



บริษัท สแกน อินเตอร์ จำกัด (มหาชน)

SCAN INTER PUBLIC COMPANY LIMITED

355 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด จังหวัดนนทบุรี 11120

355 BONDSTREET RD., BANGPOOD, PAKKRED, NONGTHABURI 11120

TEL. 0-2503-4116-21 FAX : 0-2503-4400

Management Discussion & Analysis For the Financial Result of Quarter 2 Ended June 30, 2021

EXECUTIVE SUMMARY

SIGNIFICANT EVENTS IN Q2/2021

Growth in sales volume of the natural gas businesses due to the impact from rising in crude oil and coal prices.

Natural gas businesses have returned to grow continuously after the outbreak of COVID-19 first wave, and it also supported by the rising in crude oil and coal prices lead to the high demand from the new industrial customers to use iCNG as it is cleaner and cheaper. As a result, sales of natural gas businesses grew including Industrial Compressed Natural Gas (iCNG)'s business, Private Mother Station (PMS), and NGV Service Stations as well as NGV Logistics' business.

Start to recognize revenue from providing comprehensive information technology service through Scan ICT Co., Ltd.

In Q2/2021, the Company recognized revenue from providing comprehensive information technology services through Scan ICT Co., Ltd. Or "SCAN ICT" amount THB 15.2 Million. Moreover, the Company plans to expand its business to catch up with new technologies and digital trends.

Scan MediHerb Co., Ltd. has already applied the license to grow hemp and prepare to apply for license to extract and sell CBD in all forms.

In April 2021, Scan Inter Public Co., Ltd. established Scan MediHerb Co., Ltd., a subsidiary which SCN hold 100% shares to operate hemp business from upstream to downstream. Currently, the Company has applied the license for growing hemp and prepare to apply for license for extraction and selling CBD in all forms in order for the Company to be able to operate comprehensive hemp business and enhance the Company's revenue in the long term.

Additional Commercial Operation Date (COD) for 2 Solar Rooftop projects (Private PPA)

In Q2/2021, the Solar Rooftop projects for Private PPA (P-PPA) have COD additional 2 projects, totaling 13 projects with total capacity of 7 Megawatts. Currently, SAP has Private PPA total capacity of more than 19 Megawatts and still aims to continually expand its production capacity under the Private PPA even during the outbreak of COVID-19.

SIGNIFICANT EVENTS AFTER FINANCIAL REPORT OF Q2/2021

Cooperate with a big energy company from Japan to jointly operate natural gas business which aims to expand the business internationally. While, entering into Share Sale and Purchase Agreement in subsidiary of the Company "Thai-Japan Gas Network Co., Ltd." with a total project value of THB 639.0 Million.

According to the significant growth in iCNG business and also the potential to be a leader in natural gas business of the Company which attracts the attention and interest from the big company from Japan, "Shizuoka Gas Company Limited (SZG)", a company listed in Tokyo Stock Exchange. On 5 August 2021, SZG has entering into Share Sale and Purchase Agreement to acquire company shares of Thai-Japan Gas Co., Ltd. (TJN), a subsidiary of SCN that operates iCNG and iLNG business. After the asset transferred from SCN to TJN, TJN will have a total value of THB 454.0 Million, SZG will acquire 49% of the total issued shares in TJN. With a total project value of THB 639.0 Million, SCN will earn THB 313.1 Million in cash. After joining the investment, it will enlarge the customer base of iCNG and iLNG users which expected to increase the sales volume of iCNG from 4,000 MMBTU per day to be 10,000 MMBTU per day.



