

Forth Smart Service Public Company Limited (FSMART)
3Q/2023 Management Discussion and Analysis

Operational Summary in 3Q/2023 (Recovery economic activities, High cost of living, Rain floods)

- Total revenue from core business was Bt507mn.
- Net profit was Bt69mn. (Earnings Per Share 0.09 Baht)
- The Company is the banking agent for 8 commercial banks (KTB, KANK, BAY, GSB, BAAC, SCB, CIMBT, BBL).
- Total money transfer transactions were 4.15 million transactions per quarter.
- Lending outstanding amount was Bt322.6mn.
- Number of "Boonterm kiosk" was 126,023 nationwide.
- Number of TAOBIN Robotic Barista was 6,567 nationwide.

Significant Event in 3Q/2023

August

- ❖ The Company was awarded Thailand's Best Managed Companies 2023.
- ❖ The Company approved the interim dividend payment for the first half of the year 2023 operating results at the rate of 0.18 Baht per share.
- ❖ GINKA launched at Major Ratchayothin parking building and Ekkachai Hospital parking area.

September

- ❖ The Company registered to decrease its paid-up capital from Bt390mn to Bt376.57mn by writing off its repurchase shares.

Business Overview

		Quarter	Quarter	Quarter	Quarter	Quarter
		3/2022	4/2022	1/2023	2/2023	3/2023
Total number of "Boonterm Kiosk" as the period ended	(Kiosk)	130,012	129,918	129,813	126,208	126,023
Total number of "Tao Bin" as the period ended	(Kiosk)	3,572	4,942	5,537	6,142	6,567
Total usage amount through "Boonterm Kiosk"	(Bt.mn.)	8,790	8,684	8,768	8,598	8,128
- Total usage amount top up and bill payment	(Bt.mn.)	6,250	6,252	6,259	6,131	5,832
- Total usage amount money transfer	(Bt.mn.)	2,540	2,432	2,509	2,468	2,296
- Total number of money transfer transactions (per quarter)	(Txn)	4,450,724	4,203,283	4,356,496	4,380,046	4,145,412
Total amount of beverage sold from Tao Bin	(Bt.mn.)	484,417,260	550	575	592	599
Total number of cups "Tao Bin"	(Cup.mn.)	14.86	17.33	18.59	19.56	20.20

In 3Q2023, Thai economy had continuous growth from the expansion of the tourism and service sectors while the cost of living was high, which was the main factor that pressures the purchasing power of consumers especially, in the middle- low income group, causing consumers to be more cautious in their spending. For the operating result in 3Q2023, the total transaction amount was Bt8,128mn, slightly decreased due to flooding from heavy rain and the high cost of living.

The Company aims to expand channels and services to provide maximum convenience to its customers via over 126,000 Boonterm kiosks and more than 3,600 cashier counters nationwide along with the application for corporate customers under the name "Wallet Powered by Boonterm".

Online Top-up and Payment Business has been pressured by the high cost of living, an increase of using the internet and the rainy season were the factors that reduced the top-up and payment

usage. However, internet packages and e-wallet top-up services continue to be highly used. The Company continues to focus on internet packages for customers. It also aims to expand the new customers from 3 channels: Boonterm kiosk, counter cashiers and application, and continues to add more services that meet the customers need.

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 3Q2023, the total number of deposit-transfer transactions via the Boonterm kiosk was 4.15 million transactions, 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 30 September 2023, the outstanding lending credit was Bt322.60mn with interest income of Bt10.08mn increasing 41.4% QoQ. In 3Q2023, the Company was still focused on providing credit loans to customers who are reliable and credible. This makes credit quality control more efficient, by offering personal loans and installment loans (Buy now pay later: BNPL) to better meet the customers' need as well as especially non-performing loans (NPLs) that the Company is highly strict. The Company is more careful in lending services through account binding for monthly loan payments making it more efficient. The company managed the field debt collector team and outsourced agents to

collect money to be efficient. This makes credit quality control more efficient.

