



บริษัท สแกน อินเตอร์ จำกัด (มหาชน)

SCAN INTER PUBLIC COMPANY LIMITED

355 ถนนบอนด์สตรีท ตำบลบางพูด อำเภอปากเกร็ด จังหวัดนนทบุรี 11120

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## Management Discussion & Analysis For the Financial Result of Quarter 3 Ended September 30, 2021

### EXECUTIVE SUMMARY

#### SIGNIFICANT EVENTS IN Q3/2021

**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. 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.

Q3/2021, SCN has one-time special expense amount of THB 8.3 million from assets transfer transaction which transfer iCNG business to TJN for selling 49% of TJN's share to SZG, afterward SCN will earn THB 313.1 million in cash.

#### **SCN won bidding of PTT transport project, it worth more than THB 85 million**

The Company won third-party logistics contract to become the transporter of natural gas for vehicles (NGV) from PTT Lad Lum Kaew (Mother Station) to the Daughter Station covering Bangkok Metropolis and Vicinity area. The period of the contract is 2 years, and it is worth THB 85 million. The company will start the operations and revenue recognition from this contract in July 2021.

### KEY FINANCIAL HIGHLIGHT

Unit : Million Baht

	Q3'2563	Q3'2564	% YoY	Q2'2564	Q3'2564	% QoQ
Revenue from sales and services	360.1	403.7	12.1%	411.1	403.7	-1.8%
EBITDA	82.0	62.9	-23.3%	76.2	62.9	-17.5%
Net Profit	13.1	2.9	-77.9%	16.3	2.9	-82.2%
EBITDA Margin (%)	22.8%	15.6%	-7.2%	18.5%	15.6%	-3.0%
Net Profit Margin (%)	3.6%	0.7%	-2.9%	4.0%	0.7%	-3.2%

#### Revenue

- Revenue from sales and services in Q3/2021 increased by 12.1% from the previous year to THB 403.7 million, the main reasons were due to (1) increasing in oil price as a result increasing demand for iCNG (2) increasing in transport volumes from the increasing demand for gas, including the success of won the bidding for PTT natural gas transport. (3) sales of automotive spare parts that has increased significantly. (4) increasing in revenue from SCAN ICT that has increased significantly.

#### EBITDA

- EBITDA in Q3/2021 decreased by 23.3% from the previous year to THB 62.9 million, mainly from special expenses for business transfer and impairment loss from TFRS9.



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#### Net Profit

- **Net Profit in Q3/2021 decreased by 77.9% from the previous year to THB 2.9 million**, the main reasons were due to (1) one-time special expense THB 8.3 million from assets transfer transaction which transfer iCNG business to Thai-Japan Gas Co., Ltd. (TJN) afterward it will sale 49% of TJN's share to Well-known energy company from Japan "Shizuoka Gas Company Limited (SZG) that listed in Tokyo Stock Exchange. This corporation aims to expand the business to international. The total project value is THB 630.0

million and SCN will earn THB 313.1 million in cash and (2) the overdue balance of client who impacted by COVID-19 situation, affected the Company has to record impairment loss determined in accordance with the accounting standard, TFRS9 amount of THB 8.8 million in Q3/2021. However, if the client has made payment, the company is able to record as revenue afterward. Hence, if we excluded special expense from assets transfer (TJN) and impairment loss (TFRS 9), the adjusted Net Profit is THB 20.0 million.

## FINANCE PERFORMANCE

### REVENUE STRUCTURE

Unit : Million Baht

	Q3'2563	Q3'2564	% YoY	Q2'2564	Q3'2564	% QoQ
Natural Gas-related	230.5	258.3	12.0%	264.3	258.3	-2.3%
Automotive	19.6	37.5	91.5%	36.0	37.5	4.1%
Renewable Energy	44.6	24.7	-44.7%	34.0	24.7	-27.3%
Logistic & Others	65.4	83.3	27.5%	76.8	83.3	8.5%
<b>Revenue from Sales and Services</b>	<b>360.1</b>	<b>403.7</b>	<b>12.1%</b>	<b>411.1</b>	<b>403.7</b>	<b>-1.8%</b>

#### Natural Gas-related

- **Revenue from Natural gas-related business in Q3/2021 increased by 12.0% from the previous year to THB 258.3 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 129% YoY.

