

SC. 010/67/NJ

9 May 2024

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2024

To: Directors and Managers
The Stock Exchange of Thailand

Management Discussion and Analysis of operating results and financial position

Overview of the past results' operation

Interlink Telecom Public Company Limited (“the Company”) operates in telecommunication business by providing telecommunication services through nationwide fiber optic network and providing installation of telecommunication infrastructure. On 8 May 2012, the Company obtained telecommunication license type 3 from National Broadcasting and Telecommunication Commission (NBTC) in which, allowed the Company to own the network and rendering service through the mentioned network. The period of license is 15 years. The Company has started to construct core fiber optic network since 2012 in which the fiber optic were installed along with telegraph poles that the Company has 30 years' right of way since 19 October 2012 from The State Railway of Thailand. The Company has also constructed the main trunk routes and sub-routes along with the road through the poles as to connect to customers. The Company has launched a service under the network called “Interlink Fiber Optic Network” in June 2013.

In 2014, the Company has entered into data center business by acquiring assets from Interlink Communication Public Company Limited (“ILINK”) including building and equipment as to provide data center space services for companies and organizations according to their needs. The data center services have been operated in October 2014.

According to the policies of the government, Digital Economy and Thailand 4.0, they are to use information technology to apply to the economic and social activities, by focusing on the development of digital infrastructure and aiming to provide stability data connection in all areas with adequately supply for demand and could be access at a reasonable cost, as to lead to further development of the nation in both economic and social aspects in efficiency way. These policies are important to help promote the growth of information and communications technology industry (ICT) of Thailand and the Company as well.

In 2024, the Company acquired Global Lithotripsy Services Company limited (“the Subsidiary”), which provides distribution and leasing of medical equipment, to expand sustainable growth for business. For the three-month period ended 31 March 2024, the Company and its subsidiary (“the Group”) has total revenue of Baht 788.07 million and net profit attributable to owners of the parent of Baht 122.96 million.

For the three-month period ended 31 March 2024, the Company has total revenue of Baht 558.13 million, increasing by Baht 28.27 million, 5.33% comparing to the same period of prior year. In addition, the Company has net profit of Baht 54.31 million; decreasing by Baht 5.85 million, 9.72% comparing to the same period of prior year as well.



Analysis of Operating Results

1. Revenues

For the three-month period ended 31 March 2024, the Group has total revenues of Baht 788.07 million in which they were increased from the prior year by Baht 231.69 million, or 41.64%. The Company has total revenues of Baht 558.13 million in which they were increased from the prior year by Baht 28.27 million, or 5.34% as presented table below.

Type of Services	Consolidated financial information						Separate financial information					
	31 March 2024		31 March 2023		Increase/(Decrease)		31 March 2024		31 March 2023		Increase/(Decrease)	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
Service income	725.62	92.07	542.88	97.57	182.74	33.66	548.50	98.27	518.53	97.86	29.97	5.78
Gain from a bargain purchase	53.95	6.85	-	-	53.95	100.00	-	-	-	-	-	-
Other income	8.50	1.08	13.50	2.43	(5.00)	(37.04)	9.63	1.73	11.33	2.14	(1.70)	(15.00)
Total revenues	788.07	100.00	556.38	100.00	231.69	41.64	558.13	100.00	529.86	100.00	28.27	5.34

1.1. Service incomes

Type of Services	Consolidated financial information						Separate financial information					
	31 March 2024		31 March 2023		Inc/(Dec)		31 March 2024		31 March 2023		Inc/(Dec)	
	MB	%	MB	%	MB	%	MB	%	MB	%	MB	%
Service income from network rendering	306.92	42.30	312.31	57.53	(5.39)	(1.73)	306.92	55.96	312.31	60.23	(5.39)	(1.73)
Service income from network installation service	379.19	52.26	206.67	38.07	172.52	83.48	218.07	39.76	182.32	35.16	35.75	19.61
Service income from data center space service	23.51	3.24	23.90	4.40	(0.39)	(1.63)	23.51	4.28	23.90	4.61	(0.39)	(1.63)
Service income from medical equipment service	16.00	2.20	-	-	16.00	100.00	-	-	-	-	-	-
Total service incomes	725.62	100.00	542.88	100.00	182.74	33.66	548.50	100.00	518.53	100.00	29.97	5.78

Service incomes consist of 4 categories as follows;

1.1.1. Service income from network rendering

Service income from network rendering is categorized into various types such as Interlink MPLS IP-VPN, Interlink Dark Fiber, and Interlink IPLC which the Company has started the services since June 2013.