TAOBIN Robotic Barista and EV charger Business, in terms of the 3Q2023 result, total sales of TAOBIN robotic barista was Bt599mn. increasing 1.3% QoQ. The total number of sale cups was 20.20 mn. cups, increasing 3.3% QoQ. There were a total of 6,567 machines nationwide, increasing 428 kiosks. In 3Q2023, the number of TAOBIN machines has not increased much since the machines were relocated from the areas where sales do not meet the sale criteria to the higher-sales areas, and a new version of the TAOBIN machines, an updated version to brew more drinks, were installed instead of the old version. However, the sales of TAOBIN's drinks and TAOBIN's members continued to increase as Forth Vending Co., Ltd has been advertising on billboards along the expressway, bus stops and etc. to create awareness for new customers along with doing various promotional programs and new campaigns with partners via social media and TAOBIN machines' screens to attract both existing and new customers for all ages to try new menu at special price.

"GINKA Charge Point" electric vehicle chargers has started to operate in 3Q2023 within "SMOOTH for CHARGE" at Major Ratchayothin parking building and Ekkachai Hospital parking area with have a good response from users, then the Company focus on expanding "GINKA Charge Point" electric vehicle charges 5,000 on close area such as Condominium, Hospital, Department Store, Golf Course, etc. within 1 year.

3Q/2023 Financial Statement Summary

Income Statement	Q3/2022		Q1/2023		Q2/2023		Q3/2023		%QoQ	%YoY
	MB	%	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	130.38	23.9%	114.40	22.4%	105.05	20.6%	97.08	19.1%	-7.6%	-25.5%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	405.90	74.4%	387.14	75.8%	397.16	78.0%	391.83	77.3%	-1.3%	-3.5%
Slaes income	-	0.0%	-	0.0%	-	0.0%	8.27	1.6%	0.0%	0.0%
Interest Income	8.12	1.5%	7.40	1.5%	7.13	1.4%	10.08	2.0%	41.4%	24.2%
Advertising income	1.42	0.3%	1.61	0.3%	-	0.0%	-	0.0%	0.0%	-100.0%
Total revenue from core business (4 items)	545.82	100.0%	510.55	100.0%	509.35	100.0%	507.25	100.0%	-0.4%	-7.1%
Cost of services	-446.33	-81.8%	-416.18	-81.5%	(405.62)	-79.6%	(403.35)	(0.80)	-0.6%	-9.6%
Cost of sales	-	0.0%	-	0.0%	-	0.0%	(4.82)	(0.01)	0.0%	0.0%
Gross profit	99.49	18.2%	94.36	18.5%	103.72	20.4%	99.09	19.5%	-4.5%	-0.4%
Service & Administrative expenses	-70.55	-12.9%	-67.45	-13.2%	(77.47)	-15.2%	(72.42)	-14.3%	-6.5%	2.7%
Operating profit	28.94	5.3%	26.92	5.3%	26.25	5.2%	26.67	5.3%	1.6%	-7.9%
Other income	58.18	10.7%	50.78	10.0%	49.76	9.8%	44.62	8.8%	-10.3%	-23.3%
Share of profit from investment in associate	17.14	3.1%	20.71	4.1%	16.87	3.3%	16.24	3.2%	-3.7%	-5.3%
Profit before finance cost and income tax expenses	104.26	19.1%	98.40	19.3%	92.88	18.2%	87.52	17.3%	-5.8%	-16.1%
Interest expenses	-3.98	-0.7%	-3.87	-0.8%	(3.00)	-0.6%	(2.88)	-0.6%	-4.1%	-27.7%
Profit before income tax expenses	100.28	18.4%	94.54	18.5%	89.88	17.7%	84.64	16.7%	-5.8%	-15.6%
Income tax expense	-16.64	-3.1%	-16.87	-3.3%	(15.56)	-3.1%	(15.58)	-3.1%	0.1%	-6.4%
Net profit	83.64	15.3%	77.67	15.2%	74.32	14.6%	69.07	13.6%	-7.1%	-17.4%
Non-controlling interests of the subsidiaries	0.00	0.0%	0.00	0.0%	-	0.0%	0.00	0.0%	0.0%	0.0%
Net profit - Equity holders of the Company	83.64	15.3%	77.67	15.2%	74.32	14.6%	69.07	13.6%	-7.1%	-17.4%

Total Revenue

Total revenue from the core business in 3Q2023 was Bt507mn, decreasing 0.4% QoQ because the economy has not fully recovered, inflation began to subside, but the purchasing power of middle-to-low-income consumers to decline. In addition, there was a severe flooding situation. 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 Bt97.08mn, decreasing 7.6% QoQ 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 Bt391.83mn, decreasing 1.3% QoQ because economic activities have not fully recovered, customer purchasing power has decreased. The company has maintained the number of deposit-transfer service, and top-up service for E-Wallets through the Boonterm kiosk, for taking account to maintain the existing customers and expand to new customer groups.

