

Forth Smart Service Public Company Limited (FSMART)
1Q/2023 Management Discussion and Analysis

Operational Summary in Q1/2023

(recovery in Thailand's tourism and the improvement in inflation, consumptions and economic activities)

- Total revenue from core business was Bt511mn.
- Net profit was Bt78mn. (Earning Per Share 0.11 Baht)
- The Company is the banking agent for 8 commercial banks (KTB, KANK, BAY, GSB, BAAC, SCB, CIMBT, BBL).
- Total money transfer transactions were 1.51 million transactions per month.
- Lending outstanding amount was Bt242mn.
- Number of "Boonterm kiosk" was 129,813 nationwide.
- Number of "TAOBIN" was 5,537 nationwide.

Significant Event in Q1/2023

January

- ❖ The Company collaborated with Big C Supercenter PCL. to expand payment channels through Big C counters nationwide
- ❖ The Company sells electrical appliances with installment loan service (Buy Now Pay later: BNPL).

February

- ❖ The Company released a prototype of GINKA Charge Point and highlighted the outstanding point with simply choosing-paying-charging via a touch screen without using an application
- ❖ Expanded the Suk-jai Thawee koon lending.

Business Overview

		Quarter	Quarter	Quarter	Quarter	Quarter
		1/2022	2/2022	3/2022	4/2022	1/2023
Total number of "Boonterm Kiosk" as the period ended	(Kiosk)	130,045	129,967	130,012	129,918	129,813
Total number of "Tao Bin" as the period ended	(Kiosk)	1,058	2,138	3,572	4,942	5,537
Total usage amount through "Boonterm Kiosk"	(Bt.mn.)	9,221	9,162	8,790	8,689	8,768
- Total usage amount top up and bill payment	(Bt.mn.)	6,302	6,342	6,250	6,257	6,259
- Total usage amount money transfer	(Bt.mn.)	2,919	2,820	2,540	2,432	2,509
- Total number of money transfer transactions (per month)	(Txn)	1,669,090	1,526,997	1,397,016	1,464,730	1,511,475
Total number of cups "Tao Bin"	(Cup.mn.)	3.65	9.95	14.86	17.33	18.59

The Company focuses on expanding channels and services of Boonterm kiosks to provide maximum convenience to its customers via 129,813 kiosks, more than 3,100 cashier counters nationwide and the application for corporate customers under the

name "Wallet Powered by Boonterm". For the operating result in 1Q2023, the total transaction amount was Bt8,768mn as an increase from the previous quarter due to the improvement in consumer purchasing as the inflation situation to subside.

The Company can continue to make profits and operate continually with the strategy in accordance with the situation.

Online Top-up and Payment Business recovered as consumers' purchasing power increased due to increased tourism, more consumption, improved economic activity and inflation. The Company continues to focus on meeting our potential customer base needs with internet package top-up services and expand the new customer base from 3 service channels; Boonterm kiosk, counter cashier and application. The Company is constantly adding services such as a mobile top-up service and various bill payments. For this year, an E-Wallet top-up service value was 6,257 million baht. This reflects the convenience of using services through Boonterm that can be accessed in every community and might grow 5-10%.

Banking Agent and Lending Business, the Company represents as banking agent of 8 commercial banks with full service of financial products, including money deposit and transfer, cash withdrawal, and E- KYC service. In 1Q2023, the average number of deposit-transfer transactions via the Boonterm kiosk was 1.51 million transactions per month, increasing due to customers having the convenience of making transactions through the Boonterm kiosk, like a bank, which is easy to use and available 24 hours a day. In addition, many banks gradually reduce the number of branches and have limited working hours.

As of 31 March 2023, the outstanding lending credit was Bt242mn with interest income of Bt7.4mn, decreasing 4.4% QoQ, due to, n 4Q2022, slow down the lending amount for efficient management and started offering personal loans and installment

loans (Buy now pay later: BNPL) to better meet the customers' need as well as the number of days in 4Q2022 less than in 1Q2023. The Company focuses on providing credit loans to customers who are reliable and creditable. This makes credit quality control more efficient, especially non-performing loans (NPLs) that the Company is highly strict. The Company is more careful in lending services by linking the customers' account for monthly payments, etc.

Vending Machine and EV charger Business, In terms of the 1Q2023 result, total sales of TAOBIN robotic barista was bt575mn. increasing 4.5% QoQ and 342.3% YoY. Total number of sale cups was 18.6 mn. cups, increasing 7.3% QoQ and 409.62% YoY. There were a total of 5,537 machines nationwide, increasing 595 machines or 12% QoQ. In 1Q2023, Forth Vending company increased the number of TAOBIN machines in the market less than usual due to the relocation of the machine from lower-sales areas, which sales do not meet the sale criteria, to the higher-sales areas with low relocation cost. In addition, public holidays and the school break/summer holiday. However, the sales of TAOBIN's drinks continued to grow due to TAOBIN continuing to create new menus to meet various needs for every season, including having a campaign with partners for customers to join the privileges of various discounts. Moreover, TAOBIN allows customers to collect points after buying a drink to redeem the next free cup in order to stimulate more usage of loyal customers and adding more new customers.

