



INTERLINK COMMUNICATION PUBLIC COMPANY LIMITED

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Management's Discussion and Analysis for the Year 2023 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 30,000 customers who are IT system integrators and contractors installing electrical systems and solar roofs (Installer & Contractor) selling our products to the end users including electrical shop front groups, IT, CCTV and solar shops (Shop of Electric, Solar, CCTV). Furthermore, the company starts expanding the market of cabling distribution business to several neighboring countries such as Lao People's Democratic Republic, Republic of the Union of Myanmar, Kingdom of Cambodia and Maldives. 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 in ASEAN to establish a subsidiary company named Interlink Telecom Public Company Limited: ITEL focusing on telecom & data center 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 electrical and communications engineers 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.

Interlink Communication Public Company Limited:[The Group of Interlink] have been reflected by 3 main businesses which are 1. Cabling Distribution Business that is the pioneer continuously generates income and has



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consistent profits 2. Telecom & Data Center 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. Turnkey Engineering Business where most construction projects in the company’s expertise are possessed by the government sectors.

2. Overview of the Interlink Group’s Operation Results

Total revenues of Interlink Communication Public Company Limited: ILINK in 2023 was 6,965.20 Million Baht, an decrease of 1.84% compared to 7,095.67 Million Baht in 2022, as shown in the table below.

Revenues	31 December 2023		31 December 2022		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Cabling Distribution Business	2,854.01	40.98	2,462.04	34.70	391.97	15.92
Revenues from Telecom & Data Center Business	2,712.11	38.94	3,390.10	47.78	(677.99)	(20.00)
Revenues from Turnkey Engineering Business	1,332.67	19.13	1,186.34	16.72	146.33	12.33
Other Revenues	66.41	0.95	57.19	0.81	9.22	16.12
Total Revenues	6,965.20	100.00	7,095.67	100.00	(130.47)	(1.84)

In this regard, the Company's Profit for 2023 amounted to 712.20 million baht, an increase of 31.41% compared to 541.97 million baht in 2022, while the company have net profit (Contribute to Owner of the Parent Company) in the amount of 531.57 million baht, a growth of 38.62% compared to 383.48 million baht in 2022, as shown in the table below.

Net Profit	31 December 2023		31 December 2022		Increase/(Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit for the period	712.20	10.23	541.97	7.64	170.23	31.41
Profit Contribution						
Owner of the Parent Company ⁽¹⁾	531.57	7.63	383.48	5.40	148.09	38.62
Non-Controlling Interests (NCI)	180.64	2.59	158.49	2.23	22.15	13.98

⁽¹⁾ At the end 2023, the shareholding in the subsidiary “ITEL” was 49.12%, increasing from 48.41% at the end of 2022, while the shareholding in the subsidiary “IPOWER” is 95.07% with no changes.



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3. Operation Results by Business

Cabling Distribution Business

Revenues from cabling distribution business result from importing and distributing cabling products (Cabling System), which consists of LAN cables, FIBER OPTIC cables, COAXIAL cables, SOLAR cables, SECURITY & CONTROL cables and equipment storage cabinets 19" RACK. The company's revenue from sales in 2023 amounted to 2,854.01 Million Baht, an increase of 15.92% when compared to 2,462.04 Million Baht in 2022. This period, the revenue accounted for 40.98% of total revenue.

In 2023, the company's product sales have increased, 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. There has been a need to improve and develop the technology for transmitting signals via LAN cables, causing this year's sales of LAN cable products to grow by 7.80%. In addition, the announcement of a policy to encourage households to install solar energy is also a driving force behind the solar roof market to grow outstandingly and Solar Cable products grew by 106.01% compared to 2022 (YoY).

In this regard, the Company's cost of sales in 2023 amounted to 2,040.72 million baht, an increase of 10.97% compared to 1,838.93 million baht in 2022, and the gross profit margin for this period was 28.50% increase from 25.31% 2022.

Telecom & Data Center Business

Telecom & Data Center 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 & Data Center business in 2023 amounted to 2,712.11 million baht, an decrease of 20.00% when compared to 3,390.10 million baht in 2022, but on the other hand, the ITEL subsidiary was able to increase its net profit margin relative to revenue. And this year the revenue accounted for 38.94% of total revenue.

The main proportion of revenue recognized in 2023 was revenue from network rental services of 1,464.86 million baht, an increase of 11.98% compared to 1,308.19 million baht in 2022. The second proportion of revenue is revenue from network installation service of 1,154.49 million baht, an decrease of 42.12% compared to 1,994.56 million baht in 2022. Mainly projects which had recognized revenue in this period such as Service Project with Government Agency amounted to Baht 210.91 million, Maintenance project with Government Agency amounted to Baht 160.78 million, and Installation of Solar Cell project with private company amounted to Baht 140.72 million, etc.

In this regard, the Company's cost of services in 2023 amounted to 1,987.13 million baht, an decrease of 27.85% compared to 2,754.11 million baht in 2022. The main proportion of costs recognized in 2023 is the cost of network rental service and the cost of network installation services, which accounted for 56.81% and 40.05% of the total cost of telecom & data center business, respectively. From the total revenue of 2023 compared to the net



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profit for the same period, it can be officially stated that ITEL has achieved success in line with the policy of quality growth. This is evidenced by a significant increase in profit margin compared to the increased revenue.

Turnkey Engineering Business

Turnkey 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 submarine cable installation, the construction of high voltage transmission lines, the construction of substations and underground cable which in the company has an expertise. The company had revenue from turnkey engineering business in 2023 amounted to 1,332.67 million baht, an increase of 12.33% when compared to 1,186.34 million baht in 2022. This period, the revenue accounted for 19.13% of total revenue.

A major portion of revenue recognized in 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 946.87 million baht, the Construction of Phutthamonthon Substation in the amount of 104.35 million baht.

In this regard, the Company's cost from turnkey engineering business in 2023 amounted to 1,146.85 million baht, a increase of 5.16% compared to 1,090.61 million baht in 2022. Therefore, the gross profit margin of the turnkey engineering business this year therefore significantly improved from 8.07% last year to 13.94% 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 December 31, 2023, the Company had total assets of 13,032.53 million baht, an increase of 12.40% 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 2023, the proportions of such important assets to total assets were 14.09%, 20.16% and 35.57%, respectively.

Liabilities

As of December 31, 2023, the Company had total liabilities of 6,762.44 million baht, a increase of 12.63% compared to 6,004.13 million baht as of December 31, 2022, an increase from bank overdraft and short-term borrowing from financial institutions to manage the project.



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Shareholders' Equity

As of December 31, 2023, the Company had total shareholders' equity of 6,270.09 million baht, an increase of 12.15% 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 2023 was 1.08 times, a increase of 0.93% 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 2023 was 12.01%, an increase of 13.39% from the end of 2022 with the Return on Equity (ROE) of 10.59%.

Return on Asset

Return on Assets (ROA) at the end of 2023 was 5.78%, an increase of 19.81% from the end of 2022 with a Return on Assets (ROA) of 4.83%.

Stock Price

The share price as of December 31, 2023 was 7.10 baht, compared to at the end of 2022 was 6.95 baht. The share price increased by 0.15 baht or an increase rate of 2.16%. (The share price as of February 23, 2024 was 7.80 baht)

P/E Ratio

P/E Ratio as of December 31, 2023 was 7.35 times, compared to at the end of 2022 was 9.96 times. P/E Ratio decreased by 2.61 times, or an decrease rate of 26.20%. (P/E Ratio as of February 23, 2024 was 8.07 times)

Please be informed accordingly.



Yours sincerely

(Mr. Sombat Anuntarumporn)

Chairman