivalent to 70% of the total issued and paid-up shares, from PEER. The breakdown of the shares and the purchase price is as follows:

1. The Company will pay a cash consideration of 90,000,000 baht, along with an additional amount equal to 45% of OTP's net working capital as of June 30, 2024, valued at 12,407,150.82 baht.
2. TKC will pay a cash consideration of 50,000,000 baht, along with an amount equal to 25% of OTP's net working capital as of June 30, 2024, valued at 6,892,861.57 baht.

Following the transaction, OTP will become a subsidiary of the Company, with the Company holding 45% of OTP's shares and TKC holding 25%. Additionally, the Company holds an 18.8% stake in TKC.

The nature of OTP's business involves providing outsourced contact center services, which include fully-managed contact center and customer relationship management services (Fully-Outsourced Contact Center and Customer Management Services). OTP also offers equipment and software leasing for contact center systems, staffing solutions for customer service representatives to work at client-operated service centers, maintenance services for contact center systems, and turnkey total solutions for the design, development, and installation of modern contact center systems capable of supporting multi-channel communication.

The Company recognizes the future growth potential of OTP's contact center business, driven by the continuous and rapid increase in digital communication services. Therefore, the Company believes that acquiring and holding shares in OTP represents a valuable investment opportunity. The contact center industry is significantly impacted by advancements in technology and innovation, transforming business operations and consumer behavior. For example, the growing trend of using artificial intelligence (AI) to replace traditional customer service representatives allows the Company to stay at the forefront of innovation and apply cutting-edge technologies in the contact center business. OTP's ongoing development of AI capabilities enhances its competitiveness, enabling it to offer services that meet current and future customer demands. This positions OTP for continuous growth, generating substantial returns for both the Company and TKC.



## Summary of Operating Results

### Overview of Operating Performance in Q3/2024

Unit: Million Baht	Q3/2024	Q2/2024	Q3/2023	QoQ (%)	YoY (%)	9 Months 2024	9 Months 2023	YoY (%)
<b>Total Revenue</b>	1,715	1,648	1,084	4.1	58.2	4,730	2,849	66.0
<b>Net Profit</b>	111	111	128	(0.0)	(13.3)	331	332	0.3
<b>Basic Earnings per Share (Baht/Share)</b>	0.16	0.16	0.17	0.0	(5.9)	0.47	0.49	(4.1)

### Net Profit

The Group reported total revenue of 1,715 million baht in Q3/2024, an increase of 631 million baht or 58.2% compared to the same quarter last year. The primary reason for this growth is the consolidation of revenue from The Siam Administrative Management Co., Ltd. ("SAMCO"), in which Metthier Co., Ltd., a subsidiary of the Company, acquired a 100% investment on September 19, 2023. Additionally, the recovery in the tourism sector also contributed to an increase in service revenue compared to the same quarter last year. Additionally, the Group invested in OTP during Q3/2024 on August 30, 2024, allowing OTP's revenue to be consolidated and presented in the Group's financial statements for Q3/2024 for the first time. However, the profit margins of SAMCO and OTP are not as high compared to other businesses within the Group. Additionally, the Group incurred higher selling and administrative expenses from SAMCO due to business expansion. As a result, the Group's net profit for Q3/2024 decreased by 17 million baht, or 13.3%, compared to the same period last year.



## Revenue

Unit: Million Baht	Q3/2024	Q2/2024	Q3/2023	QoQ (%)	YoY (%)	9 Months 2024	9 Months 2023	YoY (%)
Revenue from System Integration Services	330	371	293	(11.3)	12.6	810	703	15.2
Revenue from Sales	1	-	30	100.0	(96.7)	10	75	(86.7)
Revenue from Services	1,378	1,254	757	9.9	82.0	3,893	2,064	88.6
<b>Total Revenue</b>	<b>1,709</b>	<b>1,625</b>	<b>1,080</b>	<b>5.2</b>	<b>58.2</b>	<b>4,713</b>	<b>2,842</b>	<b>65.8</b>