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KEY FINANCIAL HIGHLIGHT

Unit : Million Baht

	Q2'2020	Q2'2021	% YoY	Q1'2021	Q2'2021	% QoQ
Revenue from sales and services	296.0	411.1	38.9%	377.3	411.1	9.0%
EBITDA	46.2	76.2	65.0%	76.8	76.2	-0.9%
Net Profit	-12.6	15.9	226.3%	23.2	15.9	-31.5%
EBITDA Margin (%)	15.6%	18.5%	18.8%	20.4%	18.5%	-9.0%
Net Profit Margin (%)	-4.2%	3.9%	191.0%	6.1%	3.9%	-37.1%

Revenue

- Revenue from sales and services in Q2/2021 increased by 38.9% from the previous year to THB 411.1 Million, the main reasons were due to (1) increasing in oil price and the customers in industrial sector are able to adapt the business operation better than the first wave of COVID-19 situation resulting to increase in demand for natural gas usage (2) increasing in transport volumes per day (3) increasing in sales volume of automotive and solar spare parts (4) start to recognized revenue from SCAN ICT, all of these affected the significantly increase in revenue from sales and services

EBITDA

- EBITDA in Q2/2021 increased by 65% from the previous year to THB 76.2 Million, in line with the significant increase in revenue from sales and services. The Company also manages the costs effectively affected the EBITDA margin rose to 18.5% (increased by 18.8% YoY).

Net Profit

- Net Profit in Q2/2021 increased by 226.3% from the previous year to THB 15.9 Million, mainly resulted from all businesses especially profitability in natural gas-related business and increase recognition of profit from the investment in Solar Power Plant - Minbu District, Myanmar and Solar Rooftop projects through Scan Advance Co., Ltd. in the amount of THB 14.2 Million and THB 2.4 Million respectively. As a result, the Net Profit Margin increased to 3.9% (increased by 191% YoY). However, the overdue balance of the client due to the impact of COVID-19 situation affected the Company to record impairment loss determined in accordance with the accounting standard, TFRS 9 amount of THB 11.4 Million in Q2/2021. However, if the client has made payment, the Company is able to record as revenue afterward. Hence, if deducting the impact from TFRS 9, the Company will have the Net Profit in Q2/2021 amount of THB 27.2 Million (increased by 317% YoY)

FINANCE PERFORMANCE

Unit : Million Baht

REVENUE STRUCTURE

Revenue	Q2'2020	Q2'2021	% YoY	Q1'2021	Q2'2021	% QoQ
Natural Gas-related	212.7	264.3	24.3%	257	264.3	2.8%
Automotive	18.5	36.0	94.6%	31.0	36.0	16.1%
Renewable Energy	10.1	34.0	236.6%	22.2	34.0	53.2%
Logistic & Others	54.7	76.8	40.4%	67.1	76.8	14.5%
Revenue from Sales and Services	296.0	411.1	38.9%	377.3	411.1	9.0%



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Natural Gas-related

- Revenue from Natural gas-related business in Q2/2021 increased by 24.3% from the previous year to THB 264.3 Million, mainly resulted from the increase in oil prices and the customers in industrial groups that are able to adapt the business operation during COVID-19 situation better than the first wave resulting to increase in demand of natural gas especially industrial compressed natural gas (iCNG) that increased by 125% YoY. In addition, the revenue from the maintenance of NGV service station increased lead to the increase in revenue from natural gas-related business.

Renewable Energy

- Revenue from Renewable Energy in Q2/2021 increased by 236.6% from the previous year to THB 76.8 Million, mainly due to the increase in sales volume of solar spare parts.

Automotive

- Revenue from Automotive in Q2/2021 increased by 94.6% from the previous year to THB 36.0 Million. In addition to the Company's revenue received from maintenance contract for 489 NGV buses which are able to operate well. The Company was also able to recognize the revenue from sales of automotive spare parts that has increased significantly.

Logistics and Others

- Revenue from Logistics and Others in Q2/2021 increased by 40.4% from the previous year to THB 76.8 Million, mainly from the customers from industrial sectors returned to use more the natural gas resulting in higher transport volumes. Also, starting to recognized revenue from SCAN ICT that provides comprehensive information technology services.

