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Management's Discussion and Analysis for the Year 2021 Performance

1. Overview of the Interlink Group

Interlink Communication Public Company Limited: ILINK has operated for 35 years till now by being a pioneer of introducing and distributing LAN cable technology in Thailand 30 years ago. With the vision as well as strong intention to bring technology to develop the country, the founder of Interlink Group put a great effort in importing and distributing cabling products. ILINK mainly focuses on B2B transactions whose partners are ICT dealer, IT system integrator, Contractor, and Electrical Shop. Other than the head office in Bangkok, the company has 4 more branches in other main parts of Thailand including Chiang Mai in the northern region, Song Khla in the southern region, Khon Kaen in the northeastern region, and Rayong in the eastern region. Moreover, the Distribution Center and R&D Center have been additionally built to serve customers high-quality products all over the country on a timely manner.

Currently, ILINK has more than 20,000 dealers selling our products to the end users who are from both public and private sectors. Furthermore, the company starts expanding the market of distribution business to several neighboring countries such as Lao People's Democratic Republic, Republic of the Union of Myanmar, and Kingdom of Cambodia. In the future, the company will continuously tap into the markets of other Asian countries.

In order to promote sustainable growth for business, new executives took an advantage of being the biggest cabling importer and distributor to establish a subsidiary company named Interlink Telecom Public Company Limited: ITEL focusing on telecom business. ITEL has installed fiber optic network along with telegraph poles of the State Railway of Thailand as well as along with the road through the electricity poles all over Thailand. Moreover, ITEL has been licensed through NBTC to render Data Service over installed fiber optic network and also build Data Center to offer better services with Service Level Agreement (SLA) 99.99% capturing customers such as Mobile and Internet Operators, Banks and Financial institutions, and Business with Branch Offices.

Gaining strong reliability from the government sectors together with having an own professional engineering team, the company diversified engineering business bidding on the turnkey projects of Fiber Optic, Submarine Cable, Underground Cable, High Voltage Transmission Line, Substation etc. This business is operated under another subsidiary company named Interlink Power and Engineering Company Limited: IPOWER and mainly works on the huge projects from the government sectors.

In summary, the operation results of ILINK, the parent company, have been reflected by 3 main businesses which are 1) Distribution Business that is the pioneer continuously generate income and have consistent profits 2) Telecom Business that rapidly grow and did the spin off creating an independent entity to be listed on the Stock Exchange of Thailand (SET) under the name "ITEL" and) Engineering Business whose most projects in the company's expertise are possessed by the government sectors.



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2. Overview of the Interlink Group's Operation Results

Total revenues of Interlink Communication Public Company Limited: ILINK in 2021 was 6,109.97 Million Baht, an increase of 17.48% compared to 5,200.64 Million Baht in 2020, or an increase of 17.91% compared to 5,181.96 Million Baht after deducting gain on long-term borrowings modification amounting to 18.68 Million Baht, which is a special item in Q2/2020. The growth of total revenues was a result of the increase in all three businesses' revenues; Distribution business has a 7.03% increase in product sales, Telecom business has a 22.06% increase in service revenue, and Engineering business has recognized revenues from the progress and deliveries of various projects increased by 28.59% as shown in the table below.

Revenues	December 31, 2021		December 31, 2020		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Distribution Business	2,172.92	35.56	2,030.18	39.04	142.74	7.03
Revenues from Telecom Business	2,462.31	40.30	2,017.27	38.79	445.04	22.06
Revenues from Engineering Business	1,422.47	23.28	1,106.21	21.27	316.26	28.59
Gain on long-term loans modification ⁽¹⁾	-	-	18.68	0.36	(18.68)	(100.00)
Other Revenues	52.27	0.86	28.31	0.54	23.97	84.67
Total Revenues	6,109.97	100.00	5,200.64	100.00	909.33	17.48
Total Revenues (after deducting abnormal item)	6,109.97	100.00	5,181.96	100.00	928.01	17.91

(1) Special item in Quarter 2/2020: Gain on long-term loans modification from amendments to long-term loan agreements with domestic financial institutions

The company has total comprehensive income for 2021 of 467.39 Million Baht, a growth of 73.68% compared to 269.12 Million Baht in 2020. At the same time, the company has a net profit (attributable to the parent) of 353.11 Million Baht, a growth of 80.26% compared to 195.89 Million Baht in 2020, as a result of the completion of one mega engineering project that has been operating since 2017, together with a 7.17% decrease in total financial costs, resulting in earnings per share in 2021 of 0.70 baht, an increase of 94.44% compared to 0.36 baht in 2020.



