

Operational Summary in FY2019

- Net profit was Bt584mn, increasing 0.2% YoY, which is all-time highest number.
- Total revenue from core business was Bt3,147mn, decreasing 5.7% YoY.
- Number of “Boonterm kiosk” was 130,481, increasing 0.3% YoY.
- Banking agent business (of which the Company is the agent for 6 commercial banks: KTB, KANK, BAY, GSB, BAAC, and SCB) had total transactions of 1,159,351 transactions per month, increasing 25.3% YoY.
- Lending business had loan amount of Bt89mn.

Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter	Y.2018	Y.2019	%YoY
	4/2018	1/2019	2/2019	3/2019	4/2019			
Total usage amount through “Boonterm Kiosk” (Million Baht)	10,442	10,337	10,430	9,943	9,786	41,980	40,496	-3.5%
Total number of “Boonterm Kiosk” as the period ended (Kiosk)	130,053	129,208	129,011	130,283	130,481	130,053	130,481	0.3%
Total transaction number of money transfer per month (transaction)	925,191	975,436	954,173	996,398	1,159,351	925,191	1,159,351	25.3%

In FY2019, FSMART (or the “Company”) is still the number 1 leader in online top-up kiosk business in both total transaction amount and the number of kiosks, covering all area nationwide. The Company’s key strategy focuses on managing the kiosk location and adding new services to the system. For Q4/2019, the Company has added new services including AXA insurance, SIM card selling kiosk with electronic-Know-Your-Customer (e-KYC) service. The Company has also been appointed as a banking agent for two more commercial banks, namely Siam Commercial Bank (SCB) and Bank for Agriculture and Agricultural Cooperatives (BAAC), which make the Company the banking agent with highest number of banks, totally 6 banks. In addition, a subsidiary of the Company has started the personal loan business to Boonterm kiosk’s Master Agents (MAs), sub-agents, MAs’ employees, and FSMART affiliated companies’ employees since the middle of December. The Company also offered CRM activities, including reward points program, to increase the usage frequency on existing customers and encourage new customers.

For the operating result in FY2019, the total transaction amount was Bt40,496mn, decreasing 3.5% YoY. However, the money transfer service, of which the Company is the banking agent for 6 banks, has been growing consistently with 1,159,351 transactions per month, increasing 25.3% YoY, as well as the e-Wallet and internet package top-up. Total revenue from core businesses was Bt3,147mn, decreasing 5.7% YoY. However, as a result of the costs control measurement on both service costs and administrative expenses as well as the lower financial costs, the Company’s net profit was Bt584mn, increasing 0.2% YoY. As at the end of FY2019, the total number of “Boonterm Kiosk” is 130,481 kiosks, increasing 0.3% YoY, with total 21 million active subscribers and total 1.9 million transactions per day.

Financial Statement Summary in FY2019

Statement of Comprehensive Income

Statement of Comprehensive Income	Q4/2018		Q3/2019		Q4/2019		%QoQ	%YoY	FY2018		FY2019		%YoY
	Bt mn	%	Bt mn	%	Bt mn	%			Bt mn	%	Bt mn	%	
Income from rendering of top-up service for prepaid phone and other online service (Commission)	339.36	41.4%	310.09	39.8%	290.48	38.0%	-6.3%	-14.4%	1,400.54	41.9%	1,266.13	40.2%	-9.6%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	472.76	57.7%	466.66	59.8%	460.66	60.3%	-1.3%	-2.6%	1,917.43	57.4%	1,860.06	59.1%	-3.0%
Advertising income	7.15	0.9%	3.41	0.4%	13.20	1.7%	287.1%	84.6%	21.07	0.6%	21.16	0.7%	0.4%
Total revenue from core business (3 items)	819.27	100.0%	780.16	100.0%	764.34	100.0%	-2.0%	-6.7%	3,339.04	100.0%	3,147.35	100.0%	-5.7%
Cost of services	(652.92)	-79.7%	(622.36)	-79.7%	(599.48)	-78.4%	-3.7%	-8.2%	(2,631.21)	-78.7%	(2,491.76)	-79.2%	-5.3%
Gross profit	166.35	20.3%	157.80	20.2%	164.86	21.6%	4.5%	-0.9%	707.83	21.2%	655.59	20.8%	-7.4%
Service & Administrative expenses	(56.57)	-6.9%	(54.81)	-7.0%	(61.26)	-8.0%	11.8%	8.3%	(242.16)	-7.3%	(224.80)	-7.1%	-7.2%
Operating profit	109.78	13.4%	102.99	13.2%	103.60	13.6%	0.6%	-5.6%	465.67	14.0%	430.79	13.7%	-7.5%
Other income	64.20	7.8%	68.61	8.8%	68.50	9.0%	-0.2%	6.7%	252.72	7.6%	271.21	8.6%	7.3%
Sales profit	0.26	0.0%	0.06	0.0%	0.19	0.0%	216.7%	-26.9%	1.65	0.1%	0.29	0.0%	-82.4%
Profit before finance cost and income tax expenses	174.24	21.3%	171.66	22.0%	172.29	22.5%	0.4%	-1.1%	720.04	21.6%	702.29	22.3%	-2.5%
Bank Charge	(3.16)	-0.4%	(2.21)	-0.3%	(2.12)	-0.3%	-4.1%	-32.9%	(18.32)	-0.6%	(10.03)	-0.3%	-45.3%
Interest Expenses	(10.37)	-1.3%	(7.13)	-0.9%	(6.49)	-0.9%	-9.0%	-37.4%	(43.69)	-1.3%	(31.40)	-1.0%	-28.1%
Profit before income tax expenses	160.71	19.6%	162.32	20.8%	163.68	21.4%	0.8%	1.9%	658.03	19.7%	660.86	21.0%	0.4%
Income tax expense	(19.07)	-2.3%	(18.59)	-2.4%	(18.20)	-2.4%	-2.1%	-4.6%	(77.22)	-2.3%	(77.65)	-2.5%	0.6%
Net profit	141.64	17.3%	143.73	18.4%	145.48	19.0%	1.2%	2.7%	580.81	17.4%	583.21	18.5%	0.4%
Non-controlling interests of the subsidiaries	(0.64)	-0.1%	(0.05)	0.0%	(0.21)	0.0%	100.0%	100.0%	(2.29)	-0.1%	(1.02)	0.0%	100.0%
Net profit - Equity holders of the Company	142.28	17.4%	143.78	18.4%	145.69	19.1%	1.3%	2.4%	583.10	17.5%	584.23	18.6%	0.2%

