



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 30 June, 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.

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## Executive Summary

### Performance Highlights

SCN unveiled solid performance for 2Q23, with the core profit surging by 40% YoY and 150% QoQ

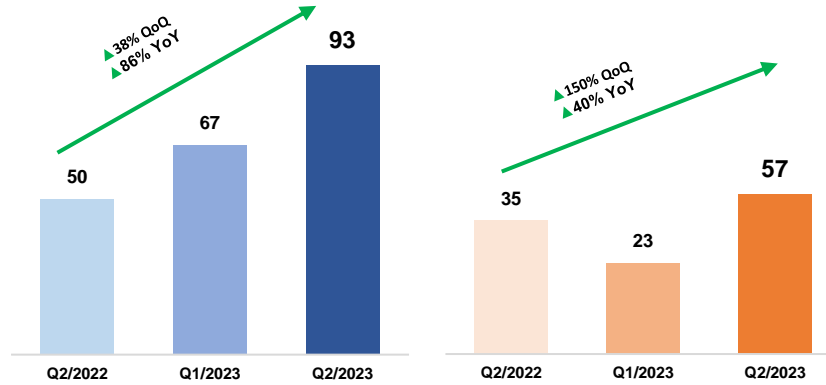


Figure 1: Gross profit graph

Figure 2: Core profit graph

The net profit for the second quarter of 2023 amounted to 57 million baht, an increase of 22 million baht or 40% compared to the previous year, and an increase of 150% compared to the previous quarter. The core profit does not include the one-time profit from the sale of investments in Thai-Japan Gas Network Company Limited during the first quarter of 2022, as well as the retirement of non-performing projects of the company. The main reasons for this significant growth are as follows:

- 1) The overall business performance growth of all company units, especially those related to natural gas products, benefited from the increasing demand for natural gas.
- 2) The renewable energy business received positive results from the commercial operation date (COD) of electricity sales from private solar energy contracts, which increased compared to the previous year.
- 3) The continuous development of TJN after collaborating with a major energy company from Japan. During the second quarter of 2023, TJN achieved the highest profit in history since the restructuring of the company.
- 4) Profit from the maintenance and repair of NGV air-conditioned passenger buses of the Bangkok Mass Transit Authority (BMTA) increased due to the maintenance income per day, as specified in the contract period.

### Key Events in Q2/2023

SCN won the bid for the transportation project of PTT Public Company Limited, elevating its position as the number one natural gas transporter in the country, handling a total daily transportation volume of 1 million kilograms.

The company achieved victory in the bidding process for the contract to procure NGV (Natural Gas for Vehicles) transportation services, spanning a period of 2 years, with a total value exceeding 500 million baht. This success allowed the company to expand its transportation coverage from the original 2 zones to 6 zones, including Ladlumkaew, Lam Luk Ka, Sam Khok (2 zones), Chiang Rak Noi, and King Kaew. The total daily transportation volume increased to 700,000 kilograms when considering

the additional volume from other industrial transportation contracts, making the company the largest natural gas transporter in Thailand, handling over 1 million kilograms daily.

The company commenced operations and began earning revenue from this new contract in July 2023, followed by September 2023 and December 2023 respectively. These achievements emphasize the company's leadership potential and expertise in the natural gas transportation business.

SAP continues to experience continuous growth, with the addition of 4 new Commercial Operation Date (COD) electricity sales projects, bringing the total installed capacity to over 21 megawatts and plans to submit the filing within this year

In the second quarter of 2023, SAP's performance showed outstanding growth of 64% compared to the same period of the previous year. This growth was mainly attributed to the successful COD of 4 solar rooftop projects, contributing to a total of 27 COD projects with a combined installed capacity of over 18 megawatts from the total capacity of 21 megawatts. Additionally, SCN realized increased profits due to the increase in investment in SAP about 10%

Currently, SCN is preparing to submit the filing for securities registration in the Stock Exchange of Thailand within this year.

## Performance summary for the second 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	341	387	516	33%	51%
Gross profit	50	67	93	38%	86%
Core profit	35	23	57	150%	40%

### Revenue from sale of goods and rendering of services

The revenue for the second quarter of 2023 amounted to 516 million baht, showing a significant increase of 51% compared to the previous year. The main reasons for this growth were as follows:

- 1) Reclassification of SAP's investment recognition from "Joint Venture" to "Subsidiary," resulting in the consolidation of SAP's financial statements starting from January 17, 2023.
- 2) Increased revenue from businesses related to natural gas products due to additional income from higher natural gas prices and revenue from maintenance of natural gas service stations from new contracts.

- 3) Increased revenue from the sales of automobiles, spare parts, and air-conditioned passenger buses, attributed to an increase in the sales volume of spare parts to CHO and additional revenue from the maintenance and repair of air-conditioned passenger buses as per the contract.

### Segment revenues

Table 2: Revenues by segment

(Unit: Million Baht)

Segments	Q2/2023	Q1/2023	Q2/2023	%QoQ	%YoY
Natural gas	206	249	250	0%	22%
Automotive, spare parts, and air-conditioned buses	42	33	52	57%	24%
Renewable energy	15	35	127	265%	738%
Logistics and other businesses	78	71	87	23%	12%
<b>Total revenues</b>	<b>341</b>	<b>387</b>	<b>516</b>	<b>33%</b>	<b>51%</b>

#### Business related to the production of natural gas

The revenue from businesses related to natural gas products in the second quarter of 2023 amounted to 250 million baht, showing an increase of 44 million baht (22% growth compared to the previous year). The primary reason for this growth was the increased revenue from the main natural gas service station business, including PMS stations and NGV service stations, driven by higher natural gas prices.