Q1/2023 Financial Statement Summary

Income Statement	Q1/2022		Q4/2022		Q1/2023		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid								
phone and other online service (Commission)	147.84	25.1%	121.63	23.4%	114.40	22.4%	-6.7%	-23.7%
Income from rendering of service through online top-up								
machines "Boonterm kiosk" (Service Charge)	435.89	74.0%	385.16	74.1%	387.14	75.8%	-5.1%	-16.4%
Interest Income	3.84	0.7%	8.10	1.6%	7.40	1.5%	-0.2%	116.7%
Advertising income	1.66	0.3%	5.14	1.0%	1.61	0.3%	261.9%	217.3%
Total revenue from core business (4 items)	589.23	100.0%	520.03	100.0%	510.55	100.0%	-4.7%	-16.8%
Cost of services	(480.28)	-81.5%	(432.75)	-83.2%	(416.18)	-81.5%	-3.0%	-14.2%
Gross profit	108.95	18.5%	87.28	16.8%	94.36	18.5%	-12.3%	-27.7%
Service & Administrative expenses	(62.48)	-10.6%	(95.49)	-18.4%	(67.45)	-13.2%	35.4%	25.2%
Operating profit	46.47	7.9%	(8.22)	-1.6%	26.92	5.3%	-128.4%	-118.5%
Other income	60.67	10.3%	58.95	11.3%	50.78	10.0%	1.3%	-5.1%
Share of profit from investment in associate	0.00	0.0%	18.39	3.5%	20.71	4.1%	7.3%	-1996.1%
Profit before finance cost and income tax expenses	107.14	18.2%	69.12	13.3%	98.40	19.3%	-33.7%	-34.5%
Bank charge	(1.30)	-0.2%	(0.66)	-0.1%	(1.19)	-0.2%	-54.6%	-58.1%
Interest expenses	(2.64)	-0.5%	(3.87)	-0.7%	(2.68)	-0.5%	53.6%	22.9%
Profit before income tax expenses	103.20	17.5%	64.59	12.4%	94.54	18.5%	-35.6%	-35.9%
Income tax expense	(22.26)	-3.8%	(10.17)	-2.0%	(16.87)	-3.3%	-38.9%	-49.3%
Net profit	80.94	13.7%	54.42	10.5%	77.67	15.2%	-34.9%	-32.6%
Non-controlling interests of the subsidiaries	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.0%	0.0%
Net profit - Equity holders of the Company	80.94	13.7%	54.42	10.5%	77.67	15.2%	-34.9%	-32.6%

Total Revenue

Total revenue from the core business in 1Q2023 was Bt511mn, decreasing 1.8% QoQ and decreasing 13.4% YoY because consumer purchasing power improved as inflation began to subside. But the Company is still able to maintain the service usage and customer base continuously. However, the Company was still able to maintain its customer base to continuously use the services of Boonterm kiosk. The details of total revenue are as follows:

1) Income from rendering of top-up service for prepaid phone and receipt of online services (Commission) was Bt114.4mn, decreasing 5.9% QoQ and decreasing 22.6% YoY under the economic recovery and customer behavior has shifted to using mobile internet packages and other channels.

2) Income from rendering of services through online top-up machines (Service Charge) was Bt387.14mn, increasing 0.5% QoQ because economic activities have recovered. The number of deposit-transfer transactions was more than 1.51mn transactions per month and the amount of top-up service for E-Wallets used through the Boonterm kiosk was more than Bt1,843mn reflected that the demand for the services through the company's channels are still high and popular.

3) Interest income was Bt7.4mn, decreasing 8.7% QoQ, due to the Company delayed lending in 4Q2022 to manage more efficient lending and more appropriate together, and then the number of days in 1Q2023 is less than 4Q2022.

4) Advertising income was Bt1.61mn, decreasing 68.8% QoQ, because partners reduce promoting budget.

5) Other income was Bt50.78mn, decreasing 13.9% QoQ, from mobile top-up service decrease..

Costs and Expenses

1) Cost of services was Bt416.18mn, decreasing 3.8% QoQ from the company has continued effective cost control.

