

### Operational Summary in 2Q20 (affected by Covid-19 pandemic and measurements from government)

- Net profit was Bt104.3mn, decreasing 28.2% YoY
- Total revenue from core business was Bt667mn, decreasing 17.1%
- 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 1,650,528 transactions per month, increasing 73.0% YoY.
- Lending outstanding amount was Bt93mn (NPL 0.5%).
- Number of “Boonterm kiosk” was 130,274, increasing 1.0% YoY.

### The Effect of Coronavirus (COVID-19) Pandemic

In the first half of 2020 Thai economy was impacted both directly and indirectly by the COVID-19 pandemic, which resulted to containment measurements, global lockdown, and international travel restrictions that led to the collapse of tourist arrival numbers. Plus, Thai export and import slumped on the weak demand which dampened domestic economic activities and spending. The situation has led to an adverse economic effect on individual and business across various sectors, so Thai government has issued measurements such as cash subsidy payment and utilities bill reduction. Also, NBTC’s measurement for free data and voice in April to May affected Company in short-term on mobile top-up and bill payment. However, the Company has prepared its cash flow by managing costs appropriately and being more careful with investment plans. The Company expected that this quarter has the deepest contraction in transaction value, and the situation will be better due to measurements from various sectors both domestic and international and lessening of the global lockdown and international travel restrictions.

### Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter
	2/2019	3/2019	4/2019	1/2020	2/2020
Total usage amount through "Boonterm Kiosk" (Million Baht)	10,430	9,943	9,786	9,630	9,074
Total number of money transfer transactions (per month)	954,173	983,456	1,159,351	1,407,181	1,650,528
Total number of "Boonterm Kiosk" as the period ended (Kiosk)	129,011	130,283	130,481	130,357	130,274

For the operating result in 2Q2020, the total transaction amount was Bt9,074mn. However, the money transfer service, of which the Company is the banking agent for 6 banks, has been growing consistently with 1,650,528 transactions per month, increasing 73.0% YoY, as well as the e-Wallet and internet package top-up. In term of lending business, loan to customers is still growing by 86.5% YoY with 0.5% NPL. As at the end of 2Q2020, the total number of “Boonterm Kiosk” is 130,247 kiosks, increasing 1.0% YoY.

## Financial Statement Summary in 2Q2020

## Statement of Comprehensive Income

Income Statement	Q2/2019		Q1/2020		Q2/2020		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Revenues from services								
Revenue from Online top-up & payment business	713.41	88.7%	613.57	84.2%	534.64	80.2%	-12.9%	-25.1%
Revenue from banking agent & lending business	86.68	10.8%	110.87	15.2%	128.65	19.3%	16.0%	48.4%
Revenue from vending machine & distribution business	4.11	0.5%	4.61	0.6%	3.32	0.5%	-28.0%	-19.2%
<b>Total revenue from core business (3 business units)</b>	<b>804.20</b>	<b>100.0%</b>	<b>729.05</b>	<b>100.0%</b>	<b>666.61</b>	<b>100.0%</b>	<b>-8.6%</b>	<b>-17.1%</b>
Cost of services	(640.56)	-79.7%	(585.67)	-80.2%	(546.49)	-82.0%	-6.7%	-14.7%
<b>Gross profit</b>	<b>163.64</b>	<b>20.4%</b>	<b>143.38</b>	<b>19.7%</b>	<b>120.12</b>	<b>18.0%</b>	<b>-16.2%</b>	<b>-26.6%</b>
Service & Administrative expenses	(55.10)	-6.9%	(59.49)	-8.2%	(66.44)	-10.0%	11.7%	20.6%
<b>Operating profit</b>	<b>108.54</b>	<b>13.5%</b>	<b>83.89</b>	<b>11.5%</b>	<b>53.68</b>	<b>8.1%</b>	<b>-36.0%</b>	<b>-50.5%</b>
Other income	67.76	8.4%	65.05	8.9%	67.79	10.2%	4.2%	0.0%
Sales profit	0.02	0.0%	0.31	0.0%	(0.22)	0.0%	-171.0%	-1200.0%
Profit before finance cost and income tax expenses	176.32	21.9%	149.25	20.5%	121.25	18.2%	-18.8%	-31.2%
Bank charge	(2.36)	-0.3%	(1.90)	-0.3%	(3.78)	-0.6%	99.0%	60.2%
Interest expenses	(8.78)	-1.1%	(6.54)	-0.9%	(4.47)	-0.7%	-31.7%	-49.1%
Profit before income tax expenses	165.18	20.5%	140.81	19.3%	113.00	17.0%	-19.8%	-31.6%
Income tax expense	(20.28)	-2.5%	(14.42)	-2.0%	(9.10)	-1.4%	-36.9%	-55.1%
<b>Net profit</b>	<b>144.90</b>	<b>18.0%</b>	<b>126.39</b>	<b>17.3%</b>	<b>103.90</b>	<b>15.6%</b>	<b>-17.8%</b>	<b>-28.3%</b>
Non-controlling interests of the subsidiaries	(0.35)	0.0%	(0.15)	0.0%	(0.40)	-0.1%	100.0%	100.0%
<b>Net profit - Equity holders of the Company</b>	<b>145.25</b>	<b>18.1%</b>	<b>126.54</b>	<b>17.4%</b>	<b>104.30</b>	<b>15.7%</b>	<b>-17.6%</b>	<b>-28.2%</b>