**Revenue from system integration services** in Q3/2024 amounted to 330 million baht, accounting for approximately 19.3% of total revenue. This represents an increase of 37 million baht, or 12.6%, compared to the same quarter last year. The increase was driven by the delivery and revenue recognition of higher-value projects in Q3/2024 compared to Q3/2023. Key projects contributing to the revenue in the current quarter include:

- The project for developing a national healthcare cloud system for the Office of the National Digital Economy and Society Commission.
- The GPS tracking and monitoring system project for the Bangkok Mass Transit Authority.
- The project for developing CCTV technology to enhance immigration control for the Immigration Bureau.

**Revenue from sales** in Q3/2024 amounted to 1 million baht, accounting for approximately 0.1% of total revenue. Revenue from sales is not a primary source of income for the Group, resulting in a decrease of 29 million baht, or 96.7%, compared to the same quarter last year. The decline was because, in Q3/2023, the Group had revenue from the sale of computer equipment to only a few private sector clients.

**Revenue from services** in Q3/2024 amounted to 1,378 million baht, accounting for approximately 80.6% of total revenue, an increase of 621 million baht, or 82.0%, compared to the same quarter last year. The reasons for this increase are as follows:

- Revenue from the Common Use Passenger Processing System (CUPPS) services at Suvarnabhumi Airport, Don Mueang Airport, Chiang Mai Airport, Phuket Airport, Hat Yai Airport, and Mae Fah Luang Chiang Rai Airport. The Company recognizes revenue from this service based on the number of departing domestic and international passengers using the system. Although the number of departing passengers has increased, it still falls below 90% of the passenger volume specified in the TOR. Thus, the Company continues to recognize revenue at 90% of the passenger volume specified in the TOR. The passenger volume specified in the TOR for Q3/2024 was higher than in Q3/2023, resulting in an increase in revenue of 80 million baht.
- Revenue from the Advance Passenger Processing System (APPS) and the Passenger Name Record (PNR) data processing services for all six airports managed by Airports of Thailand Public Company Limited (AOT) was 50 million baht higher in Q3/2024 compared to Q3/2023. This increase was due to the continuous rise in the number of passengers traveling to, from, and transiting through Thailand, driven by government tourism promotion campaigns initiated in 2024.
- Revenue from Smart Security and Property Management Services increased by 416 million baht. This revenue is attributed to SAMCO, in which the Company holds a 100% stake, making SAMCO a subsidiary. As a result, the financial statements of SAMCO have been consolidated into the Company's financial statements, allowing the Company to fully recognize revenue from this business in 2024. SAMCO's service revenue in 2024 increased by 416 million baht compared to 2023.
- Revenue from Customer Service Management increased by 45 million baht, as the Company invested in OTP on August 30, 2024, allowing the Company to recognize revenue from this business for the first time in Q3/2024. Since the Group has control over OTP, it is considered a subsidiary, and the service revenue of OTP has been consolidated into the Group's financial statements.
- Revenue from Maintenance Service Agreements and other services, such as high-speed internet services in rural areas across various provinces, community internet center services in village border areas, and baggage trolley services at Suvarnabhumi Airport, increased by 30 million baht due to the higher number of projects, as well as service agreements for the maintenance of systems sold and installed by the Group.

## Cost

Unit: Million Baht	Q3/2024	Q2/2024	Q3/2023	QoQ (%)	YoY (%)	9 Months 2024	9 Months 2023	YoY (%)
Cost of System Integration Services	277	309	196	(10.4)	41.3	665	531	25.2
Cost of Sales	-	-	22	-	(100.0)	6	54	(88.9)
Cost of Services	1,121	988	571	13.5	96.3	3,088	1,462	111.2
<b>Total Cost</b>	<b>1,398</b>	<b>1,297</b>	<b>789</b>	<b>7.8</b>	<b>77.2</b>	<b>3,759</b>	<b>2,047</b>	<b>83.6</b>
<b>Gross Profit</b>	<b>311</b>	<b>328</b>	<b>291</b>	<b>(5.2)</b>	<b>(6.9)</b>	<b>954</b>	<b>795</b>	<b>20.0</b>
<b>Gross Profit Margin (%)</b>	<b>18.2</b>	<b>20.2</b>	<b>26.9</b>			<b>20.2</b>	<b>28.0</b>	