2) Service & administrative expenses was Bt67.45mn, decreasing 29.4% QoQ. This was due to decreasing the provision for bad debts. In addition, there are expenses rising from marketing promotion fees in the attractive kiosk project for both cleaning kiosks to be cleaner and more useful as well as creating

awareness. It is encouraging customers to use more service; meanwhile, the Company has new customer base as well.

Profits

1) Gross profit was Bt94.38mn, representing a gross profit margin of 18.5% increasing 1.7% QoQ, due to the decreased mobile recharge and cost control for efficiency.

2) Share of profit from investment in associate was Bt20.71mn., which is the recognition of profit from Forth Vending Co.,Ltd. (FVD).

3) Net profit was Bt77.67mn, increasing 42.7% QoQ due to the decreased mobile recharge, share of profit from investment in associates and good cost control.

Statement of Financial Position

Statement of Financial position	31 Dec 22		31 Mar 66		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,336.02	47.1%	1,343.61	49.2%	7.59	0.6%
Non-current assets	1,498.76	52.9%	1,390.20	50.9%	(108.56)	-7.8%
Total assets	2,834.78	100.0%	2,733.80	100.0%	(100.97)	-3.7%
Current liabilities	1,229.18	43.4%	1,151.39	42.1%	(77.79)	-6.8%
Interest Bearing Debt - Current	365.97	12.9%	266.94	9.8%	(99.03)	-37.1%
Interest Bearing Debt - Non current	106.48	3.8%	104.36	3.8%	(2.12)	-2.0%
Non-current liabilities	5.21	0.2%	5.50	0.2%	0.29	5.3%
Total liabilities	1,706.83	60.2%	1,528.18	55.9%	(178.65)	-11.7%
Total shareholders' equity	1,127.95	39.8%	1,205.62	44.1%	77.67	6.4%
Total liabilities and shareholders' equity	2,834.78	100.0%	2,733.80	100.0%	(100.98)	-3.7%

Total assets were Bt2,733.8mn, decrease from cash and cash equivalents and the use of fully depreciated kiosks.

Total liabilities were Bt1,528.18mn, a decrease from loan payment.

Total shareholders' equity was Bt1,205.62 mn, an increase from profit 1Q2023 amounted to Bt77.67mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter
	1/2022	4/2022	1/2023
Current ratio	0.91	0.84	0.95
Debt to Equity ratio	1.50	1.51	1.27
Interest Bearing Debt ratio	0.44	0.42	0.31
Return on Asset	12.4%	10.5%	10.9%
Return on Equity	31.7%	26.8%	24.8%

Current ratio was 0.95x, increasing 0.11x QoQ showing the Company's good liquidity.

Debt to equity ratio was 1.27x, decreasing 0.24x QoQ, from the decrease in short term payment.

Interest-bearing debt to equity ratio was 0.31x, decrease 0.11x QoQ due to loan payment.

Return on assets was 10.9%, increasing QoQ, due to focusing on asset management to generate more efficient income.

Return on equity was 24.8%, decreasing QoQ, due to a decline in net profit. However, the Company continually pays dividends to shareholders twice a year.

Source and Use of Fund Q1/2023 (Bt mn)

Source of fund		Use of fund	
Operating cash flow	185.91	Investment in fixed assets	31.94
Short-term loan	250.00	Investment in FSB	0.50
Interest earned	7.93	Repayment of short-term loans	350.00
Other	0.34	Dividend payment	-
		Cash paid for interest expenses	1.01
		Income tax paid	3.70
Cash increased	-51.59	Cash paid for lease liabilities	5.44
Total	392.59	Total	392.59

Management Outlook

Target in 2023

Total usage amount

- The amount usage through Boonterm growth 5-10% YoY.
- Realize profit sharing from holding shares in "TAOBIN"
- Start to record revenue from electric vehicle charging.

Banking agent business

- Banking agent, cash deposit, withdraw, account opened, withdraw with card.
- Total number of money transfer transactions growth 10-15% YoY.
- Target lending amount Bt500 - 1,000mn.

Expanding channels and services

- Expanding more cashier counters.
- Expanding TAOBIN robotic barista to 10,000 kiosks.
- Expanding GINKA Charge point 5,000 in 2023

CAPEX Bt1,000 – 1,500mn.

- Lending
- GINKA Charge point 5,000 in 2023
- EV Station.

Operations

- Efficient kiosk location management, awareness Communicate, various campaigns, including cleaning the kiosks to be usable and adding new services in order to increase ARPU.
- Expanding cashier counters.
- Expanding cash deposit, withdraw by cashier counters.
- Developing Boonterm kiosk with bank to be a money withdrawal by card.
- Expanding loan portfolio by addition new product for more efficiency with expected low NPL rate.
- Expanding customer base with new partners.
- Co-managing TAOBIN.
- Expanding GINKA Charge point 5,000 (Close area such as Condominium, Accommodation, Department Store, Mom and pop Shop and EV Station) in 2023.

