

Operational Summary in 1Q20 (Affected from Covid-19 pandemic since mid of the quarter)

- Net profit was Bt127mn, decreasing 15.4% YoY – from Covid-19 pandemic and effect of new accounting standard adoption of Bt1.41mn.
- Total revenue from core business was Bt729mn, decreasing 8.7% YoY – from Covid-19 pandemic.
- Number of “Boonterm kiosk” was 130,357, increasing 0.9% 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 1,407,181 transactions per month, increasing 44.3% YoY.
- Lending outstanding amount was Bt95mn (NPL 0.3%).

Business Overview

	Quarter 1/2019	Quarter 2/2019	Quarter 3/2019	Quarter 4/2019	Quarter 1/2020
Total usage amount through "Boonterm Kiosk" (Million Baht)	10,337	10,430	9,943	9,786	9,630
Total number of "Boonterm Kiosk" as the period ended (Kiosk)	129,208	129,011	130,283	130,481	130,357
Total number of money transfer transactions (per month)	975,436	954,173	983,456	1,159,351	1,407,181

The Covid-19 pandemic is worldwide and has affected the world economic conditions, and Thai economy has been affected since the middle of the first quarter, especially in the tourism and export sectors. Combining with the government lockdown measurement which has begun from the last week of March to create social distancing and contain the spread of Covid-19, as a result, businesses has been interrupted and severely affected the purchasing power of mid-to-low labor segment. Furthermore, the drought season also decreases incomes of agriculture workforces, and as a result, FSMART (or the “Company”)’s total usage amount decreased. However, the amount of usage for internet packages, e-wallet topup, bill payments, and money transfers are growing continuously.

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 including the personal loan business to Boonterm kiosk’s Master Agents (Mas), sub-agents, Mas’ employees, and FSMART affiliated companies’ employees. 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 1Q2020, the total transaction amount was Bt9,630mn, decreasing 6.8% YoY. However, the money transfer service, of which the Company is the banking agent for 6 banks, has been growing consistently with 1,407,181 transactions per month, increasing 44.3% YoY, as well as the e-Wallet and internet package top-up. Total revenue from core businesses was Bt729mn, decreasing 8.7% YoY. However, as a result of the costs control measurement, despite some fixed costs such as depreciation and Bt 1.41mn expenses from the adoption of new accounting standard, and the lower financial costs, the Company’s net profit was Bt127mn, decreasing 15.4% YoY. As at the end of 1Q2020, the total number of “Boonterm Kiosk” is 130,357 kiosks, increasing 0.9% YoY, with total 23 million active subscribers and total 1.7 million transactions per day.

Financial Statement Summary in 1Q2020

Statement of Comprehensive Income

Income Statement	Q1/2019		Q4/2019		Q1/2020		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	333.76	41.8%	290.48	38.0%	267.68	36.7%	-7.9%	-19.8%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	463.04	58.0%	460.66	60.3%	455.43	62.5%	-1.1%	-1.6%
Advertising income	1.85	0.2%	13.20	1.7%	5.94	0.8%	-55.0%	221.1%
Total revenue from core business (3 items)	798.65	100.0%	764.34	100.0%	729.05	100.0%	-4.6%	-8.7%
Cost of services	(629.36)	-78.8%	(599.48)	-78.3%	(585.67)	-80.3%	-2.3%	-6.9%
Gross profit	169.29	21.2%	164.86	21.6%	143.38	19.7%	-13.0%	-15.3%
Service & Administrative expenses	(53.62)	-6.7%	(61.26)	-8.0%	(59.49)	-8.2%	-2.9%	11.0%
Operating profit	115.67	14.5%	103.60	13.6%	83.89	11.5%	-19.0%	-27.5%
Other income	66.33	8.3%	68.50	9.0%	65.05	8.9%	-5.0%	-1.9%
Sales profit	0.02	0.0%	0.19	0.0%	0.31	0.0%	63.2%	1450.0%
Profit before finance cost and income tax expenses	182.02	22.8%	172.29	22.5%	149.25	20.5%	-13.4%	-18.0%
Bank charge	(3.35)	-0.4%	(2.12)	-0.3%	(1.90)	-0.3%	-10.4%	-43.3%
Interest expenses	(8.99)	-1.1%	(6.49)	-0.9%	(6.54)	-0.9%	0.8%	-27.3%
Profit before income tax expenses	169.68	21.3%	163.68	21.4%	140.81	19.3%	-14.0%	-17.0%
Income tax expense	(20.57)	-2.6%	(18.20)	-2.4%	(14.42)	-2.0%	-20.8%	-29.9%
Net profit	149.11	18.7%	145.48	19.0%	126.39	17.3%	-13.1%	-15.2%
Non-controlling interests of the subsidiaries	(0.40)	-0.1%	(0.21)	0.0%	(0.15)	0.0%	100.0%	100.0%
Net profit - Equity holders of the Company	149.51	18.7%	145.69	19.1%	126.54	17.4%	-13.1%	-15.4%