## Total Revenue

Total revenue from the core business in 2Q2020 was Bt666.61mn, decreasing 17.1% 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 Bt223.31mn, mainly from the measurements, which were cash subsidy payment, utilities bill reduction, free data and voice and population's purchasing power decrease due to Covid-19 pandemic. Nevertheless, the situation is getting better, so the Company expects income would be back to normal in the second half of this year.
- 2) **Income from rendering of services through online top-up machines (Service Charge)** was Bt435.67mn due to the abovementioned government measurements and the lower mobile-topup amount.
- 3) **Advertising income** was Bt7.63mn, increasing 181.6% YoY.
- 4) **Other income** was Bt67.79mn, slightly changed YoY.

### Costs and Expenses

1) **Cost of services** in 2Q2020 was Bt546.49mn, increasing from 79.7% to 82.0% of total revenues from core business, from fixed costs such as depreciation, however, the Company is still able to contain costs efficiently.

2) **Service & administrative expenses** in 2Q2020 was Bt66.44mn, increasing from 6.9% to 10.0% of total revenues from core business, increasing 20.6% YoY, of which majority is from the adoption of TFRS9 (Financial Instruments) and TFRS16 (Leases), which increases expenses in 1Q2020 Bt1.0mn. YoY and from a temporally supporting expense to Company's master agents in COVID-19 situation.

### Profits

1) **Gross profit** in 2Q2020 was Bt120.12mn, as a result of declining in core revenue, kiosk improvement to support new business, and fully-depreciated kiosk maintenance.

2) **Net profit** in 2Q2020 was Bt104.30mn, as a result of the decrease in gross profit and expenses of new accounting standard adoption and expenses for helping Company's master agents in COVID-19 situation 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		30 Jun 20		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,398.47	39.7%	1,241.77	37.3%	(156.70)	-11.2%
Non-current assets	2,121.70	60.3%	2,084.49	62.7%	(37.21)	-1.8%
<b>Total assets</b>	<b>3,520.17</b>	<b>100.0%</b>	<b>3,326.26</b>	<b>100.0%</b>	<b>(193.91)</b>	<b>-5.5%</b>
Current liabilities	1,230.19	35.0%	1,194.83	35.9%	(35.36)	-2.9%
Interest Bearing Debt - Current	940.37	26.7%	828.69	24.9%	(111.68)	-11.9%
Interest Bearing Debt - Non current	1.17	0.0%	145.69	4.4%	144.52	12352.1%
Non-current liabilities	12.87	0.4%	14.79	0.4%	1.92	14.9%
<b>Total liabilities</b>	<b>2,184.60</b>	<b>62.1%</b>	<b>2,184.00</b>	<b>65.7%</b>	<b>(0.60)</b>	<b>0.0%</b>
Total shareholders' equity	1,335.57	37.9%	1,142.26	34.3%	(193.31)	-14.5%
<b>Total liabilities and shareholders' equity</b>	<b>3,520.17</b>	<b>100.0%</b>	<b>3,326.26</b>	<b>100.0%</b>	<b>(193.91)</b>	<b>-5.5%</b>

As at June 30, 2020, the Company had total assets of Bt3,326.26mn, as a result of the depreciation of 8-year kiosks, mainly affecting the total assets dropped from the depreciation.

