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Management's Discussion and Analysis for First Quarter Ended March 31,2024

1. Overview of the Interlink Group

ILINK was established in 1987 with a dedication to advancing technology in the country. They made a breakthrough by introducing LAN (Local Area Network) technology to Thailand, becoming the first to do so, and turning it into a fledgling business. This included the distribution of signal cables (Cabling Import & Distribution). Over the years, the ILINK group of companies continued to emphasize technology, believing in its constant evolution and its crucial role in shaping both business and the lives of people globally.

Currently, the INTERLINK GROUP consists of 3 main businesses and 1 foundation:

1. Cabling Import & Distribution Business
2. Turnkey Engineering Business
3. Telecom Business & Data Center Business
4. Interlink Hai Jai Foundation

Cabling Import & Distribution Business is the first business and remains a strong core business with continuous revenue and profit growth over a period of more than 37 years. This business is operated by Interlink Communication Public Company Limited, which is the founding company of the ILINK group of companies and is currently recognized as a **leading technology provider in the signal system field**. Its main products include LAN cables (Local Area Network Cable), fiber optic cables, solar cables, security control cables, and control cables, and 19-inch rack cabinets for communication equipment.

In 2024, the distribution business announced the launch of a new product line aimed at accelerating the transformation of the technology landscape. This includes the **Super-S Series products**, which boast both versatility and intelligence, catering to a variety of applications. Their compact size makes them easy to install, reducing signal cable costs and saving on installation expenses and materials. It is anticipated that the Super-S Series products will gain significant popularity in the Asian market and will be able to support emerging technologies for at least the next 15 years. Furthermore, LINK AMERICAN's signal cable products come with a 30-year warranty, ensuring long-term reliability.

The company exclusively imports and distributes products in the ASEAN region, holding sole distribution rights for ILINK products, originating from the United States, also known as LINK AMERICAN, and the 19" GERMANY EXPORT RACK, also known as GERMAN RACK. Currently, The market share is no less than 80% domestically and is preparing plans to expand into the ASEAN market in the short run

The company has 30,000 customers nationwide. The companies has branches and distribution centers in 5 regions : the North, South, Northeast, East, and Central regions. The main centralized distribution center (R&D) Center, located on a 15-acre plot on Kanjanapisek Road in Bangkok



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Turnkey Engineering Business is operated by Interlink Power and Engineering Limited, focusing on government project tenders that require advanced technology, in which the company or its group of companies have expertise and notable achievements. These projects include High Voltage Submarine Cable projects, High Voltage Transmission Line projects, High Voltage Underground Cable projects, High Voltage Substation projects, and more. Currently, the group of companies has projects certified by the Provincial Electricity Authority (PEA), the Electricity Generating Authority of Thailand (EGAT), the Metropolitan Electricity Authority (MEA), and Airports of Thailand Public Company Limited (AOT), among others.

As Thailand continues to develop its infrastructure continuously, particularly in public utilities such as electricity, state agencies such as PEA, MEA, and EGAT regularly open project tenders for various electrical systems. With advanced technology, this presents an opportunity for IPOWER, which has experience and a proven track record, to competitively bid and consistently be awarded construction contracts for various projects.

Telecom Business & Data Center Business From its inception, the Interlink Group has been a leading importer and distributor of fiber optic cables to telecom operators. With a track record of installing fiber optic networks for numerous governmental agencies, they have leveraged both strengths and expanded further by laying fiber cables along railway lines and general roadways. Interlink Telecom Company Limited (ITEL), has leveraged all of its strengths to establish the Interlink Fiber Optic. This network provides high-speed leased circuits to telecom service providers, government agencies, and the general public who require data connectivity to link communication from all branches by obtained a license to operate as a network-based telecom service provider from the National Broadcasting and Telecommunications Commission (NBTC). Interlink Telecom Company Limited (ITEL) has deployed the Interlink Fiber Optic network nationwide across all provinces in Thailand, providing services for over 10 years

Furthermore, ITEL has invested in establishing the "Interlink Data Center" at the Interlink R&D Center to **provide leasing services** for Data Centers to both governmental and private sector organizations, as well as Cloud Web Service to large organizations both domestically and internationally, including the public sector. Subsequently, they have also partnered with a major data center company from France to establish a large-scale data center named **Etix Itel Bangkok Data Center**. This aims to meet the growing demand for web service systems from large foreign companies investing heavily in Thailand, in line with the current economic policies of the Prime Minister.

From the past until the present, ITEL has been able to leverage the expertise of its installation and maintenance engineering teams, comprising over 36 teams nationwide. These teams participate in bidding for projects related to installation and maintenance of fiber optic networks for governmental agencies and/or mobile service providers. Moreover, they have brought significant added value to various projects by deploying the Interlink Fiber Optic network, such as in edge internet, remote internet, high-speed communication systems, and various smart city initiatives.