For the three-month period ended 31 March 2024, the Company had service income from network rendering, and Course Online totally amounted to Baht 306.92 million or represented 42.30% and 55.96% of total service incomes per consolidated financial statements and separate financial statements, respectively.

1.1.2. Service income from network installation service

Service income from network installation is related to the construction of telecommunication hi-speed network and is categorized into 2 types as follows;

1) Service income from installation in which recognises revenue when the Company satisfies a performance obligation by transferring services to customers over time in accordance with term of each service contract with customers.

2) Service income from network connection or other service in which recognises revenue once the service from network connection has been completed or the service has been completed.

For the three-month period ended 31 March 2024, these services generated revenue of Baht 379.19 million for the Group and Baht 218.07 million for the Company, or 52.26% and 39.76% of total service incomes, respectively. The service income increased for the Group and the Company from the same period of the prior year by Baht 172.52 million, 83.48%, and Baht 35.75 million, 19.61%, respectively. 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, Service to install CCTV and Smart Security systems amounted to Baht 40.00 million, Service for system development with Government Agency amounted to Baht 38.82 million, and Project to purchase and install network equipment and power plant equipment in various regions amount to Baht 36.65 million.

1.1.3. Service income from data center space service

For the three-month period ended 31 March 2024, the Company had service income from data center space of Baht 23.51 million, 3.24% and 4.28% of total service incomes per consolidated financial statements and separate financial statements, respectively. The current occupancy rate is 98%.

1.1.4. Service income from medical equipment service

For the three-month period ended 31 March 2024, the Company had service income from medical equipment service of Baht 16.00 million, 2.20% of total service incomes.

2. Costs and expenses

The major costs of the Group are such as costs of services, service expenses, administrative expenses and finance cost. For the three-month period ended 31 March 2024, the costs and expenses of the Group was Baht 586.36 million, and the Company was Baht 448.46 million as follows;

2.1. Costs of services and gross profit margin

Costs of services are main expenses of the Group amounted to Baht 534.68 million and the Company amounted to Baht 414.92 million for the three-month period ended 31 March 2024. It was more than the same period of 2023 by 35.19% and 8.27% which was aligned with the service incomes. The table below illustrated the components of costs of services as;



Service Costs	Consolidated financial information				Separate financial information			
	31 March 2024		31 March 2023		31 March 2024		31 March 2023	
	Million Baht	GPM (%)	Million Baht	GPM (%)	Million Baht	GPM (%)	Million Baht	GPM (%)
Cost of network rendering	247.99	19.20	244.60	21.68	247.99	19.20	244.60	21.68
Cost of network installation service	264.86	30.15	134.30	35.02	153.66	29.54	122.03	33.07
Cost of data center space service	13.27	43.56	16.61	30.50	13.27	43.56	16.61	30.50
Cost of medical equipment service	8.56	46.50	-	-	-	-	-	-
Total costs of services	534.68		395.51		414.92		383.24	

2.1.1. Cost of network rendering

For the three-month period ended 31 March 2024, the Company had cost of network rendering of Baht 247.99 million in which resulting to gross profit margin at 19.20% which decreased comparing to the prior year. The major expenses are such as cost of service for USO, depreciation expenses, interconnection of network expenses, rental fee for space to install the network, employee benefit expenses and repair and maintenance expenses which represented 32.12%, 29.96%, 16.42%, 10.26%, 4.17%, and 2.43% of total cost of network rendering For the three-month period ended 31 March 2024, respectively.

2.1.2. Cost of network installation service

For the three-month period ended 31 March 2024, the Group and the Company had cost of network installation service of Baht 264.86 million and Baht 153.66 million in which resulting to gross profit margin at 30.15% and 29.53%, respectively. The major costs of network installation service are such as material cost and installation cost which vary according to the projects. Gross profit margin of year 2024 is less than the prior year as there are projects deriving lower gross profits than usual.

2.1.3. Cost of data center space service

For the three-month period ended 31 March 2024, the Company had cost of data center space service of Baht 13.27 million in which resulting to gross profit margin of data center business was at 43.56% which increased from the prior year because the Company has installed a solar power generation system at the Interlink Data Center to reduce electricity costs that are likely to increase. It saved the electricity costs, this results in a better gross profit margin. Major costs of data center space service are such as depreciation expenses, utilities expenses, employee benefit expenses, and repair & maintenance expenses.

2.1.4. Cost of medical equipment service

For the three-month period ended 31 March 2024, the Group had cost of medical equipment service of Baht 8.56 million in which resulting to gross profit margin of data center business was at 46.50%. Major costs of cost of medical equipment service are such as employee benefit expenses, repair & maintenance expenses, and depreciation expenses.

