



SKY ICT PUBLIC COMPANY LIMITED

Management Discussion and Analysis

for the year ended 31st December 2023



No. SKY-67-02-031

28th February 2024

Subject Management Discussion and Analysis for the year 2023
To The Director and the Manager of the Stock Exchange of Thailand
Enclosed A copy of the financial statement for the year ended 31st December 2023 (1 set)

Sky ICT Public Company Limited (“the Company”) would like to submit the financial statement for the year ended on 31st December 2023, which has been audited 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 in 2023 as follows:

1. PRO INSIDE, a subsidiary of the Company, newly issued ordinary shares at the existing shares holding proportion for 500,000 shares at par value of Baht 100 per share, totaling Baht 50 million as working capital to support the future business expansion of Pro Inside. The Company maintains shareholding proportion as 91.33% of the total registered capital of 200 million baht.
2. METTHIER, a subsidiary of the Company, newly issued ordinary shares for 2,049,998 shares at par value of Baht 100 per share, totaling Baht 204.99 million as investing in businesses related to security services providing and Facility Management services to create a competitive advantage and opportunity to acquire larger projects. The Company has a shareholding on of 88.89% of the total registered capital of 225 million baht.
3. On September 19, 2023, METTHIER 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.
4. 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 for the year ended 31st December 2023

Company's performance	Amount (Million Baht)		Increase (Decrease)	
	2023	2022	Million Baht	%
Core business revenue	4,119.03	2,794.66	1,324.37	47.39
Other revenue	25.63	4.79	20.84	435.07
Gain on disposals of investments	-	111.22	(111.22)	(100.00)
Total Income	4,144.66	2,910.67	1,233.97	42.39
Net Profit	545.79	209.05	336.74	161.08
Basic earnings per share (Baht per shares)	0.81	0.35		

Net profit

The Company and its subsidiaries had net profit for the 12-month, period ended 31 December 2023 amounted to 545.79 million baht, increasing of 336.74 million baht or 161.08 percent compared to the prior year with a total net profit of 209.05 million baht. As a result, 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 12-month of 2023 was 59.82 million, increasing of 37.76 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 year ended 31 December 2023 amounted to 4,119.03 million baht, an increasing of 1,324.36 million baht or 47.39% compared to the previous year with total revenue of 2,794.66 million baht can be summarized as follows:

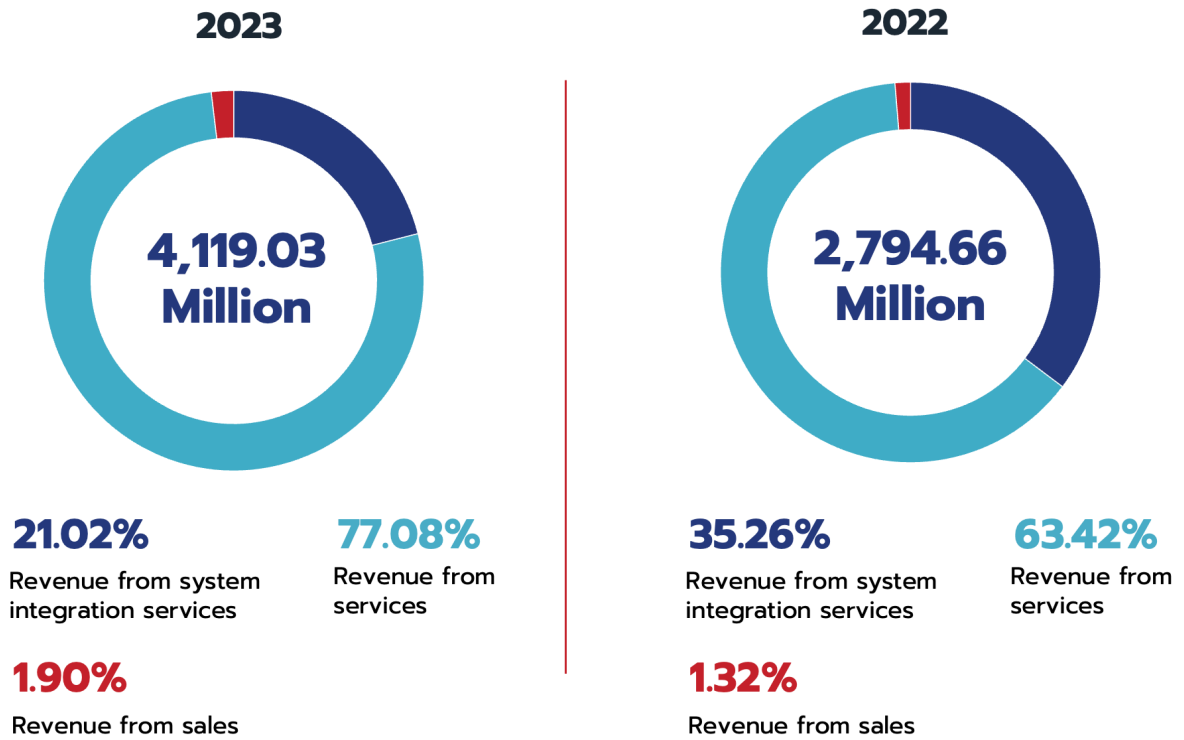
Revenue	Amount (Million Baht)		Increase/(Decrease)	
	2023	2022	Million Baht	%
Revenue from System Integration Services	865.89	985.33	(119.44)	(12.12)
Revenue from Sales	78.14	36.89	41.25	111.82
Revenue from Services	3,175.00	1,772.44	1,402.56	79.13
Total Revenue	4,119.03	2,794.66	1,324.37	47.39

