



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

MANAGEMENT DISCUSSION AND ANALYSIS
OF THE COMPANY'S PERFORMANCE
For the Year Ended December 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:

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Executive Summary

Overall Performance Highlights

SCN discloses a strong increase in organic net profit of Baht 29 million +28% YoY

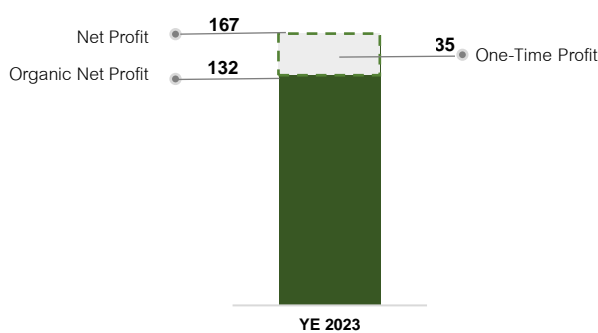


Figure 1: Net Profit

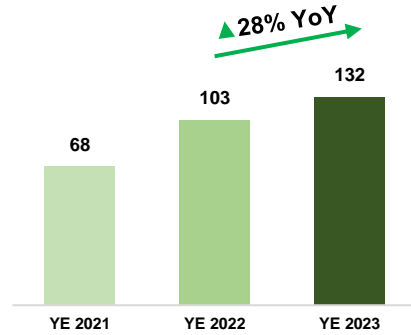


Figure 2: Organic Net Profit

SCN organic net profit in 2023 increased to Baht 132 million, rising by 28% compared to the previous year.

Net profit excluded one-time gain from selling investment and non-performing business units. The explanation for good performance is as follows 1) the performance growth in natural gas products' business units which saw an increase in demand for natural gas and rising oil prices. 2) the revenue was recognized from the transport contractor due to winning the project bidding of PTT in the second quarter of 2023. 3) higher revenue was recognized from the construction contract for Bankchak station and others. 4) renewal energy business from SAP jumped up with the growth of financial performance and SAP is preparing for the filing for securities registration in Stock Exchange of Thailand.

Key Event in 2023

SCN won the bidding for the transportation project from PTT as the best transporter for natural gas with total transportation of 1 million kilograms per day.

The company won the bidding for the natural gas transportation project from PTT (NGV) for the period of 2 years with the project 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, namely Ladlumkaew, Lam Luk Ka, Sam Khok (2 zones), Chiang Rak Noi, and King Kaew.

A rise of the total daily transportation volume was 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 per day.

The company has been operating the business and recognizing the revenue from the new contracts since December 2023. Such a successful case emphasizes the potential leadership for a gas transporter and an expertise for the gas transportation business.

The industrial compressed natural gas (iCNG) business continuously grew after the company cooperated with the big company in Japan.

Due to an expanded customer base, the industrial compressed natural gas (iCNG) business saw an increase in revenue of over Baht 137 million, with the annual revenue of Baht 645 million, which is a 27% growth compared to the previous year. The

financial performance has turned positive for the first time since the restructuring of the TJN company, resulting in the confidence for future growth after the company cooperated with the major company like Toho Gas Company Limited and Shizuoka Gas Company Limited.

SCN is going 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 six COD projects including total production of 23 Megawatt.

In 2023, SAP additionally distributed six COD projects. There is a total of 29 COD projects with the production capacity of around 19 Megawatt from the whole production on hand of 23 Megawatt which resulted in an increase of net profit by 60%. In addition, the company is going to submit SAP for the filing for securities registration in Stock Exchange of Thailand in 2024.

The growth of Engineering Procurement Contract (EPC) business in 2023 with total contract values of Baht 222 million.

The company saw a significantly higher number of EPC projects obtained, winning the bidding for civil projects, remodeling of major oil stations, and installation of electricity-generating system by Sun (Solar Rooftop) which is non-gas business. Moreover, the company has aimed to the growth of EPC projects for non-gas business in the future. In 2023, the company won the EPC bidding with total value of Baht 222 million of which the revenue will be continuously recognized.