3) **Sales of goods** was Bt 8.27mn, increasing from sale of appliances and mobile phones.

4) **Interest income** was Bt10.08mn, increasing 41.4% QoQ, due to the Company being more careful in lending service by linking

the customer's account for monthly payments and managing more efficient lending and more appropriately.

5) Advertising income as of 3Q2023 had not advertising income due to partners reducing promoting budget.

6) Other income was Bt44.62mn, decreasing 10.3% QoQ, from mobile top-up service decrease.

Costs and Expenses

1) Cost of services was Bt403.35mn, decreasing 0.6% QoQ from the company, had more the use of fully depreciated kiosks and continued effective cost control.

2) Cost of goods sold was Bt4.82 mn. from sale of appliances and mobile phones.

3) Service & administrative expenses was Bt72.42mn, decreasing 6.5% QoQ.

Profits

1) Gross profit was Bt99.09mn, representing a gross profit margin of 19.5% decreasing 4.5% QoQ, due to the decreased mobile recharge and cost control for efficiency.

2) Share of profit from investment in associate was Bt16.24mn., which is the recognition of profit from Forth Vending Co., Ltd. (FVD).

3) Net profit was Bt69.07mn, decreasing 7.1% 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 Mar 66		30 Jun 66		30 Sep 66		Increase (Decrease)	
	MB	%	MB	%	MB	%	MB	%
Current assets	1,343.61	49.2%	1,211.00	45.9%	1,257.75	47.9%	46.75	3.9%
Non-current assets	1,390.20	50.9%	1,429.60	54.1%	1,369.50	52.1%	-60.10	-4.2%
Total assets	2,733.80	100.0%	2,640.59	100.0%	2,627.24	100.0%	-13.35	-0.5%
Current liabilities	1,151.39	42.1%	1,158.42	43.9%	1,145.89	43.6%	-12.52	-1.1%
Interest Bearing Debt - Current	266.94	9.8%	216.86	8.2%	287.03	10.9%	70.17	32.4%
Interest Bearing Debt - Non current	104.36	3.8%	100.09	3.8%	95.76	3.6%	-4.32	-4.3%
Non-current liabilities	5.50	0.2%	5.79	0.2%	5.62	0.2%	-0.17	-2.9%
Total liabilities	1,528.18	55.9%	1,481.15	56.1%	1,534.30	58.4%	53.15	3.6%
Total shareholders' equity	1,205.62	44.1%	1,159.44	43.9%	1,092.94	41.6%	-66.50	-5.7%
Total liabilities and shareholders' equity	2,733.80	100.0%	2,640.59	100.0%	2,627.24	100.0%	-13.35	-0.5%

Total assets were Bt2,627.24mn, decrease from the use of fully depreciated kiosks.

Total liabilities were Bt1,534.30mn, increasing from short term loan.

Total shareholders' equity was Bt1,092.94 mn, a decrease of Bt66.50mn. from dividends paid Bt256mn. and profit for the 9-month period of 2023 amounted to Bt221.06mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter	Quarter	2023	3Q23
	4/2021	1/2022	4/2022	1/2023		
Current ratio	0.83	0.91	0.84	0.95	0.88	0.88
Debt to Equity ratio	1.61	1.50	1.51	1.27	1.28	1.40
Interest Bearing Debt ratio	0.43	0.44	0.42	0.31	0.27	0.35
Return on Asset	0.13	0.12	0.10	0.11	0.11	0.10
Return on Equity	35.8%	31.7%	26.8%	24.8%	25.0%	25.2%

Current ratio was 0.88x, equal last quarter showing the Company's good liquidity.

Debt to equity ratio was 1.40x, increasing 0.12x QoQ, from the increase in short term loan.

Interest-bearing debt to equity ratio was 0.35x, increasing 0.08x QoQ due to dividend payment.

Return on assets was 10.5% , decrease from QoQ, due to focusing on asset management to generate more efficient income.

Return on equity was 25.2% , increasing QoQ. However, the Company continually pays dividends to shareholders twice a year.