1. **Revenue from sales and installation of integrated systems**, the amount of 865.89 million baht, accounting for 21.02% of total revenue, a decreasing of 119.45 million baht or 12.12% compared to the previous year. The Company delivered and revenue recognized the project value less than previous year. The projects are delivered and recognized during 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 Free Zone Data Management System at Suvarnabhumi Airport.
 - 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 78.14 million baht, accounting for 1.90% of total revenue, an increasing of 41.25 million baht or 111.82% compared to the previous year resulted from the revenue from sales of computer equipment to private sector.
3. **Revenue from Services**, the amount of 3,175.00 million baht, accounting for 77.08% of total revenue, an increasing of 1,402.56 million baht or 79.13% 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 passengers both inbound and outbound. 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 year 2023 is higher than the year 2022 cause the revenue recognition in 2023 increased.

- Revenue from service of the Advance Passenger Processing System (APPS) and Passenger Name Record (PNR) for 6 airports, Airports of Thailand Public Company Limited. In 2023, the number of inbound, outbound and transit passengers increased from the year 2022 by 171.2 percent. Resulted from the governance’s tourism campaign, especially “Free VISA” policy for Chinese and Kazakhstan tourists, effective from September 25, 2023 to February 29, 2024 totaling 5 months. The tourism campaign attracts Chinese tourists during the high season. Similarly, Kazakhstan tourists continuously visit Thailand.
- Revenue from maintenance services (Maintenance Service Agreement) during the year, After the large projects were delivered installation work, the Company and its subsidiaries provided system maintenance services to many large 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 and after installation service - phase, 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



Total Costs

Costs	Amount (Million Baht)		Increase/(Decrease)	
	2023	2022	Million Baht	%
Cost of System Integration Services	660.70	716.44	(55.74)	(7.78)
Cost of Sales	59.34	33.97	25.37	74.68
Cost of Services	2,344.17	1,599.43	744.74	46.56
Total Costs	3,064.21	2,349.84	714.37	30.40
Gross Profit	1,054.82	444.82	610.00	137.13
Gross Profit (%)	25.61	15.92		

Total costs for the year ended 31 December 2023 amounted to 3,064.21 million baht, an increasing of 714.37 million baht or 30.40% compared to last year with a total cost of 2,349.84 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 previous year amounted to 610.00 million bath or 137.13% which can be summarized as follows:

- The decreasing in gross profit margin of System of Integration Services and sales segment from the company have been delivered and recognized revenue of the project values less than the prior year. As mentioned above
- 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 projects is 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)	
	2023	2022	Million Baht	%
Selling Expenses	138.01	125.22	12.79	10.21
Administrative Expenses	383.19	290.60	92.59	31.86
Finance Cost	303.39	215.36	88.03	40.88
Total Expenses	824.59	631.18	193.41	30.64



The overall expenses of the Company for the year ended 31st December 2023, amounted to 824.59 million baht, an increase of 193.41 million baht or 30.64% from the previous year, mainly due to the following reasons:

- Selling and administrative expenses, the total amount of the expenses for the year ended was 512.34 million baht, increase from the prior year 2022 by 96.52 million baht or 23.21%. According to the strategic plan for creating growth in the service business and developing platforms 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 employee’s expansion, cause to office expenses increment as well.
- Financial costs of the Company and its subsidiaries amounted to 301.84 million baht, an increase of 86.48 million baht or 40.16% from the prior 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 affect to the increment in finance cost in 2023. 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)	
	2023	2022	Million Baht	%
TURNKEY COMMUNICATION SERVICES PUBLIC COMPANY LIMITED (“TKC”)	233.41	306.12	(72.71)	(23.75)
GLOBAL SPORT VENTURES COMPANY LIMITED (“GSV”)	8.36	-	8.36	100.00
SAL GROUP (THAILAND) COMPANY LIMITED (“SAL”)	147.53	52.83	94.70	179.25
Total	389.30	358.95	30.35	8.46

For the year ended 31st December 2023, the Company has recognized its share of profit from investments in associates and joint operation totaling 389.30 million baht, an increasing of 30.35 million baht from the prior year (FY2022 share profit from investment in associates and joint operation was 358.95 million baht), comprised of:



- (1) Profit sharing from Turnkey Communication Services Public Company Limited (“TKC”) amounting to 233.41 million baht (decrease by 72.71 million baht compare to FY2022). Mainly from TKC’s IPO in FY2022 and the result of shares offered to private placement in FY2023 which is price per share is more than book value of TKC in SKY’s financial statement. However, the Company has realized profit from special item "Surplus from change in proportion of investment in TKC" in FY2023 less than FY2022.
- (2) Profit sharing from Global Sport Ventures Company Limited amounting to 8.36 million baht came from operating profits which is operate in Sports organizer.
- (3) Profit sharing from SAL Group (Thailand) limited amounting to 147.53 million baht (increase by 94.70 million baht compare to FY2022) 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