



บริษัท สแกน อินเตอร์ จำกัด (มหาชน)
SCAN INTER PUBLIC COMPANY LIMITED

**MANAGEMENT DISCUSSION AND ANALYSIS
OF THE COMPANY'S PERFORMANCE
For the Quarter and the Year Ended March 31, 2023**

The Management Discussion and Analysis of the Company's Performance (the "MD&A") is intended to present and analyze the Company's results of operations and financial position at the end of the accounting period.

For further questions or queries, please contact our Investor Relations Department:

Tel: +(66)2-503-4116 Ext.104 or Email: ir@scan-inter.com

Executive Summary

Performance Highlights

SCN made a historical rise of 738% YoY in Q1/23 gross profit and 235% YoY in total profit

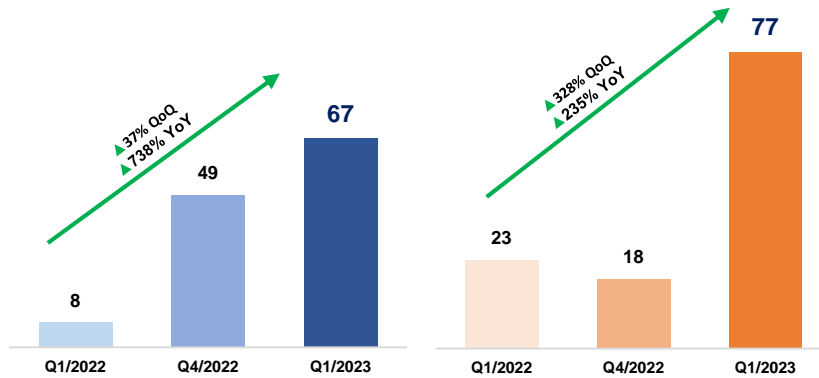


Figure 1: Gross profit graph

Figure 2: Total profit graph

Total profit for the first quarter of 2023 was Baht 77 million, an increase of Baht 54 million or 235% YoY and 328% QoQ.

The profit excluded the one-time gain from selling investment in TJN that occurred in the first quarter of 2022. The main reasons were 1) the performance growth in all business units, especially businesses related to natural gas products which saw rises in demand and energy prices, 2) the renewable energy business which gained positive results from an increase in electricity tariffs (Ft) and an increase in the COD of solar power plants from the previous year, and 3) the exponential growth in development of TJN after the joint venture with great energy companies from Japan. In the first quarter of 2023, TJN recorded its highest profit.

Key Events in 2023

The outstanding performance of natural gas

The natural gas business has developed significantly. In the first quarter of 2023, the gross profit grew as high as 230% compared to the same period last year. There were supporting factors from resolving pandemic and rising fuel prices which affected the increasing demand for automotive natural gas, better cost management, and higher maintenance projects for natural gas stations than the previous year.

The industrial compressed natural gas (iCNG) saw the first quarterly profit since the restructuring of the TJN company in January 2022. TJN recognized a over Baht 9 million in profit, while the first quarter of the previous year saw a loss of Baht 2 million. This reinforced confidence in future growth after the joint venture with the great energy companies from Japan; Toho Gas Company Limited and Shizuoka Gas Company Limited.

An additional 10% of investment in SAP, reflecting the direction of strong profit growth and readiness to submit filing within this year

On January 17, 2023, the company acquired shares of Scan Advance Power Co., Ltd. (“SAP”) from Thai Advance Solar Co., Ltd. amounting to 273,612 shares, totaling Baht 18.52 million. The acquisition resulted in the an increase from 58.69% to 68.92% of total common shares of SAP. The investment status changed from a “joint venture” to “subsidiary company.” The company’s performance in Q1 2023 grew 48% compared to the same period of last year because of increased power generation capacity and high electricity tariff (Ft). Currently, SAP has signed a Private Power Purchase Agreement with customers for 34 projects and the total capacity was 21 MW.

The company plans to bring SAP to submit filing for listing on SET within this year.

Diversify investment portfolios to green business.