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2. Overview of the Interlink Group's Operation Results

	31 March 2024	31 March 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenues	1,832.76	1,635.07	197.69	12.09
Net Profit	252.51	158.10	94.41	59.72
Net Profit Margin (%)	13.78%	9.67%	4.11%	42.49%
Net Profit – Owner of parent ⁽¹⁾	202.50	127.45	75.05	58.88

Interlink Communications Company Limited (Public): ILINK have total revenue in Q1/2024 amounted to 1,832.76 million baht, an increase of 12.09% compared to 1,635.07 million baht in Q1/2023 and have net profit in Q1/2024 amounted to 252.51 million baht, representing a growth of 59.72% compared to 158.10 million baht in Q1/2023. Additionally, the company have net profit (Contribute to Owner of the Parent Company) of 202.50 million baht, a growth of 58.88% compared to 127.45 million baht in Q1/2023, as shown in the table above.

⁽¹⁾ At the end of Q1/2024, the shareholding in the subsidiary "ITEL" was 49.12 while the shareholding in the subsidiary "IPOWER" is 95.07%

3. Operation Results by Business

3.1 Distribution Business

	31 March 2024	31 March 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenues from Sales	861.40	785.18	76.22	9.71
Other income	4.36	0.54	3.82	710.44
Net Profit	90.70	84.64	6.06	7.16
Gross Profit Margin (%)	26.69% ⁽²⁾	28.23%	-1.54%	-5.45%
Net Profit Margin (%)	10.48% ⁽³⁾	10.77%	-0.30%	-2.74%

Distribution business have revenue from sale amounted to 861.40 million baht in Q1/2024, representing a 9.71% increase compared to 785.18 million baht in Q1/2023.

⁽²⁾ Gross profit margin (%) is higher than the target set at 25%.

⁽³⁾ Net profit margin (%) is higher than the target set at 9%.



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For Q1/2024, Distribution business has sales growth rates exceeding the set targets. The main supporting factor continues to stem from changes in basic network technology, prompting both existing and new customers to seek system upgrades and technological advancements.

Additionally, the announcement of policies supporting household solar energy installations has propelled the solar panel market growth significantly. The company also has ongoing plans and projects aimed at continuously increasing revenue such as

- Launched new products such as LAN UTP CAT6A cables under the Super-S Service series.
- Launched new products such as Fiber Optic to the Room solutions under the Super-S Service series.
- Enhancing the quality and pricing of Solar Cable to increase market share.

As a result, company's revenue from sales of LAN cable products (Lan Cable) and FIBER cable products (Fiber Optic Cable) will grow and cause sales of Solar Cable to grow compared to Q1/2023 (YoY).

The company's gross profit margin of Distribution business in Q1/2024 is 26.69% and the net profit margin is 10.48% which is still higher than the target set.

3.2 Turnkey Engineering Business

	31 March 2024	31 March 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenues from Engineering Business	179.18	292.52	-113.34	-38.75
Other Revenues	0.65	0.84	-0.19	-22.83
Net Profit	25.98	16.98	9.00	53.04
Gross Profit Margin (%)	22.80%	10.55%	12.25%	116.18%
Net Profit Margin (%)	14.45%	5.79%	8.66%	149.63%

The company have revenue from engineering business in Q1/2024 amounted to 179.18 million baht, decrease of 38.75% compared to 292.52 million baht in Q1/2023.

The main proportion of the revenue recognized in Q1/2024 came from significant projects, namely the underwater cable laying project, 33kV, Koh Tao, Surat Thani Province, by Provincial Electricity Authority totaling 74.81 million baht, the substation construction project, Nonthaburi, by Provincial Electricity Authority totaling 49.60 million baht, and the substation construction project, Phutthamonthon, EGAT totaling 32.61 million baht. As of the end of Q1/2024 the company's remaining backlog to be recognized amounting to 958.05 million baht.



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The company's gross profit margin for the engineering business in Q1/2024 improved from 10.55% to 22.80% as the company efficiently managed the costs of contracted projects in hand, in line with the policy of quality growth, resulting in an increase in net profit margin from 5.79% to 14.45%.

Although the company recognized a in revenue in Q1/2024 due to project deliveries, but still achieved a net profit that was more than 53.04% higher than Q1/2023

3.3 Telecom & Data Center Business

	31 March 2024	31 March 2023	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Service income from network rendering and data center space service	330.04	335.87	-5.83	-1.74
Service income from network installation service	379.19	206.67	172.52	83.48
Service income from medical equipment service	16.00	-	16.00	100.00
Total Service income	725.23	542.54	182.69	33.67
Other income	61.94	13.46	48.48	360.31
Net Profit	135.83	56.49	79.34	140.47
Gross Profit Margin (%)	26.49%	27.26%	-0.77%	-2.81%
Net Profit Margin (%)	17.26%	10.16%	7.10%	69.85%

Telecom & Data Center Business have revenue from sale amounted to 725.23 million baht in Q1/2024, representing a 33.67% increase compared to 542.54 million baht in Q1/2023, with details as follows.

