



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 September, 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

Overall Performance Highlights

SCN's Q3/23 performance is a triumph, with a revenue YoY surge surpassing Baht 480 million and 131% profit growth

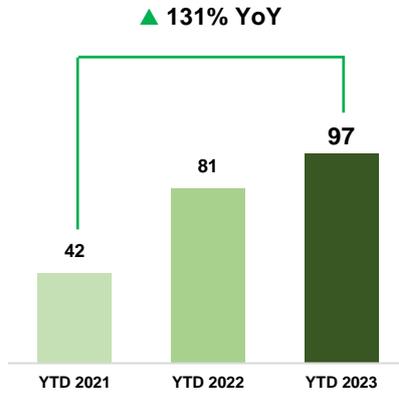


Figure 1: Organic Net Profit in Q1 - Q3 2023

SCN revenue in Q3 2023 amounted to Baht 480 million, increasing by 40% compared to the previous year and organic net profit in the three quarters 2023 grew to Baht 97 million, Baht 16 million or 20% up from the previous year and Baht 55 million or 131% up from the 2021. The net profit excluded one-time gain from selling the investment in TJN in the first quarter of 2022 and the write-off of non-performing business units. The explanation for good performance is as follows 1) the performance growth in all business units, especially businesses related to natural gas products which saw an increase in demand. 2) the revenue recognized from the transport contractor due to winning the project bidding of PTT in the second quarter of 2023. 3) higher revenue recognized from the construction contract for Wangchan project of PTT station.

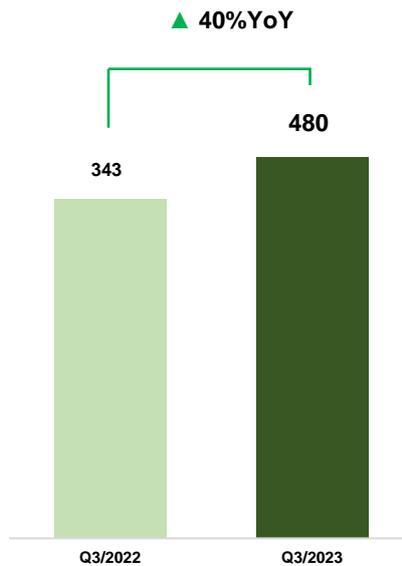


Figure 2: Comparison Chart of Revenue Q3 (YoY)

Key Event in 2023

SCN started earning the revenue due to winning the bid for the transportation project of PTT in the second quarter 2023

In the second quarter 2023, the company won the bid for natural gas transportation project from PTT for the period of 2 years with the project being valued at Baht 500 million. By winning this bidding project, the company could 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 rose up to 700,000 kilograms when considering the additional volume from other industrial transportation contracts. The company became the largest natural gas transporter in Thailand, dealing with 1 million kilograms a day.

In the third quarter 2023, the company has started the business operation and recognized the revenue from the contract for the transmission pipeline of NGV including Ladlumkaew and Lam Luk Ka zone.

SCN aims to support SAP company for listing Stock Exchange of Thailand in 2024 from the strong growth in the renewal business. The company could additionally distribute a COD project including total production of 21 Megawatt

In the third quarter 2023, SAP additionally distributed a COD project. There are 28 COD projects in total, with the production capacity around 19 Megawatt from the whole production on hand 21 Megawatt. Moreover, the company is going to submit the filing for securities registration for SAP in Stock Exchange of Thailand in the next year.

Performance summary for the third quarter of 2023

Table 1: Key financial highlights

(Unit: Million Baht)

Key financial highlights	Q3/2022	Q2/2023	Q3/2023	%QoQ	%YoY
Revenue from sales and services	343	516	480	(7%)	40%
Gross Profit	42	93	74	(20%)	76%
EBITDA	72	76	86	13%	19%
EBITDA Ratio	21%	15%	18%	3%	(6%)
Net profit	21	48	25	(48%)	19%

Revenue from sales of goods and services

Revenue in the third quarter 2023 amounted to Baht 480 million (an increase of 40% compared to the prior year), the main reasons behind the increase in revenue are as follows. 1) an increase in the revenue related to the natural gas business due to the continuous growth of consumption for natural gas products. Moreover, the positive factors from a rise in natural gas prices and higher revenue from the maintenance of natural gas service stations from a new contract boosted an increase in revenue from supplying natural gas-related equipment. 2) an increase in revenue from automotive, spare parts, and air-conditioned buses for supplying the spare parts and greater revenue from maintenance services for air buses as obligated by the contract. 3) an increase in logistics and other businesses was from old and new customers including the rising construction projects e.g., Wangchan project of PTT station and the

construction project in transmission pipeline of natural gas and the pressure controlling station and other jobs which were started the business operations and recognized the revenue in the third quarter of 2023. 4) the change in the accounting record for the investment in SAP from a “joint venture” to a “subsidiary company” which resulted in the consolidation of SAP’s financial statements since Jan 17, 2023.

Earnings from business operations (EBITDA)

Earnings from business operations (EBITDA) in the third quarter of 2023 amounted to Baht 86 million (an increase of 19% compared to the prior year). as an increase in sales for the transportation business both from old and new customers.

Segment Revenues

Table 2: Revenues by segment

(Unit: Million Baht)

Segment	Q3/2022	Q2/2023	Q3/2023	%QoQ	%YoY
Oil and Natural gas	215	250	254	2%	18%
Automotive, spare parts, and air-conditioned buses	39	52	49	(6%)	26%
Renewable energy	14	127	40	(69%)	186%
Logistics and other businesses	75	87	137	57%	83%
Total revenues	343	516	480	(7%)	40%

Business related to the production of natural gas and oil

Revenue from the natural gas and oil businesses in the third quarter of 2023 amounted to Baht 254 million, rising by Baht 39 million (an increase of 18% compared to the prior year).

