



INTERLINK COMMUNICATION PUBLIC COMPANY LIMITED

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Management's Discussion and Analysis for the Second Quarter Ended June 30, 2022

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: IPOW 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 generates income and has 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 3. Engineering Business where 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 Q2/2022 was 1,628.32 Million Baht, an increase of 37.11% compared to 1,187.59 Million Baht in Q2/2021. The growth of total revenues was from the sales of Distribution Business increase by 13.08% while Telecom Business has a 92.72% increase in service revenue. Meanwhile, the Engineering Business has a 10.03% decrease in revenue recognition, which was in line with the nature of the business that recognized revenue based on the success of different tasks each period, as shown in the table below.

Revenues	Quarter 2/2022		Quarter 2/2021		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Distribution Business	547.56	33.63	484.20	40.77	63.35	13.08
Revenues from Telecom Business	842.21	51.72	437.02	36.80	405.19	92.72
Revenues from Engineering Business	224.93	13.81	250.00	21.05	(25.07)	(10.03)
Other Revenues	13.62	0.84	16.37	1.38	(2.75)	(16.78)
Total Revenues	1,628.32	100.00	1,187.59	100.00	440.73	37.11

In this regard, the Company's Profit for Q2/2022 amounted to 132.02 million baht, an increase of 31.34% compared to 100.52 million baht in Q2/2021, while the company have net profit (Contribute to Owner of the Parent Company) in the amount of 91.50 million baht, a growth of 12.21% compared to 81.54 million baht in Q2/2021, as shown in the table below.

Net Profit	Quarter 2/2022		Quarter 2/2021		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit for the period	132.02	8.11	100.52	8.46	31.50	31.34
Profit Contribution						
Owner of the Parent Company	91.50	5.62	81.54	6.87	9.96	12.21
Non-Controlling Interests (NCI)	40.51	2.49	18.97	1.60	21.54	113.49

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 Q2/2022 amounted to 547.56 Million Baht, an increase of 13.08% when compared to 484.20 Million Baht in in Q2/2021. This period, the revenue accounted for 33.63% of total revenue.



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For Q2/2022, distribution business has continued to deliver outstanding sales growth and meet the target set. The contributing factor remains from the change in infrastructure technology. Especially the cable equipment, which ILINK has been the market leader in Thailand for more than 30 years, causing customers in all sectors to need to improve the system through the purchase of new equipment. In addition, the company found that the popularity of installing solar panels on the roof (Solar Cell) has continued to increase as well. As a result, in this period, sales of Solar Cable products increased by 63.41% from the same period of the previous year. Meanwhile, networking equipment and UTP (LAN Cable) products grew by 22.12% and 13.65% from the same period of the previous year, respectively.

In this regard, The Company's cost of sales in Q2/2022 amounted to 410.35 million baht, an increase of 18.80% compared to 345.42 million baht in Q2/2021, and the gross profit margin in this period was 25.06% improved from 22.98% in Q1/2022, in line with the forecast that in the 1st and 3rd quarters, the "INTERLINK EXPO" will be held annually. As a result, the gross profit margin of this business has decreased and has a normal upward trend in the 2nd and 4th quarters.

Telecom Business

Telecom business generates revenue from the subsidiary company; ITEL, which provides fiber optic network rental services through various forms, such as Interlink MPLS IP-VPN service, Interlink Dark Fiber service, and Interlink IPLC service, including data center rental service. Both of these services are part of recurring revenue and the last is the revenue from network installation services. The Company's revenue from Telecom business in Q2/2022 amounted to 842.21 million baht, an increase of 92.72% when compared to 437.02 million baht. This period, the revenue accounted for 51.72% of total revenue.

The main proportion of revenue recognized in Q2/2022 was revenue from network installation services of 484.32 million baht, an increase of 403.31% compared to 96.23 million baht in Q2/2021. Company Recognized revenue in this period was a project for buying and selling of a smart CCTV camera system of a government agency (Smart CCTV) in the amount of 211.03 million baht, a project for a government agency in the amount of 55.71 million baht etc. Next is the revenue from network services in the amount of 337.69 million baht, an increase of 5.32% compared to 320.61 million baht in Q2/2021 as a number of new large customers coming to use the service including the expansion of existing customers' branches that increased during the period.

In this regard, the Company's cost of services in Q2/2022 amounted to 681.43 million baht, an increase of 107.26% compared to 328.78 million baht in Q2/2021. The main proportion of costs recognized in Q2/2022 is the cost of network installation services and the cost of network rental service, which accounted for 60.63% and 37.29% of the total cost of telecom services, respectively.