SCN invested in Wastech Exponential Company Limited (WTX), formerly known as SUNTECH, by purchasing 11,842,830 common shares which are valued at Baht 112 million, accounting for 6.4% of the total registered capital. The transaction concluded in January 2023. The main business of WTX is steel reformation and trading of steel products. SCN plans to expand to the recycling business by focusing on taking care of the environment, reducing global warming, and reducing greenhouse gas emissions.

WTX sold 63.44 million shares to investors, valued at Baht 600 million. It was expected to increase investment opportunities and enhance the potential for business growth in the future. WTX is in the process of listing on the Stock Exchange of Thailand.

Performance summary for the first quarter of 2023

Table 1: Key financial highlights

(Unit: Million Baht)

Key financial highlights	Q1/2022	Q4/2022	Q1/2023	%QoQ	%YoY
Revenue from sales and services	330	386	387	1%	17%
EBITDA	8	49	67	37%	738%
Total Profit	23	18	77	328%	235%

Revenue from sale of goods and rendering of services.

Revenue in the first quarter of 2023 amounted to Baht 387 million (an increase of 17% compared to the previous year).

The increase was due to 1) the change in the accounting record of SAP from a “joint venture” to a “subsidiary company.” It resulted in the consolidation of SAP’s financial statements since Jan 17, 2023. 2) revenues related to natural gas products increased significantly. According to the demand and natural gas prices have increased in the world market prices together with effective cost management. Moreover, the revenue from the maintenance of natural gas service stations also increased. 3) the rise in transported volume. There are supporting factors from growing demand for gas and other transportation volumes from both old and new customers.

Segment revenues

Table 2: Revenues by segment

(Unit: Million Baht)

Segments	Q1/2022	Q4/2022	Q1/2023	%QoQ	%YoY
Natural gas	214	233	249	7%	17%
Automotive, spare parts, and air-conditioned buses	39	43	33	22%	(14%)
Renewable energy	17	27	35	30%	105%
Logistics and other businesses	61	84	71	(15%)	16%
Total revenues	343	386	387	1%	18%

Business related to the production of natural gas

Revenue from the natural gas-related businesses in the first quarter of 2023 amounted to Baht 249 million (an increase of 17% compared to the previous year). The change in revenue recognition method for the iCNG business after the partnership with SZG and THG under the name of Thai-Japan Gas Network Company Limited (TJN). The partnership has become a joint venture since January 2022. As such, no revenue has been recognized since then and the method has been changed to the share of profit from joint venture instead. However, the Company's revenue from the natural gas business has grown continuously due to the effective management and resolved pandemic. In addition, the company recognized revenue from natural gas station maintenance contracts that have increased to 75% of natural gas stations nationwide.

Automotive, spare parts, and air-conditioned buses business

Revenue from the automotive, spare parts, and air-conditioned buses business in the first quarter of 2023 amounted to Baht 33 million or decreased by Baht 5 million (down 14% compared to the previous year). The cause was the drop in sale volume of spare parts. However, the company still recognized income from maintenance contracts for 489 air-conditioned buses continuously. And this year, the company will recognize more revenue from bus maintenance which aligns with the increasing contracts.

Renewable energy business

Revenue from the renewable energy business in the first quarter of 2023 amounted to Baht 35 million or an increase of Baht 18 million (up 105% compared to the previous year). Mainly from the change in the accounting record of SAP from a "joint venture" to a "subsidiary company." It resulted in the consolidation of SAP's financial statements since Jan 17, 2023. Currently, SAP recognizes revenue from Private PPA in 22 projects out of the total 34 projects.

Logistics and other businesses

Revenue from the logistics and other businesses in the first quarter of 2023 amounted to Baht 71 million or an increase of Baht 10 million (up 16% compared to the previous year). The main factors contributing to the increase are 1) logistics business revenue which went up from old and new customers. 2) increased CO2 sales from the rise in natural gas consumption in the country, and more stations opening compared to last year.

Other Income and Other Expenses

Other income

Other income in the first quarter of 2023 amounted to Baht 23 million or increased by Baht 3 million (up by 13% compared to the previous year). The main reason was the higher interest income from loans to the related company.