Total Revenue

Total revenue from the core business in FY2019 was Bt3,147.35mn, decreasing 5.7% YoY, mainly from a decrease of mobile top-up value according to the customer's behavior that prefer using data package top-up, the marketing campaigns to promote SIM card sales, and Post-paid and e-Wallet usages, and the increase in number of competitors' kiosks, as well as a decrease of the middle-to-low income population's purchasing power. 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 Bt1,266.13mn, decreasing 9.6% YoY.
- 2) **Income from rendering of services through online top-up machines (Service Charge)** was Bt1,860.06mn, decreasing 3.0% YoY.
- 3) **Advertising income** was Bt21.16mn, increasing 0.4% YoY.
- 4) **Other income** was Bt271.21mn, increasing 7.3% YoY as a result of adding new services to the kiosk.

Costs and Expenses

1) **Cost of services** in FY2019 was Bt2,491.76mn, representing 79.2% of total revenues from core business, decreasing 5.3% YoY partly due to a decrease of revenue offset by the lower of the Company's cost.

2) **Service & administrative expenses** in FY2019 was Bt224.80mn, representing 7.1% of total revenues from core business, decreasing 7.2% YoY, as a result of the efficiency in Company's service and administrative expenses control measurement.

Profits

1) **Gross profit** in FY2019 was Bt655.59mn, decreasing 7.4% YoY, as a result of declining in core revenue, kiosk improvement to support new business, and fully-depreciated kiosk maintenance.

2) **Net profit** in FY2019 was Bt584.23mn, increasing 0.2% YoY, as a result of the efficiency in Company's service and administrative expenses control measurement, and the lower of financial cost.

Statement of Financial Position

Statement of Financial position	31-Dec-18		31-Dec-19		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,430.87	36.5%	1,398.47	39.7%	(32.40)	-2.3%
Non-current assets	2,485.33	63.5%	2,121.70	60.3%	(363.63)	-14.6%
Total assets	3,916.20	100.0%	3,520.17	100.0%	(396.03)	-10.1%
Current liabilities	1,412.61	36.1%	1,230.19	35.0%	(182.42)	-12.9%
Interest Bearing Debt - Current	1,040.37	26.6%	940.37	26.7%	(100.00)	-9.6%
Interest Bearing Debt - Non current	204.43	5.2%	1.17	0.0%	(203.26)	-99.4%
Non-current liabilities	7.23	0.2%	12.87	0.4%	5.64	78.0%
Total liabilities	2,664.64	68.0%	2,184.60	62.1%	(480.04)	-18.0%
Total shareholders' equity	1,251.56	32.0%	1,335.57	37.9%	84.01	6.7%
Total liabilities and shareholders' equity	3,916.20	100.0%	3,520.17	100.0%	(396.03)	-10.1%

As at 31 December 2019, the Company had total assets of Bt3,520.17mn, decreasing 10.1% YoY, as a result of the Company's strategy to focus on managing existing kiosk locations, and on utilizing the fully-depreciated kiosks, which make the total assets mainly affected from the depreciation, as well as bank loan repayment.