Furthermore, the company recognized additional revenue from new maintenance contracts with PTT for natural gas stations. Currently, the company has expanded its maintenance coverage to 158 NGV stations nationwide, including the Bangkok Metropolitan area, suburban areas, and regional zones, accounting for 75% of all NGV station maintenance contracts.

#### Automotive, spare parts, and air-conditioned buses business

The revenue from the sales of automobiles, spare parts, and air-conditioned passenger buses in the second quarter of 2023 amounted to 52 million baht, showing an increase of 10 million baht (24% growth compared to the previous year). The main reasons for this growth were the increased sales volume of spare parts to CHO and the recognition of revenue from the maintenance and repair contract for 489 air-conditioned passenger buses, which was higher compared to the previous year due to the increased cost of repairs as specified in the contract.

#### Renewable energy business

The revenue from the renewable energy business in the second quarter of 2023 amounted to 127 million baht, showing a significant increase of 112 million baht (738% growth compared to the previous year). This substantial growth was primarily due to the reclassification of SAP's investment recognition from "Joint Venture" to "Subsidiary," resulting in the consolidation of SAP's financial statements starting from January 17, 2023. Additionally, SAP recognized revenue from the Commercial Operation Date (COD) of 4 new projects valued 92 million baht.

### Logistics and other businesses

The revenue from the transportation and other businesses in the first quarter of 2023 amounted to 87 million baht, showing an increase of 9 million baht (12% growth compared to the previous year). The main reasons for this growth were as follows:

- 1) Increased transportation volume of natural gas, in line with the rising demand for natural gas.
- 2) Higher sales of Carbon Dioxide (CO<sub>2</sub>) for natural gas stations, driven by increased usage of natural gas in the country and temporary station closures by some of the company's customers during the same period of the previous year.

### Segment gross profit

Table 3: Gross profits by segment

(Unit: Million Baht)

Segments	Q2/2023	Q1/2023	Q2/2023	%QoQ	%YoY
Natural gas	31	34	37	9%	19%
Automotive, spare parts, and air-conditioned buses	6	4	9	102%	59%
Renewable energy	12	29	49	68%	308%
Logistics and other businesses	1	1	(2)	NA	NA
Total revenues	50	67	93	38%	86%

### Business related to the production of natural gas

Gross profit in the second quarter of 2023 amounted to 37 million baht, showing an increase of 6 million baht (19% growth compared to the previous year). The main reasons for this increase were the higher natural gas prices and the increased demand for natural gas. Additionally, the company efficiently managed its costs, contributing to the improved profitability.

### Automotive, spare parts, and air-conditioned buses business

Gross profit in the second quarter of 2023 amounted to 9 million baht, showing an increase of 3 million baht (59% growth compared to the previous year). The main reason for this increase was the revenue from the maintenance and repair contract for 489 air-conditioned passenger buses, which was higher than the previous year due to the increased cost of repairs as specified in the contract. Meanwhile, the increase in costs was proportionally lower, resulting in improved profitability.

### Renewable energy business

Gross profit in the second quarter of 2023 amounted to 49 million baht, showing an increase of 37 million baht (308% growth compared to the previous year). The main reason for this significant increase was the full recognition of SAP's operational performance, driven by increased investment and revenue proportions resulting from the successful COD of solar power purchase contracts from private solar energy companies.

### Logistics and other businesses

Gross profit in the second quarter of 2023 amounted to a negative 2 million baht, showing a decrease of 3 million baht compared to the previous year. The main reason for this decline was the increased EPC (Engineering, Procurement, and Construction) costs resulting from construction contracts for PTT pump stations at the Wang Chan.

#### Share of profit from investment in the joint venture

The share of profits from joint venture investments in the second quarter of 2023 amounted to 13 million baht, showing a decrease of 6 million baht (28% decrease compared to the previous year). This decrease was a result of the following factors:

- 1) A 4 million baht decrease from a solar power plant project in Minbu, Myanmar.
- 2) In the same period of the previous year, there was a recognition of a 10 million baht share of profits from Scan Advanced Power Co., Ltd. (SAP). However, in the current quarter, there was no recognition due to the reclassification of the investment status as a subsidiary, starting from January 17, 2023.
- 3) A 3 million baht share of profits from the Thailand-Japan Network (TJN) company, compared to the previous period where there was a 5 million baht share of losses. The increase in profits was due to higher gas sales volume and higher gas prices achieved.

#### Financial costs

The financial costs in the second quarter of 2023 amounted to 28 million baht, showing an increase of 10 million baht (55% increase compared to the previous year). This increase was a result of the additional bank loans for new projects and the consolidation of SAP's financial statements. SAP's status was changed from a joint venture to a subsidiary starting from the first quarter of 2023.

Analysis of the Consolidated Statement of Financial Position of the Group

As at 30 June 2023 compared to 30 June 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 second quarter of 2023 amounted to 6,155 million baht, showing an increase of 563 million baht or 10% compared to the previous year. The main reason for this increase was the higher amount of lease receivables resulting from the consolidation of financial statements with SAP.
- **Total liabilities** for the second quarter of 2023 amounted to 2,944 million baht, showing an increase of 345 million baht or 13% compared to the previous year. The main reasons for this increase were higher short-term and long-term borrowings from financial institutions due to the consolidation of financial statements with SAP and the issuance of SCN253A debentures in August 2023
- **Total equities** for the second quarter of 2023 amounted to 3,211 million baht, showing an increase of 218 million baht or 7% compared to the previous year. This increase was attributed to three main factors: 1) higher accumulated profits amounting to 155 million baht, 2) paid dividends in the amount of 66 million baht and 3) an increase in the changes in equity in subsidiaries amounting to 117 million baht.

● DEFINITION

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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