Total cost in Q3/2024 amounted to 1,398 million baht, an increase of 609 million baht, or 77.2%, compared to the total cost of 789 million baht in the same quarter last year. The Group's overall gross profit margin decreased from 26.9% to 18.2% compared to the same quarter last year, due to the following reasons:

- Cost of System Integration Services increased at a higher rate than the revenue from sales and system integration. This was because the projects recognized in Q3/2024 had lower gross profit margins compared to those recognized in Q3/2023.
- Cost of Sales decreased in line with the decline in revenue from Sales, as revenue from Sales is not a primary focus for the Group. Instead, the Group emphasizes revenue from system integration services and revenue from services, which are higher and more consistent, contributing to financial stability.
- Cost of Services increased significantly in line with the growth in Revenue from Services. However, the cost of services rose at a higher rate than the increase in service revenue, primarily due to the smart security and property management services business of SAMCO. The majority of costs in this segment were labor costs, which have relatively lower gross profit margins compared to other projects within the Group. This was a key factor contributing to a significant decrease in the Group's overall gross profit margin to 18.2%.

## Other Income (Expense)

Unit: Million Baht	Q3/2024	Q2/2024	Q3/2023	QoQ (%)	YoY (%)	9 Months 2024	9 Months 2023	YoY (%)
Other Income	6	23	4	(73.9)	50.0	17	7	142.9
Other Losses, Net	(6)	(32)	12	(81.3)	(150.0)	(47)	5	(1,040.0)
<b>Total Other Income (Expense)</b>	<b>-</b>	<b>(9)</b>	<b>16</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(30)</b>	<b>12</b>	<b>(350.0)</b>

Other expenses in Q3/2024 decrease by 16 million baht, or 100.0%, compared to the same quarter last year, when the Group had income of 16 million baht. This was because, in Q3/2023, the Group earned income from foreign exchange hedging, which resulted from the depreciation of the Thai baht at the time the Group entered into the hedging contracts. However, the impact of foreign exchange gains diminished in Q3/2024 due to the appreciation of the Thai baht in the current period.

## Selling, Administrative Expenses, and Finance Costs

Unit: Million Baht	Q3/2024	Q2/2024	Q3/2023	QoQ (%)	YoY (%)	9 Months 2024	9 Months 2023	YoY (%)
Selling Expenses	51	35	33	45.7	54.5	134	93	44.1
Administrative Expenses	109	144	80	(24.3)	36.3	369	250	47.6
Finance Costs	69	74	76	(6.8)	(9.2)	221	223	(0.9)
<b>Total Expenses</b>	<b>229</b>	<b>253</b>	<b>189</b>	<b>(9.5)</b>	<b>21.2</b>	<b>724</b>	<b>566</b>	<b>27.9</b>
<b>Expense Ratio to Revenue (%)</b>	<b>13.4</b>	<b>15.6</b>	<b>17.5</b>			<b>15.4</b>	<b>19.9</b>	

Total expenses for the Group in Q3/2024 amounted to 229 million baht, an increase of 40 million baht, or 21.2%, compared to the same quarter last year. This increase was primarily due to higher expenses arising from investments made by the Group in 2023, including investments in Astro Solutions Co., Ltd. ("ASTRO"), which became a subsidiary on October 2, 2023, and SAMCO under Metthier Co., Ltd. ("METTHIER"), which the Group invested in on September 19, 2023. Additionally, the investment in OTP on August 30, 2024, during Q3/2024, also contributed to the overall increase in the Group's expenses compared to the same period last year. The overall increase in expenses was primarily in selling and administrative expenses, mainly due to higher employee costs from an

increase in the number of staff as the Group expanded its operations, as well as marketing expenses aimed at enhancing the Group's brand image.