2.1.5. Gross profit and gross profit margin

For the three-month period ended 31 March 2024, the Group and the Company had gross profit of Baht 190.94 million and Baht 133.57 million which the gross profit margin was at 26.31% and 24.35%, respectively. The gross profit margin was increased by comparing the same period of prior year Baht 147.37 million and the gross profit margin was at 27.15%. The increase derived from gross profit margin for each type of service as stated above.

2.2. Finance costs

For the three-month period ended 31 March 2024, the Company had finance costs of Baht 41.79 million. The major of finance costs are interest expenses from loans. As of 31 March 2024, the Company had bank overdraft and short-term loans from financial institutions amounted to Baht 1,985.16 million, long-term loans from financial institution amounted to Baht 898.14 million, lease liabilities amounted to Baht 186.13 million, and lease liabilities under the agreement with Trust, net, amounted to Baht 687.95 million (31 March 2023: short-term loans from financial institutions amounted to Baht 1,184.45 million, long-term loans from financial institution amounted to Baht 1,343.07 million, finance lease liabilities amounted to Baht 232.67 million, and lease liabilities under the agreement with Trust, net, amounted to Baht 688.09 million).

2.3. Net profit and net profit margin

The Group and The Company's net profit for the three-month period ended 31 March 2024 was Baht 134.82 million and Baht 54.31 million and the net profit margin was at 17.11% and 9.73%, respectively, which the Group were higher but, the Company's were less than in the same period in 2023 which net profit was Baht 57.47 million and Baht 60.16 million and the net profit margin was at 10.33% and 11.35%, respectively. The increase was mainly due to the increase of revenue as stated above and gain on bargain purchase – net amounted to Baht 53.95 million.



Financial Position

1. Assets

As at 31 March 2024, the Group had total assets of Baht 9,223.13 million. The Company had total assets of Baht 8,577.72 million, or 1.02% of increasing compared to Baht 8,490.95 million at the end of 2023. Major assets are such as trade and other receivables, short-term borrowings to a joint venture, accrued revenue from network installation service, accrued revenue from network rendering, and fixed assets and telecommunication networks, right-of-use assets which were presented as at 31 March 2024 represented at 13.05%, 1.50%, 22.04%, 2.31%, 48.91% and 2.77% of total assets, respectively. The changes are as follows;

1) Trade and other receivables increased due to the Group billing from various major project such as System development project with state agencies, Installation of Solar Cell project and Maintenance of fiber optic cable project. Moreover, during the year the Group can collect from public and private sector customers.

2) Accrued revenue from service and network installation – (current assets) increased by Baht 512.38 million. The increase was due to 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.

3) Accrued revenue from service and network installation – (non-current assets) decreased from the reclassification of accrued income expected to be received within 1 year net with income from the providing mobile broadband and High-speed Internet service in border area and providing High-Speed Internet service in remote area and the Company recognized Expected Credit Loss on such a project. The Company has adjusted the estimate and classification of accrued income from service and network installation work that is expected to be collected after 1 year to expected to be collected within 1 year.

2. Liabilities

As at 31 March 2024, the Group had total liabilities of Baht 5,079.50 million. The Company had total liabilities of Baht 4,666.01 million, increased by 0.71% comparing to Baht 4,633.33 million at the end of 2023. The increasing is mainly from short-term borrowings from financial institutions.

Major liabilities are such as short-term and long-term loans from financial institutions, trade and other payables, lease liabilities under the Trust and lease liabilities which are represented approximately at 60.81%, 16.60%, 14.74%, %, and 3.99% of total liabilities as at 31 March 2024, respectively.

3. Equity

As at 31 March 2024, the Group had equity attributable to owners of the parent company totaling Baht 3,975.89 million. The Company had equities of Baht 3,911.71 million increased by 1.40% comparing to Baht 3,857.61 million at the end of 2023. The shareholders' equity increased by Baht 67.88 million because of the profit for the three-month period ended 31 March 2024.



4. Capital Structure

The Company had debt to equity ratio at 1.19 times as at 31 March 2024 that decreased from 1.20 times in 2023. Due to the Company's performance for the three-month period ended 31 March 2024.

In addition, the Company had to comply to 2 conditions of debt covenant as follows:

- 1) Loans from financial institution to equities and loans from related party must not be greater than 2.5 times; and
- 2) DSCR must not be less than 1.2 times.

As at 31 March 2024, the Company had complied with the conditions which had ratios at 0.90 times and 1.28 times, respectively.

Please be informed accordingly.

Yours sincerely,



(Mr. Nuttanai Anuntarumporn)

Chief Executive officer

