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10 May 2023

Management's Discussion and Analysis for the First Quarter Ended March 31, 2023

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 construction 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 Q1/2023 was 1,635.07 Million Baht, an increase of 14.54% compared to 1,427.52 Million Baht in Q1/2022. The growth of total revenues was from the sales of Distribution Business increase by 16.10% while Engineering Business has a 87.57% increase in revenue recognition, as shown in the table below.

Revenues	Quarter 1/2023		Quarter 1/2022		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Distribution Business	785.18	48.02	676.31	47.38	108.86	16.10
Revenues from Telecom Business	542.55	33.18	582.88	40.83	(40.33)	(6.92)
Revenues from Engineering Business	292.52	17.89	155.95	10.92	136.57	87.57
Other Revenues	14.83	0.91	12.38	0.87	2.45	19.77
Total Revenues	1,635.07	100.00	1,427.52	100.00	207.55	14.54

In this regard, the Company's Profit for Q1/2023 amounted to 158.10 million baht, an increase of 36.07% compared to 116.19 million baht in Q1/2022, while the company have net profit (Contribute to Owner of the Parent Company) in the amount of 127.46 million baht, a growth of 50.54% compared to 84.67 million baht in Q1/2022, as shown in the table below.

Net Profit	Quarter 1/2023		Quarter 1/2022		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit for the period	158.10	9.67	116.19	8.14	41.91	36.07
Profit Contribution						
Owner of the Parent Company ⁽¹⁾	127.45	7.80	84.66	5.93	42.79	50.54
Non-Controlling Interests (NCI)	30.65	1.87	31.53	2.21	(0.88)	(2.79)

⁽¹⁾ At the end of Q1/2023, the shareholding in the subsidiary "ITEL" was 49.99%, increasing from 48.41% at the end of 2022, while the shareholding in the subsidiary "IPOWER" is 95.07% with no changes.

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 Q1/2023 amounted to 785.18 Million Baht, an increase of 16.10% when compared to 676.31 Million Baht in Q1/2022. This period, the revenue accounted for 48.02% of total revenue.



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In Q1/2023, the company's product sales have increased by 16.10% compared to Q1/2022 (YoY), which higher than the target that the management has set. The main contributing factor remains from the change in infrastructure technology making both old and new customers in all sectors improve and develop the system through the purchase and installation of more efficient equipment. Moreover, the announcement of the electricity tariff adjustment that has a continuous upward trend is also a driving force behind the solar roof market to grow outstandingly. As a result, in this period, sales of Solar Cable products grew by 79.84%, while those in UTP (LAN Cable) products grew 20.29% compared to Q1/2022 (YoY).

In this regard, the Company's cost of sales in Q1/2023 amounted to 563.54 million baht, an increase of 8.18% compared to 520.91 million baht in Q1/2022, and the gross profit margin for this quarter was 28.23% increase from 22.98% in Q1/2022 due to decline in the price of copper, which in the main ingredient in the product.

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 Q1/2023 amounted to 542.55 million baht, an decrease of 6.92% when compared to 582.88 million baht in Q1/2022. This period, the revenue accounted for 33.18% of total revenue.

The main proportion of revenue recognized in Q1/2023 was revenue from network rental services of 311.97 million baht, an decrease of 7.32% compared to 336.60 million baht in Q1/2022. The second proportion of revenue is revenue from network installation service of 206.67 million baht, an decrease of 8.17% compared to 225.06 million baht in Q1/2022. Recognized revenue in this quarter was from the fiber optic cable installation project of a telecommunication service provider in the amount of 74.30 million baht, and the Criminal background check development project for a government agency in the amount of 28.69 million baht.

In this regard, the Company's cost of services in Q1/2023 amounted to 394.65 million baht, an decrease of 13.05% compared to 453.86 million baht in Q1/2022. The main proportion of costs recognized in Q1/2023 is the cost of network installation services and the cost of network rental service, which accounted for 33.97% and 61.82% of the total cost of telecom services, respectively.



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Engineering Business

Engineering business generates revenue from the subsidiary company; IPOWERR, 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 Q1/2023 amounted to 292.52 million baht, a increase of 87.57% when compared to 155.95 million baht in Q1/2022. This period, the revenue accounted for 17.89% of total revenue.

A major portion of revenue recognized in Q1/2023 came from the major project backlog, namely the 33 KV Submarine Cable Construction Project at Koh Tao in Surat Thani Province to the Provincial Electricity Authority in the amount of 242.37 million baht, the construction of Nonsi substations in Prachinburi provinces to the Provincial Electricity Authority in the amount of 20.21 million baht.

In this regard, the Company's cost from engineering business in Q1/2023 amounted to 261.67 million baht, a increase of 71.38% compared to 152.68 million baht in Q1/2022 while the Company's cost from the engineering business with other net Profit (Loss) amounting to 264.79 million baht, a increase of 87.03% when compared to 141.58 million baht in Q1/2022. Therefore, the gross profit margin of the engineering business this year therefore significantly improved from 9.21% last year to 9.48% due to the company is able to effectively manage the cost of contracting projects in hand and also able to sign contracts for other high-margin projects as planned.

4. Overview of the Interlink Group's Financial Position

Assets

As of March 31, 2023, the Company had total assets of 11,535.64 million baht, an decrease of 0.51% compared to 11,594.90 million baht as of December 31, 2022. The Company's major assets were accrued income from engineering and network services, trade accounts receivable and other receivables, and property, plant and equipment. As of the end of Q1/2023, the proportions of such important assets to total assets were 18.81%, 11.89% and 38.20%, respectively. List of assets that change materially, for example:



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Liabilities

As of March 31, 2023, the Company had total liabilities of 5,706.53 million baht, a decrease of 4.96% compared to 6,004.13 million baht as of December 31, 2022. This decrease was due to result of payments from trade and other payable and lower repayment of loan to financial institutions.

Shareholders' Equity

As of March 31, 2023, the Company had total shareholders' equity of 5,829.11 million baht, an increase of 4.26% compared to 5,590.77 million baht as of December 31, 2022. This increase was due to result of an increase in profit for the period.

5. Important Financial Ratios

Debt-to-Equity Ratio

The debt to equity ratio at the end of Q1/2023 was 0.98 times, a decrease of 8.41% from the end of 2022 when the debt to equity ratio was 1.07 times.

6. Analysis of Return and Stock Price

Return on Equity

The Return on Equity (ROE) at the end of Q1/2023 was 11.03%, a increase of 4.15% from the end of 2022 with the Return on Equity (ROE) of 4.83%.

Return on Asset

Return on Assets (ROA) at the end of Q1/2023 was 5.45%, an increase of 12.81% from the end of 2022 with a Return on Assets (ROA) of 4.83%.

Stock Price

The share price as of March 31, 2023 was 7.25 baht, compared to at the end of 2022 was 6.95 baht. The share price lessened 0.30 baht or accounted for a increase of 4.32%.

P/E Ratio

P/E Ratio as of March 31, 2023 was 10.28 times, compared to at the end of 2022 was 9.96 times. P/E Ratio increased by 0.32 times, or a increase of 3.21%.



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7. Significant Events

Signing Contracts for Construction Projects of Engineering Business

On May 9, 2023, the Company has signed a contract for the Repair Joint totaling of 27.40 million baht (including VAT) with a working period of 150 days from the date of signing the employment contract.

Please be informed accordingly.



Yours sincerely

(Mr. Sombat Anuntarumporn)

Chairman