1. Service income from network rendering and data center space service amounted to 330.04 million baht.
2. Service income from network installation service amounted to 379.19 million baht in Q1/2024, representing a 83.48% increase compared to 206.67 million baht in Q1/2023. Mainly projects which had recognized revenue in this period such as Installation of Solar Cell project with private company amounted to Baht 87.03 million, Service Project with Government Agency amounted to Baht 81.23 million.
3. Service income from medical equipment service amounted to 16.00 million baht.

The company's gross profit margin of Telecom & Data Center Business in Q1/2024 decreased from 27.26% to 26.49%, with the net profit margin increasing from 10.16% to 17.26% due to an increase in service income. Install the network and gain on bargain purchase.



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4. Overview of the Interlink Group's Financial Position

	31 March 2024	31 December 2023	Increase/(Decrease)	
	Million Baht	Million Baht	Million Baht	%
Total Assets	13,462.48	13,032.53	429.95	3.30
Total Liabilities	6,940.10	6,762.44	177.66	2.63
Total Equity	6,522.38	6,270.09	252.29	4.02

Assets

As of 31 March 2024, the Company had total assets of 13,462.48 million baht, an increase of 3.30% compared to 13,032.53 million baht as of 31 December 2023. The Company's major assets were property, plant and equipment, trade accounts receivable and other current receivables and accrued income from engineering and network services. As of the end of 31 March 2024, the proportions of such important assets to total assets were 34.85% 22.32% and 18.75%, respectively, with details as follows.

1. Trade and other current receivables
 - Telecom & Data Center Business issued invoices for several large projects this quarter, such as a system development project with a government agency, Installation of Solar Cell project, and high-speed internet service projects in edge and remote areas.
 - Turnkey Engineering business, Trade receivables decreased due to payments received from several projects, such as the construction project for Nonsi Substation. Provincial Electricity Authority and the construction project for Phutthamonthon Substation, Metropolitan Electricity Authority
2. Accrued revenue from service and network installation – (current assets) increase was due to the recognition of income according to the stage of completion of the work. And the company reclassifying accrued income from service and network installation work that was expected to be collected after 1 year to expected to be collected within 1 year.

Liabilities

As of 31 March 2024, the Company had total liabilities of 6,940.10 million baht, a increase of 2.63% compared to 6,762.44 million baht as of 31 December 2023, an increase from bank overdraft and short-term borrowing from financial institutions at the end of the 1st quarter of 2024, the proportion of such important debt items to total debt was 22.89%, 12.36% and 6.67%, respectively. The increase in such debt was increased for use in Project work.



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Shareholders' Equity

As of 31 March 2024, the Company had total shareholders' equity of 6,522.38 million baht, an increase of 4.02% compared to 6,270.09 million baht as of 31 December 2023. This increase was due to result of an increase in profit for the period.

5. Important Financial Ratios

Debt-to-Equity Ratio

	31 March 2024	31 March 2023	Increase/(Decrease)	
	times	times	times	%
Debt to equity ratio (times)	1.06 ⁽⁴⁾	1.08	-0.02	-1.85

The debt to equity ratio at the end of the 1st quarter of 2024 was 1.06 times, a decrease of 1.85% from the end of 2023 when the debt to equity ratio was 1.08 times.

⁽⁴⁾ Debt to equity ratio (times) is lower than the Company target by no more than 2.5 times.

6. Analysis of Return and Stock Price

Return

	31 March 2024	31 March 2023	Increase/(Decrease)	
	%	%	%	%
The Return on Equity (ROE)	15.78	12.01	3.77	31.38
Return on Assets (ROA)	7.62	5.78	1.84	31.71

The Return on Equity (ROE) at the end of the 1st quarter of 2024 was 15.78%, an increase of 31.38% from the end of 2023, which had a rate of return on equity (ROE) of 12.01%, increasing according to good performance result.

The Return on Assets (ROA) at the end of the 1st quarter of 2024 was 7.62% an increase of 31.71% from the end of 2023, which had a rate of return on assets (ROA) of 5.78%, increasing according to good performance result.



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Stock Price

	31 March 2024	31 December 2023	Increase/(Decrease)	
	Baht	Baht	Baht	%
Stock price (unit : baht)	7.45	7.10	0.35	4.93

The Stock price as of 31 March 2024 was equal to 7.45 baht, compared to the end of 2023 equal to 7.10 baht. The share price increased by 0.35 baht, or equivalent to an increase rate of 4.93%.

P/E Ratio

	31 March 2024	31 December 2023	Increase/(Decrease)	
	times	times	times	times
P/E Ratio	7.62	7.35	0.27	3.67

P/E Ratio of the stock as of March 31, 2024 was equal to 7.62 times, compared to the end of 2023 equal to 7.35 times. In comparison, the P/E Ratio of the stock increased by 0.27, or equivalent to an increase rate of 3.67%.

7. Significant Events

Dividend

On 24 April 2024, the General Meeting of Shareholders resolved to approve the payment of dividends for the year. Ending 31 December 2023 at the rate of 0.39 baht per share, representing a dividend yield of 5.78% (as of the Record Date). The company will pay dividends on May 23, 2024.

Please be informed accordingly.

Yours sincerely



(Mr. Sombat Anuntarumporn)

Chairman