### Share of profit from associates and joint venture

Unit: Million Baht	Q3/2024	Q2/2024	Q3/2023	QoQ (%)	YoY (%)	9 Months 2024	9 Months 2023	YoY (%)
Turnkey Communication Services Public Company Limited ("TKC")	9	16	18	(43.8)	(50.0)	42	46	(8.7)
Astro Solutions Co., Ltd. ("ASTRO")	-	-	-	0.0	0.0	-	(1)	(100.0)
Global Sports Ventures Co., Ltd. ("GSV")	6	4	5	50.0	20.0	16	7	(128.6)
SAL Group (Thailand) Co., Ltd. ("SAL")	48	33	23	45.5	108.7	140	99	41.4
<b>Total</b>	<b>63</b>	<b>53</b>	<b>46</b>	<b>18.9</b>	<b>37.0</b>	<b>198</b>	<b>151</b>	<b>31.1</b>

In Q3/2024, the Group recognized a total share of profit from associates and joint venture of 63 million baht, an increase of 17 million baht compared to the 46 million baht recorded in the same quarter of the previous year, as detailed below:

- **Turnkey Communication Services Public Company Limited ("TKC"):** Share of profit was 9 million baht, a decrease of 9 million baht compared to the same quarter last year, when the share of profit was 18 million baht, due to lower performance from TKC.
- **Astro Solutions Co., Ltd. ("ASTRO"):** No share of profit was recognized because the investment in ASTRO has been reclassified from an associate to a subsidiary since Q4/2023. Consequently, the Company no longer recognizes share of profit from ASTRO in consolidated financial statements.
- **Global Sports Ventures Co., Ltd. ("GSV"):** Share of profit was 6 million baht, an increase of 1 million baht compared to the same quarter of the previous year, driven by improved business performance in the sports competition-related segment.
- **SAL Group (Thailand) Co., Ltd. ("SAL"):** Share of profit was 48 million baht, an increase of 25 million baht, driven by the recovery of the tourism sector in Thailand. This improvement positively impacted AOT Ground Aviation Services Company Limited ("AOTGA"), a joint venture of SAL, which provides ground handling services at Don Mueang and Phuket Airports, as well as airport warehouse management services at Phuket Airport, resulting in better operational performance.

### Summary of Financial Position

Total assets as of September 30, 2024, amounted to 11,214 million baht, a decrease of 301 million baht, or 2.6%, from 11,514 million baht as of December 31, 2023. The primary reason for this decline was the depreciation of equipment in various projects. During Q3/2024, the Group recorded a reduction in the allowance for impairment of trade receivables by 12 million baht as some long-outstanding receivables were collected, in accordance with financial reporting standards.

Total liabilities as of September 30, 2024, amounted to 6,190 million baht, a decrease of 612 million baht, or 9.0%, from 6,803 million baht as of December 31, 2023. This decline was due to the monthly repayments of long-term loans borrowed for the CUPPS and APPS projects, as well as the redemption of debentures amounting to 156 million baht, which were due in May 2024.

Total shareholders' equity as of September 30, 2024, amounted to 5,023 million baht, an increase of 312 million baht, or 6.6%, from 4,712 million baht as of December 31, 2023. This increase was primarily driven by the Company's operating performance.