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Net Profit	December 31, 2021		December 31, 2020		Increase/(Decrease)	
	Million Baht	%	Million Baht	Million Baht	%	Million Baht
Total comprehensive income for the year	467.39	100.00	269.12	100.00	198.27	73.68
Net profit attributable to the parent	353.11	75.55	195.89	72.79	157.22	80.26
Tax expenses from selling shares in a subsidiary ⁽²⁾	16.04	3.43	-	-	16.04	100.00
Net profit from normal operation attributable to the parent	369.15	78.98	195.89	72.79	173.26	88.44

(2) Special item in Quarter 3/2021: Tax expenses from selling shares in a subsidiary "ITEL" amounting to 50 million shares to MFC Asset Management Public Company Limited

However, when considering the net profit from normal operations (attributable to the parent) in 2021, excluding tax expenses from the sale of shares in the subsidiary "ITEL" amounting to 16.04 Million Baht, which is a special expense incurred in the quarter 3/2021, amounting to 369.15 Million Baht, a growth of 88.44% compared to 195.89 Million Baht in 2020 as shown in the table below.

3. Operation Results by Business

Distribution Business

Revenues from distribution business result from importing and distributing cabling products, networking equipment, and racks. The company's revenue from sales in 2021 amounted to 2,172.92 Million Baht, an increase of 7.03% when compared to 2,030.18 Million Baht in 2020. This year, the revenue accounted for 35.56% of total revenue.

This year's sales increase was driven by the growth of digital trends and the rapid online transitions. This creates the need for tons of data connections that rely on cabling products and networking equipment which is the main infrastructure that is standardized and highly stable. At the same time, the company found that the popularity of installing solar panels on the roof (Solar Cell) has clearly increased, resulting in the year 2021 sales of solar cable products grow by 128.33%. In addition, the price increases of the company's products whose main ingredient is copper to reflect the cost of copper in the market, which raised an average of 51% from the previous year. It is another factor that has increased revenue from the distribution business this year.

In this regard, the company has a cost of sales in 2021 amounting to 1,619.10 Million Baht, an increase of 7.78% compared to 1,502.19 Million Baht in 2020. During the quarter 4/2021, the gross profit margin of the distribution business improved from 22.14% in the previous quarter to 26.32%, making the average gross profit margin throughout 2021 equal to 25.49%, which is in line with the company's policy to maintain the gross profit margin not lower than 25%.



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Telecom Business

Revenues from telecom business results from rendering the fiber optic network called “Data Service” in various types such as Interlink MPLS IP-VPN, Interlink Dark Fiber, and Interlink IPLC while another service is rendering space in the Data Center. Both services generate recurring revenue. And the last service is network installation. The company's revenue from telecom business in 2021 amounted to 2,462.31 Million Baht, an increase of 22.06% compared to 2,017.27 Million Baht in 2020. This year, the revenue accounted for 40.30% of total revenue.

The main proportion of revenue recognized in 2021 is revenue from network rental services of 1,278.33 Million Baht, an increase of 15.39% compared to 1,107.88 Million Baht in 2020 because the Company recognized revenue from high-speed internet projects in remote areas (USO Phase 2) increased in line with the delivery of the work. The company was having a large new customer that has increased since the end of 2020 and during 2021. For the next proportion of revenue is Revenue from network installation services amounted to 1,092.18 Million Baht, an increase of 32.55% compared to 823.97 Million Baht in 2020. The main revenue realized in 2021 coming from several significant projects which are a project to procure an operating vehicle and install unmanned aerial vehicle detection and control system by a government agency, a fully equipped unmanned anti-aircraft equipment sales contract with a private agency, contracting, designing, procuring and installing fiber optic cables of a government agency, a project to supply underground conduits for electrical and communication systems of a private agency, and the installation of fiber optic networks for one telecommunication service provider.

The Company's cost of telecom business in 2021 amounted to 1,925.32 Million Baht, an increase of 23.66% compared to 1,556.95 Million Baht in 2020. The main proportion of costs recognized in 2021 is the cost of network rental services and the cost of network installation services, which accounted for 50.70% and 46.03% of the total cost of telecom respectively.