As at June 30, 2020, total liabilities were Bt2,184.00mn, slightly dropped comparing to the same period of last year, as a result of the dividend payment of Bt263.00mn, while interest bearing debt increase bt124.00mn. due to cash flow management.

As at June 30, 2020, total shareholders' equity was Bt1,142.262mn, as a result of the 1Q and 2Q of 2020 net profits of Bt230.83mn, shares buyback of Bt152.91mn and the interim dividend payment of Bt262.59mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter
	2/2019	1/2020	2/2020
Current ratio	0.61	0.57	0.61
Debt to Equity ratio	1.84	2.13	1.91
Interest Bearing Debt ratio	0.79	0.78	0.85
Return on Asset	15.5%	16.1%	15.2%
Return on Equity	46.3%	46.2%	42.0%

As at June 30, 2020, the Company had the current ratio of 0.61, equal to that of 2Q2019.

Debt to equity ratio was 1.91, increasing from previous year, as a result of the adoption of TFRS16, which increased lease liability in 2Q2020 by Bt160.41mn.

Interest-bearing debt to equity ratio was 0.85, increasing from previous, as a result of the decrease in equity.

Return on assets was 15.2%, slightly decreasing from previous. The Company still focuses on managing assets to increase the asset utilization efficiency.

Return on equity was 42.0% decreasing from previous, as a result of the ability to maintain profitability, the stock buyback, and the Company's interim dividend payment.

## 2020 Management Outlook

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### Targets in 2H2020

- Wait for Covid-19 situation to evaluate transaction amount and revenue growth
- Money transfer business to grow 60-65%
- New 500 - 1,000 Boonterm kiosks.
- CAPEX of Bt100-200mn.
- Target lending amount Bt200-400mn

### Operations

- Efficient kiosk location management and adding new services in order to increase ARPU.
- 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 Company focuses on business adjustment to maintain the number 1 leader in online top-up kiosk and bill payment business, emphasizing on improvement of automated kiosks that are more than 130,000 kiosks nationwide, covering all area. Also, the Company expands businesses through its master agents around the country and improves its operation efficiency to have sustainable growth and profits in the rapid changing future. The Company has segmented its operation into 3 business groups to improve their efficiency, namely: 1. Online Top-up & Payment Business 2. Banking Agent & Lending Business, and 3. Vending Machine & Distribution Business.

In the second half of 2020, even though the situation of COVID-19 is getting better after lessening lock down measurement and economic activities has slowly resumed, external risk and uncertainties of global economy affected by COVID-19 still impact the Thai economy, however the Company still aims to deliver sustainable return to its shareholders. The Company, therefore, monitors and assesses risk from the current situation that its strategy would be adjusted according to the situation. The Company has seen the change of consumer behavior affected by COVID-19 resulting social distancing and avoiding contact directly to others that align with its vision, which focuses on the use of automatic kiosks. The Company expects total usage amount and revenues would be back to normal level in the second half of this year and still maintains its plan to add new banking agent services and to provide more management services of vending machines. FSMART focuses on strengthening its business through its network across the country by developing and adjusting its operation to any situation, and looking for new opportunities to keep Boonterm's operation growing sustainably.

FSMART's Operation by Business Unit

Online Top-up & Payment Business



Online Top-up & Payment Business

The Company expects total usage amount and revenues would be back to normal level in second half of this year because of the change of customer behavior affected by COVID-19 resulting to the increase in use of automatic kiosk. The Company will run a promotion campaign to accelerate the total usage amount and increase number of transactions. The Company is still adding new services into Boonterm kiosk while managing kiosk locations to penetrate to every community.

Banking Agent & Lending Business



Banking Agent & Lending Business

In 2020, 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. The Company expects to launch a money withdrawal kiosk within this year. For lending business, the Company will target Boonterm kiosk's Master Agents (MAs), sub-agents, MAs' employees, and FSMART affiliated companies' employees with the Bt200-400mn. lending amount. In 2Q2020, the lending outstanding is Bt93mn with NPL of 0.50%.

Vending Machine & Distribution Business



Vending Machine & Distribution Business

FSMART plans to expand the locations and focuses on system management 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 is also partnering with a strategic partner to expand its new business, self-service petrol kiosks, with a target of 500 locations to be in line with a self-service trend of the New Normal. The Company has a plan to build EV charger stations to capture an opportunity for Electric vehicle (EV). In addition, the Company is leveraging its agent network in every province to start a distribution business with mom-and-pop shops and expanding business networking for further growth.