Performance Summary for the year 2023

Table 1: Key financial highlights

(Unit: Million Baht)

Key financial highlights	YE 2022	YE 2023	%YoY
Revenue from sales and services	1,400	1,878	34%
Gross Profit	149	299	100%
Net Profit (Exclude One-Time)	103	132	28%
Net Profit Margin (Exclude One-Time)	7%	7%	-

Revenue from sales of goods and services

Revenue in 2023 amounted to Baht 1,878 million (an increase of 34% compared to the prior year), the 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 and rising oil prices. Moreover, the company could efficiently control costs and recorded increasing revenue from station maintenance from new contract which make higher revenue from equipment distributor.

2) an increase in revenue from logistic business and others from an increase of several old and new customers including the rising contractor job e.g., Wangchan project of PTT station, civil engineering of Bangchak oil station and the construction project in transmission pipeline of natural gas and the pressure controlling station and other jobs.

3) the change in the accounting record from investment of SAP from a “joint venture” to a “subsidiary company.” It caused the consolidation of SAP's financial statements since Jan 17, 2023.

Segment Revenues

Table 2: Revenues by segment

(Unit: Million Baht)

Segment	YE 2022	YE 2023	%YoY
Oil and Natural gas	867	990	14%
Automotive, spare parts, and air-conditioned buses	162	156	(4%)
Renewable energy	73	246	233%
Logistics and other businesses	297	486	64%
Total revenues	1,400	1,878	34%

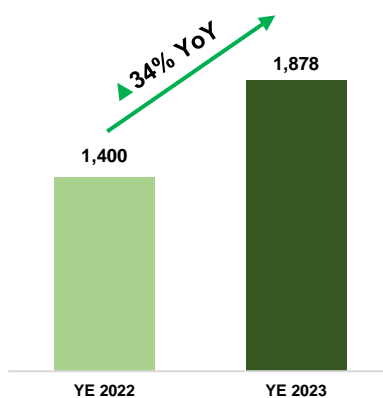


Figure 3: Revenues by segment

Business related to the production of natural gas and oil

Revenue from the natural gas and oil businesses in 2023 amounted to Baht 990 million, rising by Baht 123 million (an increase of 14% compared to the prior year).

- (1) The revenue from the business of PMS natural gas and revenue from gas station for automotives has risen due mainly to the growth in demand for natural gas after the diminished COVID-19 situation since early 2023. Additionally, average oil and gas prices have increased.
- (2) The revenue from the maintenance station has increased from a new contract of PTT in Q2/2023, the company has expanded 158 maintenance stations of NGV which resulted in higher income for supplying equipment for the natural gas-related business.

Automotive, spare parts, and air-conditioned buses

Revenue from automotive, spare parts, and air-conditioned buses business in 2023 amounting to Baht 156 million, decreasing by Baht 6 million (a decline of 4% compared to the prior year).

SCN diminishingly supplied spare parts since September 2023.

Renewal energy business

Revenue from renewable energy in 2023 increase by Baht 173 million (an increase of 233% compared to the prior year).

The change in the accounting record from investment of SAP from a "joint venture" to a "subsidiary company." It caused the consolidation of SAP's financial statements since Jan 17, 2023. Additionally, SAP grew firmly from the revenue recognition of COD projects with total values of more than Baht 100 million.

Logistics and other businesses

Revenue from Logistics and others in 2023 increase by Baht 189 million (an increase of 64% compared to the prior year).

an increase in revenue for the transportation business was 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, civil engineering of Bangchak oil station which start recognizing revenue in Q4/2023 and others.

Segment gross profit

Table 3: Gross profits by segment.

(Unit: Million Baht)

Segments	YE 2022	YE 2023	%YoY
Oil and Natural gas	99	140	41%
Automotive, spare parts, and air-conditioned buses	21	29	38%
Renewable energy	50	130	160%
Logistics and other businesses	(20)	(1)	95%
Total gross profit	150	298	99%

Business related to oil and natural gas

Gross profit in 2023 increase by Baht 41 million (an increase of 41% compared to the prior year).

From an increase in revenue for natural gas and oil stations owing to higher consumption. Additionally, there was a positive factor from rising oil 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 2023 rose by Baht 8 million (an increase of 38% compared to the prior year).