Engineering Business

Revenues from engineering business result from working on electrical engineering projects as well as special projects based on agreements. The company focuses on Transmission Line Project, Substation Project, Submarine Cable Project, and Underground Cable Project which are in the areas of expertise. The Company's revenue from engineering business in 2021 amounted to 1,422.47 Million Baht, an increase of 28.59% compared to 1,106.21 Million Baht in 2020. This year, the revenue accounted for 23.28% of total revenue.



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The main income realized in 2021 coming from several significant projects in hand, namely 1) the CC4 project, or the purchase and installation of an Automated People Movers (APM) at the Airports of Thailand, amounting to 672.62 Million Baht; 2) the construction of a power substation in Chiang Mai and Suphan Buri provinces of the Provincial Electricity Authority amounting to 154.97 Million Baht; 3) the construction of high voltage transmission line Pua Power Station - Thung Chang Power Station, Nan Province, of the Provincial Electricity Authority, amounting to 130.86 Million Baht, and 4) the construction of high voltage transmission line Lamphura Power Station - Yan Ta Khao Power Station, Trang Province, of the Provincial Electricity Authority, amounting to 126.59 Million Baht.

The Company's cost from engineering business in 2021 amounted to 1,330.79 Million Baht, a decrease of 0.08% compared to 1,331.92 Million Baht in 2020 due to the completion of one mega engineering project that has been operating since 2017. Moreover, the Company was able to manage the cost of other contracting projects on hand as well as new signed contracts as planned. Therefore, the gross profit margin of the engineering business this year improved significantly from -20.40% last year to 6.44% while service expenses administrative expenses and the financial cost of engineering business decreased by 15.06%, 44.35% and 41.62% respectively from 2020.

4. Overview of the Interlink Group's Financial Position

Assets

As of December 31, 2021, company's total assets were 11,344.32 Million Baht, an increase of 12.88% when compared to 10,049.58 Million Baht as of December 31, 2020. Significant assets are account receivables, accrued revenues from engineering works and network service, and property, plant, and equipment. As of December 31, 2021, the proportions of these significant assets to the total assets are 9.09%, 24.69%, and 37.90% respectively. Below is the list of significant changes in the company's total assets.

1) Work in progress increased from the anti-drone project and the smart CCTV project of telecom business and from the substation project at Ratchaburi Province, Phichit Province, and Suphan Buri Province. Also, the 115KV transmission line project at Trang Province of engineering business is constructed continuously.

2) Accrued Income from network services increased from the provision of Internet projects in marginal areas (USO Phase 1) and Internet projects in remote areas (USO Phase 2) of telecom business.



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Liabilities

As of December 31, 2021, company's total liabilities were 6,478.96 Million Baht, an increase of 1.13% when compared to 6,406.41 Million Baht as of December 31, 2020. The slight increase in total liabilities this year was due to the more efficient management of working capital for project works. Moreover, the company could repay both short-term and long-term loans to financial institutions on an ongoing basis.

Shareholders' Equity

As of December 31, 2021, company's total shareholders' equities were 4,865.36 Million Baht, an increase of 33.55% when compared to 3,643.18 Million Baht as of December 31, 2020. This increase was a result of the recognition of gains from the sale of company's treasury shares amounting to 37.82 Million Baht in Quarter 3/2021 and the increase in non-controlling interests due to the shareholding in a subsidiary "ITEL" decreases during 2021.

5. Important Financial Ratios

Debt-to-Equity Ratio

The debt-to-equity ratio for the year ended 2021 was 1.33 times, a decrease of 24.43% from the year ended 2020 when the debt-to-equity ratio was 1.76 times.

6. Analysis of Return and Stock Price

Return on Equity

Return on Equity (ROE) for the year ended 2021 is 10.99%, increased by 45.21% from the year ended 2020 when Return on Equity (ROE) is 7.57%.

Return on Asset

Return on Asset (ROA) for the year ended 2021 was 4.37%, increased by 69.70% from the year ended 2020 when Return on Asset (ROA) was 2.57%.

Stock Price

Stock Price on December 30, 2021 was at 7.70 Baht. Comparing to the Stock Price on December 30, 2020 at 4.48 Baht, it increased by 3.22 Baht or approximately 71.88%



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P/E Ratio

P/E Ratio on December 30, 2021 equals to 17.00. Comparing to P/E Ratio on December 31, 2020 at 10.50, it increased by 6.50 or approximately 61.90%.

Please be informed accordingly.



Yours sincerely

(Mr. Sombat Anuntarporn)

Chairman