Maintain the leader of top-up and adding new services.

Being a leader in automated kiosks, the Company has target turnover growth by 5-10% by still focusing on maintaining service sales through all channels, including 130,000 Boonterm kiosks, over 3,100 cashier counters, and mobile applications to access in every community with convenience. In addition, the company is still developing the potential of every channel such as Boonterm kiosk, cashier counters by expanding new cashier counters with new partners, including cleaning the kiosks to be usable and adding new services in order to increase ARPU, adding functions to Boonterm kiosks and cashier counters as well as continuously increasing the capabilities of the application in conjunction with marketing campaigns "Boonterm Rewards" and others. In addition, using big data with more than 1 million transactions per day. with more than 100 services to help in the study of current consumer behavior create new products and services

Strengthen the potential and develop comprehensive financial business services.

The Company focuses on strengthening this business by adding more service channels besides Boonterm kiosk, a community bank and expanding to cashiers in convenience stores or department stores as well as building mobile applications for large corporate customers. The Company is in the process of developing services with banks, the service "Boonterm instant transfer-withdrawal" that customers can use their card to withdraw money via Boonterm kiosks and cashiers.

The Company offers both personal loans and installment loans (Buy now pay later: BNPL) and also continued to expand its credit portfolio, which will focus on providing personal loans to customers who are reliable and reside to make credit quality control more efficient and BNPL to customers who want to buy electrical appliances and mobile phones. By providing services in conjunction with partners, the costs are low and competitive. At the same time, the company is very careful in providing all loans. The existing database is used for customer analysis to reduce the risk of bad debts as well as developing new products to meet the needs of customers. In order to reach the goal of credit collection, through account binding for monthly loan payments including efficient debt management. With a portfolio in 2023 of Bt1,000 mn, it will help support the Company's revenue to grow continuously.

Expand the vending machine and electric vehicle charger business.

The electric vehicle industry is growing steadily. The Company offers high-standard electric vehicle charger from FORTH, giving its products an advantageous position, due to lower costs, "GINKA" Charging Point, which all operate and manage by the Company. With an elegant design and a smart cable management system with a retractable cable, the cable does not fall off the floor or keeps the cable well. Keeps the charging cable clean. Allows users to use the charging head quickly, cleanly and safely. The system is easy to use, not complicated, touch screen display. There is no need to install a mobile application. There is a notification via SMS when fully charged. The GINKA Charging Point support many payment methods and can use the remaining balance stored in the phone number to make transactions as well. It also developed a wheel lock system to solve the problem of having a car parked but not charging or fully charged but not taking the car out by paying the parking fee through the Company's parking payment system before taking the car out.

The Company is going to provide GINKA Charge Point services in 2 Types, both DC charging which is fast charging and AC charging which is normal charging, This makes it possible to provide services for entrepreneurs and retail customers. The Company aims to install 5,000 Ginka Charge Points within a year and plans to service in closed areas such as condominiums, department stores, etc. The Company expects to realize the revenue of GINKA Charge Point services in 2023.

The Company invests in FVD, a kiosk provider TAOBIN Robotic Barista. that serves fresh coffee and freshly brewed beverages automatically. That has been popular and has continued to grow with customers who come to become members, TAOBIN plans to increase the number of service kiosks by approximately 5,000 kiosks, totaling 10,000 kiosks by the end of this year. as well as continuing to develop new drink recipes that are unique in seasons or festivals.

Combining all products and services for complete convenience.

The company plans to provide electric vehicle charging stations at **Ginka Charge Point** in a large area in stand a lone style in the form of electric vehicle charging stations (EV Station). in the form of self-service, for example, TAOBIN robotic barista with freshly brewed drink counter. Automate counter of ready-to-eat food such as noodles, pearl milk tea, for customers to sit and eat and drink while waiting to charge the electric car. Which is a full-service cafe It is a new model that supports the needs of all customer groups. It is expected to be grand opening within this year.

To be a part of creating a better society and public consciousness.

- The Company believes that "Every life has meaning". The company realizes the value of life and takes part in sustainable social development with the Mirror Foundation in providing more than 130,000 Boonterm kiosks. It is a way to announce the search for missing people under the project "**Missing people, Boonterm helps**" as well as being part of receiving information to coordinate with the Foundation.

- It is an important part of creating a public mind. Generosity towards fellow human beings Be a part of joining the blood donation project. to the Department of Medicine and Blood Banking Faculty of Faculty of Medicine Siriraj Hospital, Mahidol University Together with affiliates "**1 bag of blood can save more than 3 lives**" to share good blood with patients of Siriraj Hospital.

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