Segment gross profit

Table 3: Gross profits by segment

(Unit: Million Baht)

Segments	Q1/2022	Q4/2022	Q1/2023	%QoQ	%YoY
Natural gas	10	28	34	19%	230%
Automotive, spare parts, and air-conditioned buses	5	5	4	(18%)	(4%)
Renewable energy	13	14	29	110%	124%
Logistics and other businesses	(20)	1	-	(92%)	100%
Total revenues	8	49	67	37%	738%

Business related to the production of natural gas

Gross profit in the first quarter of 2023 was Baht 34 million (a dramatic increase of 230% compared to the previous year).

The mitigating Covid-19 epidemic has resulted in significant increases in other fuel prices and demand for natural gas. Furthermore, the company effectively managed the cost of natural gas stations along the pipelines. As a result, the gross profit structure was higher.

Automotive, spare parts, and air-conditioned buses business

Gross profit in the first quarter of 2023 was Baht 4 million, or a decrease of Baht 1 million (down 4% compared to the previous year) mainly due to the decrease in sales of spare parts.

Renewable energy business

Gross profit in the first quarter of 2023 was Baht 29 million (up 124% compared to the previous year) mainly due to the financial consolidation of SAP as SAP changed its status from a "joint venture" to a "subsidiary company."

Logistics and other businesses

Gross profit in the first quarter of 2023 was Baht 8 million, or an increase of Baht 20 million. This was due to the increase in transport volumes and lower fuel prices, as well as efficient management.

Share of profit from investment in the joint venture

The share of profit from investments in the first quarter of 2023 was Baht 14 million (an increase of 1% YoY). The key factors are 1) solar power plants project at Minbu in Myanmar which saw profit of Baht 10 millions, 2) recognized share of profit from SAP amounted to Baht 0.7 million due to changing investment status to a subsidiary company on January 17, 2023, and 3) recognized share of profit from TJN in the amount of Baht 4.69 million, compared to the previous period with a share of loss in the amount of Baht 0.7 million. The higher share of profit was driven by the increased sales volume and selling prices.

Financial costs

Financial costs of 2023 amounted to Baht 25 million, an increase of Baht 7 million (went up 40% YoY) resulting from the financial consolidation of SAP as SAP changed its status from a "joint venture" to a "subsidiary company."

Analysis of the Consolidated Statement of Financial Position of the Group

As at 31 March 2023 compared to 31 March 2022

(Unit: Million Baht)



Figure 3: Comparison of Statements of Financial Position (Quarterly)

The reasons for the change from the consolidated statement of financial position are as follows.

- **Total assets** for the first quarter of 2023 was Baht 6,088 million, an increase of Baht 534 million or 10% compared to the previous year. The main reason was the increase in lease receivable because of the consolidation of financial statements with SAP.
- **Total liabilities** for the first quarter of 2023 was Baht 2,905 million, an increase of Baht 307 million or 12% compared to the previous year. The main reasons were the increasing short-term and long-term loans from financial institutions. This was a result of the consolidation of financial statements with SAP.
- **Total equities** for the first quarter of 2023 was Baht 3,183 million, an increase of Baht 227 million or 8% compared to the previous year due to 3 main reasons: 1) Retained earnings which increased by Baht 189 million. 2) Paid dividends in the amount of Baht 66 million. 3) Increased non-controlling interests from the subsidiary company by Baht 115 million.

DEFINITIONS

BMTA	Bangkok Mass Transit Authority
COD	Commercial Operation Date
EPC	Engineering Procurement Construction
Private PPA	Private Power Purchase Agreement
O&M	Operation and Maintenance
iCNG	Industrial Compressed Natural Gas
NGV	Natural Gas Vehicle
PMS	Private Mother Station
SCN	Scan Inter Public Company Limited
SAP	Scan Advance Power Company Limited
SZG	Shizuoka Gas Company Limited
GEP	Green Earth Power (Thailand) Company Limited
THG	Toho Gas Company Limited
TJN	Thai-Japan Gas Network Company Limited
WTX	Wastech Exponential Company Limited
TFRS	Thai Financial Reporting Standards

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