Total liabilities were Bt2,184.60mn, decreasing 18.0% YoY, as a result of decreasing in both short-term and long-term loans.

Total shareholders' equity was Bt1,335.57mn, increasing 6.7% YoY, as a result of the FY2019 net profits of Bt584.23mn. and the interim dividend payment of Bt499.20mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter	FY2018	FY2019
	4/2018	3/2019	4/2019		
Current ratio	0.58	0.57	0.64	0.58	0.64
Debt to Equity ratio	2.13	1.95	1.64	2.13	1.64
Interest Bearing Debt ratio	0.99	0.87	0.70	0.99	0.70
Return on Asset	14.3%	15.6%	15.7%	14.3%	15.7%
Return on Equity	45.1%	47.6%	45.2%	45.1%	45.2%

As at 31 December 2019, the Company had the current ratio of 0.64, increasing from previous year, as a result of the reduction in current liabilities from short-term loan repayment.

Debt to equity ratio was 1.64, decreasing from previous year, as a result of the decrease in long-term loan and the increase in shareholders' equity.

Interest-bearing debt to equity ratio was 0.70, decreasing from previous, as a result of the decrease in long-term loan and the increase in shareholders' equity.

Return on assets was 15.7%, increasing from previous, as a result of the increase in asset utilization efficiency.

Return on equity was 45.2% increasing from previous, as a result of the ability to maintain profitability, the Company's interim dividend payment.

2020 Management Outlook

Targets in 2020

- Transaction amount and revenue to grow 4-6%.
- New 1,000-2,000 Boonterm kiosks.
- CAPEX of Bt100-200mn.
- Banking agent business to grow 40-45%
- Target lending amount Bt500-800mn

Operations

- Efficient kiosk location management and adding new services.
- To add at least 1 more commercial bank from current 6 bank on the banking agent business.
- Developing Boonterm kiosk to be a one-stop financial service kiosk, i.e. cash deposit, money withdrawal, money transfer, payment, and new account opening.
- Expanding lending (PL Loan) business for Boonterm kiosk's Master Agents (MAs), sub-agents, MAs' employees, and FSMART affiliated companies' employees.
- Starting distribution business to mom-and-pop shops.

For 2020, to be in line with the fast changing of technology and consumer behavior, the Company has adjusted its vision to "the leader of kiosks network for automatic services and financial solutions with simple, convenience, fast, and secured services". Moreover, the Company has adjusted its business into 3 groups, which are the Online Top-Up & Payment Business, the Banking Agent & Lending Business, and the Distribution Platform Business in order to focus on the business development strategy.

For the Online Top-Up & Payment Business, the Company continually focuses on managing the kiosk location and adding new services to the system such as the SIM Card selling with electronic-Know-Your-Customer (e-KYC) service, as well as adding more 1,000 – 2,000 new Boonterm kiosks. The Company strategy will emphasize on cooperation with more service providers, both private and public organizations, to make the Boonterm kiosk as the highest number of services automatic kiosk. In addition, the Company will leverage its nationwide 130,000 Boonterm kiosks along with its Master Agents and sub-agents to provide convenience of accessing products and services to both existing and new customers.

For the Banking Agent & Lending Business, the Company will add more commercial banks to its banking agent ecosystem, with the target to add at least 1 more commercial bank in addition from its current 6 commercial banks, namely, Krungthai Bank (KTB), Kasikorn Bank (KBANK), Bank of Ayudhya (BAY), Government Saving Bank (GSB), Bank for Agriculture and Agricultural Cooperatives (BAAC), and Siam Commercial Bank (SCB). The Company targets to grow its transaction number by 40-45% from the previous year's. Furthermore, the Company will develop its Boonterm kiosk to be a one-stop financial service point, i.e. cash deposit, money withdrawal, money transfer, payment, and new account opening with electronic-Know-Your-Customer (e-KYC) service. For lending (PL Loan) business, the Company will target Boonterm kiosk's Master Agents (MAs), sub-agents, MAs' employees, and FSMART affiliated companies' employees with the Bt500-800mn lending amount (with 12-36 months installment contract). These targeted customers have a business relationship with the Company, which shall greatly lessen the credit default risk.

For the Distribution Platform Business, the Company focuses on the management system for all type of vending machines, namely the vending and top-up service machine, the flexible (spiral) vending machine, and the fresh roasted coffee machine. The Company will help managing the expansion of 3,000 - 4,000 machines in 2020, from the current number of 3,500 machines. The Company expects to operate the electric motorcycle charging and battery replacement service stations and electric vehicle charging stations in this year. In addition, the Company will leverage its agent network to start a distribution business with mom-and-pop shops.

The Company always focuses on strengthen and leverage its network to build more competitive advantage and expand new business opportunities to have sustainable growth and profits in the future.