Total Revenue

Total revenue from the core business in 1Q2020 was Bt729.05mn, decreasing 8.7% YoY, mainly from a decrease of the middle-to-low income population's purchasing power due to drought and Covid-19 pandemic, as well as 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. 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 Bt267.68mn, decreasing 19.8% YoY.

2) Income from rendering of services through online top-up machines (Service Charge) was Bt455.43mn, decreasing 1.6% YoY.

3) Advertising income was Bt5.94mn, increasing 221.1% YoY.

4) Other income was Bt65.05mn, increasing 1.9% YoY.

Costs and Expenses

1) **Cost of services** in 1Q2020 was Bt585.67mn, representing 80.3% of total revenues from core business, increasing 6.9% YoY from fixed costs such as depreciation, however, the Company is still able to contain costs efficiently.

2) **Service & administrative expenses** in 1Q2020 was Bt59.49mn, representing 8.2% of total revenues from core business, increasing 11.0% YoY, of which majority is from the adoption of TFRS9 (Financial Instruments) and TFRS16 (Leases), which increases expenses in 1Q2020 Bt1.41mn.

Profits

1) **Gross profit** in 1Q2020 was Bt143.38mn, decreasing 15.3% YoY, as a result of declining in core revenue, kiosk improvement to support new business, and fully-depreciated kiosk maintenance.

2) **Net profit** in 1Q2020 was Bt126.54mn, decreasing 15.4% YoY, as a result of the decrease in gross profit and expenses of new accounting standard adoption as mentioned above; however, the Company is still able to control service and administrative expenses and decrease financing costs from bank loan repayment.

Statement of Financial Position

Statement of Financial position	31 Dec 19		31 Mar 20		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,398.47	39.7%	1,230.40	35.9%	-168.07	-12.0%
Non-current assets	2,121.70	60.3%	2,201.82	64.2%	80.12	3.8%
Total assets	3,520.17	100.0%	3,432.22	100.0%	-87.95	-2.5%
Current liabilities	1,230.19	35.0%	1,471.35	42.9%	241.16	19.6%
Interest Bearing Debt - Current	940.37	26.7%	701.00	20.4%	-239.37	-25.5%
Interest Bearing Debt - Non current	1.17	0.0%	149.42	4.4%	148.25	12670.9%
Non-current liabilities	12.87	0.4%	13.83	0.4%	0.96	7.5%
Total liabilities	2,184.60	62.1%	2,335.60	68.1%	151.00	6.9%
Total shareholders' equity	1,335.57	37.9%	1,096.62	32.0%	-238.95	-17.9%
Total liabilities and shareholders' equity	3,520.17	100.0%	3,432.22	100.0%	-87.95	-2.5%

As at 31 March 2020, the Company had total assets of Bt3,432.22mn, decreasing 2.5% YoY, as a result of the Company's strategy to utilize the fully-depreciated kiosks, which made the total assets mainly affected from the depreciation, as well as the increase in asset value from TFRS16.