## Key Financial Ratios

Financial Ratio	Q3/2024	Q2/2024	Q3/2023
<b>Liquidity Ratios</b>			
Current Ratio	1.1	1.1	1.2
Quick Ratio	0.2	0.3	0.6
<b>Activity Ratios</b>			
Average Collection Period (Days)	44	52	89
<b>Leverage Ratios</b>			
Debt to Equity Ratio	1.2	1.2	1.6
Interest Coverage Ratio	3	3	2
Debt Service Coverage Ratio	0.5	0.6	0.5
<b>Profitability Ratios</b>			
Return on Asset (ROA)	3.2%	4.9%	3.9%
Return on Equity (ROE)	11.3%	11.9%	11.3%

## Factors Impacting Business Operations or Future Growth

The Group is aware of key factors that may impact future operations and growth and has carefully prepared strategies to enhance sustainable growth opportunities. Additionally, the Group effectively manages risks to strengthen business stability and deliver consistent returns for shareholders. Key factors influencing the Group's business operations or future growth and the strategies implemented are as follows:

- 1. Technological Development and Resource Management:** The Group recognizes the importance of investing in new technologies and has plans for continuous innovation to respond to the rapid changes in the industry. The management team has prepared resources, production capacity, and technological capabilities to ensure that the Company maintains its competitive advantage.
- 2. Government Support:** Government policies that focus on developing digital infrastructure and promoting the technology industry are key drivers that enhance the Group's growth potential. The management is well-prepared to leverage these policies to expand the business and meet the increasing market demand.
- 3. Cost Management and Labor Handling:** The Group has developed effective cost management processes and has plans to address fluctuations in raw material prices and labor costs. This is achieved through operational efficiency improvements and investments in projects that minimize environmental and social impact, thereby enhancing the Company's sustainable corporate image.
- 4. Employee Skill Development:** The management recognizes the importance of developing employee skills, particularly in service-oriented businesses such as call centers, security services, and housekeeping. The Group has established continuous training and development programs to ensure that staff are well-prepared to adapt to technological changes, reinforcing the Company's position as an industry leader.
- 5. Economic Volatility:** Although the economy may experience uncertainty at times, the Group has developed comprehensive risk management plans and leverages the recovery of the tourism sector and private consumption. These are key drivers that strengthen the Company's service business.
- 6. Debt Management and Financial Support:** The management has planned efficient debt management and developed robust financial strategies to support business expansion. This includes providing financial assistance to subsidiaries and joint ventures, enhancing competitiveness and creating opportunities for stable growth.
- 7. Business Expansion for Risk Diversification:** The Group plans to expand into new, high-potential industries related to its areas of expertise. This strategy aims to diversify risk and create long-term growth opportunities. Not only will it enhance the Company's resilience to market changes, but it will also increase stable revenue streams. Investing in emerging technologies and modern service industries will enable the Company to adapt to evolving customer needs and strengthen its continuous growth potential.

With comprehensive preparedness, the Group is confident in its ability to tackle challenges and fully capitalize on emerging opportunities. This will ensure stability and sustainable growth while delivering strong, long-term returns to shareholders.





## Sustainability Development

The Group places great importance on sustainable development, focusing on business operations that encompass Environmental, Social, and Governance (ESG) dimensions to create lasting value for stakeholders. This approach aligns with the investment trends of investors who prioritize socially and environmentally responsible business practices.

1. **Environmental:** The Group implements policies to minimize environmental impact and has developed measures to reduce greenhouse gas emissions in its operations. These measures include adopting energy-saving technologies, waste reduction, waste segregation, and efficient resource utilization.
2. **Social:** The Group emphasizes community and social development, focusing on improving the quality of life for employees and the communities in which it operates through various social initiatives. These include training and skills development programs for employees, promoting workplace equality, and community development projects aimed at supporting marginalized groups. The Group also prioritizes employee safety and health by ensuring a safe and hygienic working environment.
3. **Governance:** The Group is committed to upholding high standards of corporate governance, adhering to principles of transparency, integrity, and fair management for all stakeholders. Additionally, the Group ensures the comprehensive disclosure of important information to investors and strictly complies with relevant laws and regulations, ensuring that its operations remain transparent and accountable.

Please be informed accordingly.

Sincerely yours,

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(MR. SITHIDEJ MAYALARP)  
Director

Corporate Secretary  
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