- (1) The revenue from the business of natural gas and oil services has risen due mainly to the growth in demand for natural gas and oil. Moreover, oil and gas prices have increased.
- (2) The revenue from the maintenance station has increased from a new contract, which resulted in higher income for supplying equipment for the natural gas-related businesses.

Automotive, spare parts, and air-conditioned buses

Revenue from automotive, spare parts, and air-conditioned buses business in the third quarter of 2023 amounted to Baht 49 million, rising by Baht 10 million (an increase of 26% compared to the prior year). SCN increasingly supplied spare parts and recognized the revenue from the contract of the maintenance station for 489 buses, increasing from the previous year as the bus maintenance fees saw increment as demanded by the contract.

Renewal energy business

Revenue from renewable energy in the third quarter of 2023 amounted to Baht 40 million, rising by Baht 26 million (an increase of 186% compared to the prior year). customers for this business unit are continuously increasing in number.

Logistics and other businesses

Revenue from Logistics and other businesses in the third quarter of 2023 amounted to Baht 137 million, rising by Baht 62 million (an increase of 83% compared to the prior year). an increase in revenue for the transportation business were from old and new customers and the recognition for the revenue from winning the logistic business-related bidding job in the second

quarter of 2023 e.g., construction contractor for Wangchan project of PTT station, the construction project in transmission pipeline of NGV and the pressure controlling station and others which started recognizing the revenue in the third quarter of 2023.

Segment gross profit

Table 3: Gross profits by segment

(Unit: Million Baht)

Segments	Q3/2022	Q2/2023	Q3/2023	%QoQ	%YoY
Oil and Natural gas	30	37	39	5%	30%
Automotive, spare parts, and air-conditioned buses	5	9	9	0%	80%
Renewable energy	10	49	26	(47%)	160%
Logistics and other businesses	(3)	(2)	0	NA	NA
Total gross profit	42	93	74	20%	76%

Business related to oil and natural gas

Gross profit in the third quarter of 2023 was Baht 39 million (an increase of 30% compared to the prior year). The increase in revenue from natural gas and oil stations is the result of the constant rise in consumption demand. Additionally, there was a positive factor from rising oil and gas prices. The company effectively managed the cost of natural gas stations along the pipelines.

Automotive, spare parts, and air-conditioned buses business

Gross profit in the third quarter of 2023 was Baht 9 million, an increase of Baht 4 million (an increase of 80% compared to the prior year) from rising sales of spare parts and greater revenue from maintenance services for air buses as demanded by the contract.

Renewable energy business

Gross profit in the third quarter of 2023 was Baht 26 million, an increase of Baht 16 million (an increase of 160% compared to the prior year). SAP changed its status from a "joint venture" to a "subsidiary company" and thus SCN's financial statements were consolidated with SAP and the growth of revenue was from sales for COD project for solar rooftop.

Logistics and other business

Gross profit in the third quarter of 2023 amounted to Baht 0.1 million, (an increase of Baht 3 million compared to the prior year). As an increase in revenue from the transportation business, being from old and new customers. The company started recognizing the revenue from the transportation business which won the bidding in the second quarter 2023 e.g., Wangchan project of PTT station and the construction project in transmission pipeline of natural gas and the pressure controlling station and other jobs that started business operations and recognized the revenue in the third quarter 2023. With an effective management of cost of goods sold, gross profit eventually turned positive.

Share of profit from investment in the joint venture

The share of profit from investments in the third quarter of 2023 was Baht 7 million, a decline of Baht 9 million (a decrease of 54% compared to the former year). the main reasons came from 1) solar power plants project at Minbu in Myanmar saw profit of

Baht 8 million. 2) For the same period from previous year, the company recognized a share of profit from investments from SAP amounted to Baht 6 million, while there was no record of the profit due to changing in the accounting record of SAP from a “joint venture” to a “subsidiary company” since 17 Jan 2023. 3) the company recognized loss sharing from Pharmaceutical Plants Co., Ltd. (HEMP) amounted to Baht 0.4 million. 4) the company recognized loss sharing from Thai-Japan Gas Network Co., Ltd. (TJN) amounted to Baht 0.2 million.

Financial costs

Financial costs in the third quarter 2023 amounted to Baht 30 million, an increase of Baht 11 million (went up 62% compared to the prior year) resulting from borrowing the loan from bank for new projects and the consolidation of SAP's financial statements since Jan 17, 2023, because of the change in the accounting record of SAP from a “joint venture” to a “subsidiary company.”

Analysis of the Consolidated Statement of Financial Position of the Group as of 31 September 2023 compared to 31 September 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 third quarter of 2023 were Baht 6,238 million, an increase of Baht 632 million or 11% compared to the previous year. The main reason was the increase in lease receivable.
- Total liabilities for the third quarter of 2023 were Baht 2,967 million, an increase of Baht 461 million or 18% compared to the previous year. The main reasons were the increased short-term and long-term loans from financial institutions and an increase from the previous quarter (Q2) in finance lease.
- Total equities for the third quarter of 2023 were Baht 3,271 million, an increase of Baht 171 million or 6% compared to the previous year.

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
HEMP	Pharmaceutical Plants Company Limited
SUNTECH	Suntech Recycle & Decarbon Company Limited
WTX	Wastech Exponential Company Limited
TFRS	Thai Financial Reporting Standards

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