Total liabilities were Bt2,335.60mn, increasing 6.9% YoY, as a result of the adoption of TFRS16, which increased lease liability in 1Q2020 by Bt164.00mn.

Total shareholders' equity was Bt1,096.62mn, decreasing 17.9% YoY, as a result of the 1Q2020 net profits of Bt126.54mn, shares buyback of Bt101.80mn, and the interim dividend payment of Bt262.59mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter
	1/2019	4/2019	1/2020
Current ratio	0.63	0.64	0.57
Debt to Equity ratio	1.75	1.64	2.13
Interest Bearing Debt ratio	0.77	0.70	0.78
Return on Asset	15.2%	15.7%	16.8%
Return on Equity	44.5%	45.2%	48.0%

As at 31 March 2020, the Company had the current ratio of 0.57, decreasing from previous year, as a result of the reduction in current assets from collection of unearned revenue and other receivables of Bt130.07mn.

Debt to equity ratio was 2.13, increasing from previous year, as a result of the adoption of TFRS16, which increased lease liability in 1Q2020 by Bt164.00mn.

Interest-bearing debt to equity ratio was 0.78, increasing from previous, as a result of the decrease in equity.

Return on assets was 16.8%, increasing from previous, as a result of the increase in asset utilization efficiency.

Return on equity was 48.0% increasing from previous, as a result of the ability to maintain profitability, the stock buyback, and the Company's interim dividend payment.

2020 Management Outlook

Targets in 2020 (Adjusted)

- Wait for Covid-19 situation to evaluate transaction amount and revenue growth
- Banking agent business to grow 40-45%
- New 1,000-2,000 Boonterm kiosks.
- CAPEX of Bt100-200mn.
- Target lending amount Bt400-600mn

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.
- Expanding distribution business to mom-and-pop shops and starting petrol kiosk business.

The Covid-19 pandemic has affected economic condition worldwide including Thailand, which severely decrease revenue of both business and consumer segments, and can be lingering for the extended period. Thai government has issue many measurements to alleviate the effect, including a free data package and a free voice package to every mobile user in April and May, respectively. Also, there is a measurement to decrease electricity bill to every household. All of these measurements will affect mobile top-up, data package top-up, and electricity bill payment on Boonterm kiosk in short term. However, the Company expects that money transfer and other bill payment transactions will increase due to extensive coverage of 130,000 kiosks, which help people not to move far from their home area.

Nevertheless, the Covid-19 pandemic can be viewed as a catalyst to accelerate the change of consumer behavior, which will result to a "New Normal" such as "Social Distancing", which will benefit to the Company as consumers will be more acceptance to the use of an automatic kiosk, instead of using a service counter with a human interaction. The New Normal will also make the Company to adjust its strategy to implement its 3 business groups faster.

For the Online Top-Up & Payment Business, the Company continually focuses on adding new services to the system such as the SIM Card selling with electronic-Know-Your-Customer (e-KYC) service, the health insurance, the PA insurance, the Covid-19 insurance, and the Myanmar and Thai songs download. These services have more demand under the Covid-19 situation as well as adding 1,000 – 2,000 new Boonterm Kiosks to increase population access.

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. Furthermore, the Company is developing 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) and National Credit Buro (NCB) checking services by the end of this year. The e-KYC and NCB checking service is required by financial institutions under Anti-Money Laundering Act and the total number of accounts are 300 million accounts with higher growth potential from the New Normal. 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 Bt400-600mn 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. The lending outstanding is Bt95mn.

For the Distribution Platform Business, the Company plans to expand the locations with partners and focuses 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 1,000 - 2,000 machines in 2020, from the current number of 3,700 machines. The Company is also partnering with a strategic partner to expand its self-service petrol kiosks with a target of 1,000 locations in 12 months, to be in line with a self-service trend of the New Normal. In addition, the Company is leveraging its agent network in 72 provinces 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, as well as decreases it costs and improves its operation efficiency to have sustainable growth and profits in the rapid changing future from the change of technology and the New Normal after Covid-19 pandemic.