Source and Use of Fund 3Q/2023 (Bt mn)

Source of fund		Use of fund	
Operating cash flow	523.54	Investment in fixed assets	71.67
Dividend receive	37.58	Investment in FSB	84.00
Other	0.98	Repayment of short-term loans	80.00
		Dividend payment	256.07
		Cash paid for interest expenses	5.03
Cash increased	18.12	Income tax paid	67.20
		Cash paid for lease liabilities	16.26
Total	580.22	Total	580.22

Management Outlook

Target in 2023 (Adjust the projection to be in line with economy, purchasing power and household debt)

Total usage amount

- The amount of usage through Boonterm was nearby with last year.
- 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 was nearby with last year.
- Target lending amount Bt200 - 300mn.

Expanding channels and services

- Expanding more cashier counters.
- Expanding TAOBIN robotic barista 7,000-8,000 kiosks.
- Expanding GINKA Charge point 200 in 2023.

CAPEX Bt500 – 800mn.

- Lending
- GINKA Charge point 5,000 within a year.
- 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, withdrawal 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 robotic barista.
- 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.

Over 14 years, customers have trust in the Company who provides service channels covering both offline and online. The Company aims to strengthen the core business along with connecting all channels, seeks new services that meet customer's needs and expands more channels, including cashiers of partners located nationwide and applications for corporate customers. The Company has increased the capabilities of Boonterm kiosk by adding new functions to support current and future services as well as managing the kiosks to be located in good locations. In addition, the Company has launched a campaign cleaning the Boonterm kiosks to be usable and marketing campaigns.

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 cashier counters in convenience stores or department stores as well as building mobile applications for large corporate customers. The customers can make transactions through the Boonterm kiosk up to 8 banks and the cashier counter of the company can make transactions up to 4 banks (Krungthai Bank Public Company Limited / Kasikornbank Public Company Limited / The Siam Commercial Bank Public Company Limited / Bank for Agriculture and Agricultural Cooperatives) and continue to addition the number of banks through the cashier counter continuously. 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.

For lending service business, the Company focuses on providing credit services to customers who are reliable and located in the main source of income by offering a variety of products to meet the needs of customers, both personal loans and installment loans. (Buy now pay later: BNPL) via application. By managing and increasing caution in providing credit services by applying for a loan through

account binding for monthly loan payments making it more efficient. It also set up a debt collection team and field debt collector with professional partners to manage credit lending efficiently.

Expanding “GINKA Charge Point” for both AC and DC types, as well as EV charging stations with fully automatic sales of cooked food and freshly brewed beverages.

Expanding GINKA Charge Point, The Company launches “GINKA Charge Point” electric vehicle chargers, both DC Type, fast charging, and AC Type, normal charging, to serve all needs, both for entrepreneurs and small businesses. In 3Q2023, it launched AC Type by focusing on closed areas such as condominiums, department stores, etc. The Company has designed products to correspond with the actual usage in each area by focusing on solving problems and facilitating area owners and customers who come to use the service with 2 business models: joint venture with the owner area and selling electric vehicle chargers with an after-sales management by dealers.

The Company conducts extensive testing of the internal system to ensure maximum performance, with an innovative, modern design equipped with a smart cable charging cable management system, an efficient cable management system that retracts the cable, allowing users to use it quickly, cleanly and safely. The system is easy to use, not complicated, with a touchscreen display. There is no need for mobile application. There is a notification via SMS when fully charged and many payment systems which can use the remaining credit stored in the phone number to make the next transaction. As well development of wheel locks to be a parking payment system Fixed an issue where a car was parked but not charged or fully charged but not taking the car out The customer will not be able to take the car out if the parking fee is not paid.

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-alone 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.

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, totaling 7,000-8,000 kiosks by the end of this year. as well as continuing to develop new drink recipes that are unique in seasons or festivals. Along with advertising to be aware and attract customers to buy high-quality at affordable prices. And further development “Taobin counter” which opened in the form of the full service cafe inside GINKA EV Station. The Company plans TAOBIN robotic barista with freshly brewed drink counter will be grand opening end of this year.

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

The Company takes part in sustainable social development with the Mirror Foundation in providing 126,208 Boonterm kiosks. It is a way to announce the search for missing people under the project “Missing people, Boonterm helps” and “Boonterm care the world” for foundation plastic bottles in order to recycle to be reangsukul robes for monks.

Guidelines for sustainable business of the company.

The Company takes into account the sustainability in the future both of the environment, society and governance (ESG). Focus on expanding the Boonterm kiosks to be reserved for all customers and distributed to the community and to be able to access various transactions more conveniently. Including innovation of electric vehicle charger “GINKA Charging Point” support for renewable energy. To be part of driving Thailand’s Net Zero in the future.

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