Renewable energy business

Gross profit in 2023 increase by Baht 80 million (an increase of 160% compared to the prior year). SAP changed its status from a "joint venture" to a "subsidiary company", thus SCN's financial statement was consolidated with SAP and the growth of revenue came from sales for COD project for solar cells.

Logistics and other business

Gross profit in 2023, loss reduced by Baht 19 million (an increase of 95% compared to the prior year). The rise in revenue was due to higher transportation transactions from both 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., Wanchang 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. In addition, the company recognized the revenue of the civil engineering of Bangchak oil station in Q4/2023.

Profit sharing from investment in the joint venture

The profit sharing from investments amounted to Baht 37 million in 2023, declining by Baht 23 million (a decrease of 38% compared to the previous year). The main reasons are 1) solar power plants project at Minbu in Myanmar saw profit of Baht 31 million. 2) In 2022, the company recognized a share of profit from investments from SAP amounted to Baht 12 million, while no profit was recognized in Q2/2023 due to a change of 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. amounted to Baht 3 million. 4) the company recognized profit sharing from Thai-Japan Gas Network Co., Ltd. (TJN) amounted to Baht 9 million.

Financial costs

Financial costs amounted to Baht 116 million in 2023, increasing by Baht 41 million (an increase of 55% compared to the prior year) as a result of taking out more bank loans 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 December 2023 compared to 31 December 2022

(Unit: Million Baht)

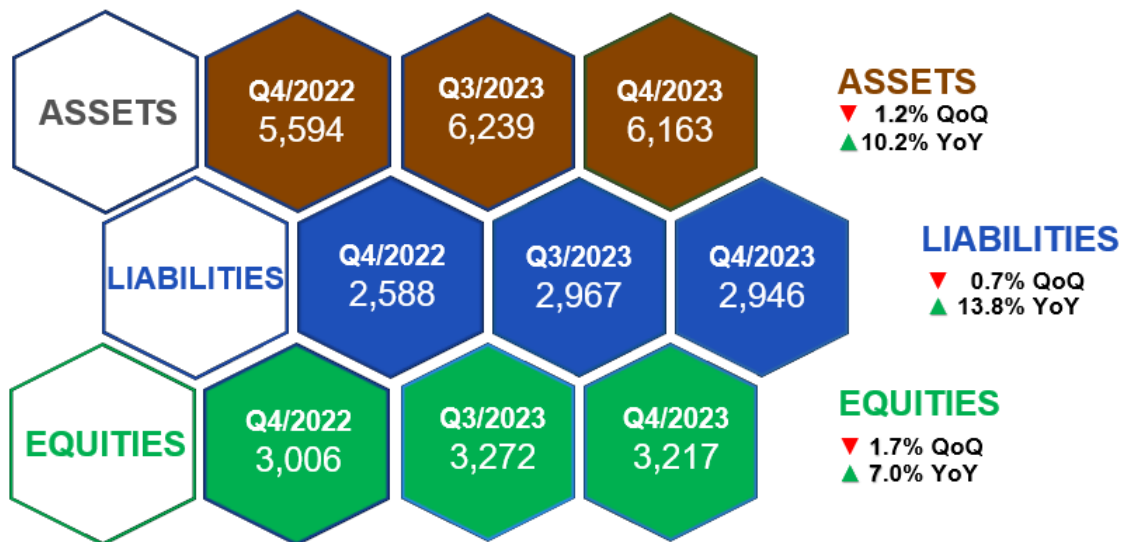


Figure 4: Comparison of Statements of Financial Position (Quarterly)

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

- Total assets for the fourth quarter of 2023 were Baht 6,163 million, an increase of Baht 569 million or 10% compared to the previous year. The main reason was the increase in lease receivable.
- Total liabilities for the fourth quarter of 2023 were Baht 2,946 million, an increase of Baht 358 million or 14% compared to the previous year. The main reasons were the rising short-term and long-term loans from financial institutions and an increase from finance lease.
- Total equities for the fourth quarter of 2023 were Baht 3,217 million, an increase of Baht 211 million or 7% 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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