GROSS PROFIT STRUCTURE

Unit : Million Baht

Gross Profit	Q2'2020	Q2'2021	% YoY	Q1'2021	Q2'2021	% QoQ
Natural Gas-related	21.7	40.7	87.4%	41.5	40.7	-1.9%
Automotive	2.9	5.0	72.4%	4.5	5.0	10.7%
Renewable Energy	13.5	11.2	-17.1%	12.2	11.2	-8.3%
Logistic & Others	-15.5	-1.5	90.3%	-5.0	-1.5	70.0%
Total Gross Profit	22.6	55.4	144.9%	53.2	55.4	4.1%
Selling, General and Administrative	40.1	39.3	-2.0%	37.4	39.3	5.1%
Depreciation & Amortization	39.5	42.3	7.1%	42.6	42.3	-0.7%

Natural Gas-related

- Gross Profit in Q2/2021 increased by 87.4% from the previous year to THB 40.7 Million, mainly from the significant increase in revenue of Natural gas-related business due to the increase in demand of natural gas and also effective cost management in industrial compressed natural gas (iCNG) business, Private Mother Station (PMS) business, and NGV service station maintenance business. All of these lead to the increase in gross profit of natural gas-related business.

Automotive

- Gross Profit in Q2/2021 increased by 72.4% from the previous year to THB 5.0 Million, mainly due to the additional gross profit from selling automotive spare parts amount of THB 1.8 Million or calculated as Gross Profit Margin at 10.3%. Also, the service operation under the maintenance contract for 489 NGV buses affected the Company to realize increase in gross profit for automotive business.



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Renewable Energy

- **Gross Profit in Q2/2021 decreased by 17.1% from the previous year to THB 11.2 Million.** Although, there was an additional gross profit from sales of solar spare parts. However, the accounting record in accordance TFRS16 accounting standard, affect the gross profit of solar power plant of Bang Pha Si to be decreased resulting to the decrease in gross profit of renewable energy business.

Logistic & Others

- **Gross Profit in Q2/2021 increased by 90.3% from the previous year to THB -1.5 Million,** mainly due to the gross profit of logistic business has increased by 137.3% YoY and also recognize the gross profit from the business under SCAN ICT which provide comprehensive information technology services in Q2/2021.

NON-OPERATING ITEM

Unit : Million Baht

	Q2'2020	Q2'2021	% YoY	Q1'2021	Q2'2021	% QoQ
Other income	10.0	13.9	39.0%	14.2	13.9	-2.3%
Share of gain from associates	9.3	16.7	78.7%	17.1	16.7	-2.4%

Other income

- **Other income in Q2/2021 increased by 39.0% from the previous year to THB 13.9 Million,** mainly due to an increase in interest income from loans to affiliates.

Share of gain from associates

- **Share of gain from associates increased by 78.7% from the previous year to THB 16.7 Million,** mainly from the recognition of profit from investment in Solar Power Plant - Minbu district, Myanmar amount of THB 14.2 Million (increased by 163% YoY due to the adjustment of accounting record in Q2/2020) and also an increase in COD from the solar rooftop projects through Scan Advance Power Co., Ltd. (SAP) amount of THB 2.4 Million.

FINANCE COST AND TAX

Unit : Million Baht

	Q2'2020	Q2'2021	% YoY	Q1'2021	Q2'2021	% QoQ
Finance costs	18.0	19.6	8.6%	19.7	19.6	-0.6%
Tax expense	1.2	-2.0	-273.5%	-1.6	-2.0	26.9%
Gain (loss) on exchange rates	0.0	-0.5	N/A	0.1	-0.5	-645.0%

Finance Costs

- **Finance costs increased by 8.6% from the previous year to THB 19.6 Million,** mainly from investment in new projects that generated higher revenue and profit in this quarter as well as investment in solar power plant project in Minbu, Myanmar in late 2020 in order to complete within the target plan and ready to COD with a total capacity of 220 Megawatts in 2022.



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ABBREVIATION

COD	Commercial Operation Date
COVID	Corona Virus Disease
GEP	Green Earth Power (Thailand) Company Limited
iCNG	Industrial Compressed Natural Gas
NGV	Natural Gas Vehicle
MW	Megawatt
PMS	Private Mother Station
P-PPA	Private Power Purchase Agreement
SCN	Scan Inter Public Company Limited
SZG	Shizuoka Gas Company Limited
TJN	Thai-Japan Gas Company Limited
TFRS	Thai Financial Reporting Standards
THB	Thai Baht

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