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Engineering Business

Engineering business generates revenue from the subsidiary company; IPOWER, which operates electrical engineering projects and other special projects arising under the employment contract focusing on the construction of high voltage transmission lines, the construction of substations, the submarine cable installation, and underground cable which in the company has an expertise. The company had revenue from engineering business in Q2/2022 amounted to 224.93 million baht, a decrease of 10.03% when compared to 250.00 million baht in Q2/2021. This period, the revenue accounted for 13.81% of total revenue.

The main proportion of revenue recognized in Q2/2022 came from major projects on hand, namely 1) the submarine cable construction project of 33 KV, Koh Panyee, Phang Nga Province of the Provincial Electricity Authority, amounting to 73.60 million baht 2) the substation construction project in Chiang Mai and Suphan Buri provinces of the Provincial Electricity Authority, amounting to 58.71 million baht and 3) CC4 Project or the purchase and installation of an automatic passenger transport system (APM) of the Airport of Thailand amounting to of 25.83 million baht.

The Company's cost from engineering business in Q2/2022 amounted to 206.04 million baht, a decrease of 9.02% compared to 226.45 million baht in Q2/2021 while the Company's cost from the engineering business with other net Profit (Loss) amounting to 206.32 million baht, a decrease of 13.24% when compared to 237.80 million baht in Q2/2021. Therefore, the gross profit margin of the engineering business in this period improved from 4.88% to 8.27%, while the finance cost of this business decreases 94.77% from the same period of the previous year.

4. Overview of the Interlink Group's Financial Position

Assets

As of June 30, 2022, the Company had total assets of 12,492.77 million baht, an increase of 10.12% compared to 11,344.32 million baht as of December 31, 2021. The Company's major assets were trade accounts receivable and other receivables, accrued income from engineering and network services, and property, plant and equipment. As of the end of Q2/2022, the proportions of such important assets to total assets were 9.71%, 24.82% and 34.43%, respectively.

1) Work in progress increased from several projects of the subsidiary company; IPOWER

2) Accrued income from network services increased from the Anti-Drone Project, the provision of Internet projects in marginal areas (USO Phase 1) and Internet projects in remote areas (USO Phase 2) of the subsidiary company; ITEL



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Liabilities

As of June 30, 2022, the Company had total liabilities of 7,215.69 million baht, an increase of 11.37% compared to 6,478.96 million baht as of December 31, 2021. This increase was a result of the sale of real estate and movable properties to the Real Estate Investment Trust and the Leasehold Real Estate KTBST Mix in which the subsidiary ITEL received cash payment including VAT in the amount of 750.00 million baht, resulting in financial liabilities under the lease agreement with the trust.

Shareholders' Equity

As of June 30, 2022, the Company had total shareholders' equity of 5,277.08 million baht, an increase of 8.46% compared to 4,865.36 million baht as of December 31, 2021. This increase was due to an increase in non-controlling interests as the shareholding in ITEL subsidiaries decreased from the previous year.

5. Important Financial Ratios

Debt-to-Equity Ratio

The debt to equity ratio at the end of Q2/2022 was 1.37 times, an increase of 3.01% from the end of 2021 when the debt to equity ratio was 1.33 times.

6. Analysis of Return and Stock Price

Return on Equity

The Return on Equity (ROE) at the end of Q2/2022 was 9.71%, a decrease of 11.62% from the end of 2021 with the Return on Equity (ROE) of 10.99%.

Return on Asset

Return on Assets (ROA) at the end of Q2/2022 was 4.13%, a decrease of 5.49% from year-end 2021 with a Return on Assets (ROA) of 4.37%.

Stock Price

The share price as of June 30, 2022 was 8.00 baht, compared to at the end of 2021 was 7.70 baht. The share price rose 0.30 baht or accounted for an increase of 3.90%.

P/E Ratio

P/E Ratio as of June 30, 2022 was 11.98 times, compared to at the end of 2021 was 17.00 times. P/E Ratio decreased by 5.02 times, or a decrease of 29.53%.



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7. Significant Events

Signing Contracts for Construction Projects of Engineering Business

During the period from April 1, 2022 to the present, the company signed a number of contracts for construction projects under the operation of the engineering business totaling 2 contracts, details as follows:

1. On July 5, 2022, the Company signed a contract for the construction of Phutthamonthon Substation. Total value of 617.34 million baht (including VAT) with a working period of 810 days from the date of receiving the notice to start working.
2. On July 25, 2022, the Company signed a contract for construction and renovation of Nonsi Power Station. Prachinburi Province Total value 314.80 million baht (including VAT) with a working period of 510 days from the date of receiving the notice to start working.

Please be informed accordingly.



Yours sincerely

(Mr. Sombat Anuntarumporn)

Chairman