#### Renewable Energy

- **Revenue from Renewable Energy in Q3/2021 decreased by 44.7% from the previous year to THB 24.7 million**, mainly due to the increase in sales volume of solar spare parts.

#### Automotive

- **Revenue from Automotive in Q2/2021 increased by 91.5% from the previous year to THB 37.5 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 Q3/2021 increased by 27.5% from the previous year to THB 83.3 million**, mainly from won PTT transport contract and industrial customer returned to use more the natural gas that resulting in higher transport volumes. Also, starting to recognize revenue from SCAN ICT that provides comprehensive information technology services. that began to recognize revenue since Q2/21.



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## GROSS PROFIT STRUCTURE

Unit : Million Baht

	Q3'2563	Q3'2564	% YoY	Q2'2564	Q3'2564	% QoQ
Natural Gas-related	34.6	32.0	-7.5%	39.9	32.0	-19.8%
Automotive	3.3	4.6	41.0%	5.0	4.6	-6.8%
Renewable Energy	13.5	9.1	-32.9%	11.2	9.1	-18.8%
Logistic & Others	-10.2	-0.7	93.2%	-1.6	-0.7	-57.1%
<b>Total Gross Profit</b>	<b>41.2</b>	<b>45.0</b>	<b>9.3%</b>	<b>54.5</b>	<b>45.0</b>	<b>-17.3%</b>
Selling, General and Administrative	37.8	51.0	34.9%	39.3	51.0	29.8%
Depreciation & Amortization	46.2	42.0	-9.2%	42.4	42.0	-1.0%

### Natural Gas-related

- **Gross Profit in Q3/2021 decreased by 7.5% from the previous year to THB 32.0 million**, mainly from the decrease in gross profit of Private mother station due to COVID-19 lockdown in this quarter. However, Industrial compressed natural gas (iCNG)'s gross profit has improved caused overall gross profit of Natural Gas-related decreased THB 2.57 million.

### Renewable Energy

- **Gross Profit in Q3/2021 decreased by 32.9% from the previous year to THB 9.1 million**, mainly from decline of solar spare parts sales compared to Q3/2021 and the adopted TFRS16 accounting standard to the solar power plant revenue which impact to the gross profit of renewable energy business.

### Automotive

- **Gross Profit in Q3/2021 increased by 41.0% from the previous year to THB 4.6 million**, mainly due to the additional gross profit from selling automotive spare parts amount of THB 1.4 million and performance from maintenance contract for 489 NGV buses.

### Logistic & Others

- **Gross Profit in Q3/2021 increased by 93.2% from the previous year to THB -0.7 Million**, mainly due to the gross profit of logistic business has increased more than 100% YoY and recognize the gross profit from the business under SCAN ICT which provide comprehensive information technology services since Q2/2021.

## NON-OPERATING ITEM

Unit : Million Baht

	Q3'2563	Q3'2564	% YoY	Q2'2564	Q3'2564	% QoQ
Other income	11.9	15.0	26.1%	13.9	15.0	7.9%
Share of gain from associates	21.2	20.9	-1.5%	16.7	20.9	24.9%

### Other income

- **Other income in Q-3/2021 increased by 26.1% from the previous year to THB 15.0 million**, mainly due to an increase in interest income from loans to affiliates.

### Share of gain from associates

- **Share of gain from associates decreased by 1.5% from the previous year to THB 20.9 million**, mainly from the recognition of profit from investment in Solar Power Plant - Minbu district, Myanmar amount of THB 17.3 Million (decreased by 21.6% YoY due to the adjustment of accounting record in Q3/2020) and also an increase in COD from the solar rooftop projects through Scan Advance Power Co., Ltd. (SAP) amount of THB 3.6 Million.



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#### FINANCE COST AND GAIN (LOSS) ON EXCHANGE RATES

Unit : Million Baht

	Q3'2563	Q3'2564	% YoY	Q2'2564	Q3'2564	% QoQ
Finance costs	17.8	19.8	11.5%	19.6	19.8	1.1%
Gain (loss) on exchange rates	-0.7	-0.4	44.1%	-0.5	-0.4	24.0%

#### Finance costs

- Finance costs increased by 11.5% from the previous year to THB 19.8 million, mainly from investment in new projects that generated higher revenue 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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