**Forth Smart Service Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 2022**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of inancial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of Forth Smart Service Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) (collectively as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. There were changes in the composition of the Group during the current period as mentioned in Note 7 to the interim consolidated financial statements.

**1.3 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021, except for accounting policy relating to investment in associate.

Investment in associate

Investment in associate is accounted for in the consolidated and separate financial statements using the equity method and cost method less allowance for impairment losses (if any), respectively.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group’s financial statements.

**2. Related party transactions**

During the periods, the Group had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, subsidiaries and those related parties. There were no significant changes in the transfers pricing policy of transactions with related parties during the current period. Summarises significant business transactions with related parties are as follows.

| (Unit: Million Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 September | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2022 | 2021 | 2022 | 2021 |
| Transactions with parent company |  |  |  |  |
| Purchases of online automatic machines and related spare parts | 11 | 6 | 11 | 6 |
| Service and administrative expenses | 1 | - | 1 | - |
| Rental expenses | 5 | 5 | 5 | 5 |
| Transactions with subsidiary companies |  |  |  |  |
| (Eliminated from the consolidated financial statements) |  |  |  |  |
| Other income | - | - | 1 | - |
| Purchases of intangible assets | - | - | 3 | 2 |
| Transactions with associate company |  |  |  |  |
| Service income | 5 | - | 5 | - |
| Transactions with related parties |  |  |  |  |
| Purchases of equipment of online automatic machines | 39 | 25 | 39 | 25 |
| Service income | 2 | - | 2 | - |
| Rental expenses | 1 | 1 | 1 | 1 |

| (Unit: Million Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | For the nine-month periods ended 30 September | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2022 | 2021 | 2022 | 2021 |
| Transactions with parent company |  |  |  |  |
| Purchases of online automatic machines and related spare parts | 44 | 15 | 44 | 15 |
| Service and administrative expenses | 3 | 2 | 3 | 2 |
| Rental expenses | 14 | 14 | 14 | 14 |
| Purchases of intangible assets | - | 1 | - | 1 |
| Transactions with subsidiary companies |  |  |  |  |
| (Eliminated from the consolidated financial statements) |  |  |  |  |
| Other income | - | - | 2 | 1 |
| Purchases of intangible assets | - | - | 8 | 7 |
| Transactions with associate company |  |  |  |  |
| Service income | 7 | - | 7 | - |
| Transactions with related companies |  |  |  |  |
| Purchases of equipment of online automatic machines | 84 | 60 | 84 | 59 |
| Commission expenses | - | 1 | - | 1 |
| Rental expenses | 2 | 2 | 2 | 2 |
| Service income | 7 | - | 7 | - |
| Other income | - | 2 | - | 2 |

As at 30 September 2022 and 31 December 2021, the balances of the accounts between the Company and those related parties were as follows:

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| **Accrued income - related parties (Note 4)** |  |  |  |  |
| Parent company | 14 | 16 | - | - |
| Subsidiaries | - | - | 90 | 55 |
| **Total** | 14 | 16 | 90 | 55 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Other receivables - Service representative - related parties (Note 4)** |  |  |  |  |
| Associate | 270 | - | 270 | - |
| Related companies (1) | - | 135 | - | 135 |
| **Total** | 270 | 135 | 270 | 135 |
| **Other receivables - related parties (Note 4)** |  |  |  |  |
| Subsidiaries | - | - | 19,276 | 7,791 |
| Associate | 6,633 | - | 6,633 | - |
| Related companies (1) | 69 | 1,757 | 69 | 1,757 |
| **Total** | 6,702 | 1,757 | 25,978 | 9,548 |
| **Other current assets - related parties** |  |  |  |  |
| Parent company | 243 | 966 | 243 | 966 |
| **Total** | 243 | 966 | 243 | 966 |
| **Right-of-use assets - related parties** |  |  |  |  |
| Parent company | 109,917 | 121,420 | 109,917 | 121,420 |
| Related companies (1) | 7,988 | 9,454 | 7,988 | 9,454 |
| **Total** | 117,905 | 130,874 | 117,905 | 130,874 |
| **Trade and other payables - related parties (Note 10)** |  |  |  |  |
| Parent company | 1,066 | 19,274 | 1,066 | 19,272 |
| Subsidiaries | - | - | 37,892 | 13,871 |
| Associate | 33,608 | - | 33,608 | - |
| Related companies (1), (2) | 54,495 | 34,510 | 54,419 | 33,540 |
| **Total** | 89,169 | 53,784 | 126,985 | 66,683 |
| **Lease liabilities - related parties** |  |  |  |  |
| Parent company | 115,654 | 125,985 | 115,654 | 125,985 |
| Related companies (1) | 1,666 | 1,804 | 1,666 | 1,804 |
| **Total** | 117,320 | 127,789 | 117,320 | 127,789 |
| Relationship with the related company |  |  |  |  |
| 1. Related by same director and management |  |  |  |  |
| 1. Related by related person of the Company’s management | | | | |

Short-term loans from a subsidiary

Short-term loans from a subsidiary represents short-term loans obtained from Forth Smart Capital Company Limited, bearing interest at a rate of 1.7% per annum. Such loans are unsecured and due on demand. During the third quarter of the current year, the Company already paid such loans in full.

Directors and management’s benefits

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 30 September | |
|  | Consolidated/Separate financial statements | |
|  | 2022 | 2021 |
| Short-term employee benefits | 2,885 | 3,101 |
| Post-employment benefits | 241 | 252 |
| Total | 3,126 | 3,353 |

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | For the nine-month periods ended 30 September | |
|  | Consolidated/Separate financial statements | |
|  | 2022 | 2021 |
| Short-term employee benefits | 9,423 | 10,027 |
| Post-employment benefits | 748 | 756 |
| Total | 10,171 | 10,783 |

**3. Cash and cash equivalents**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| Cash | 7,666 | 1,993 | 7,640 | 1,967 |
| Bank deposit | 321,818 | 361,456 | 246,454 | 237,861 |
| Deposits at banks with restrictions | 612 | 578 | 612 | 577 |
| Total | 330,096 | 364,027 | 254,706 | 240,405 |

Deposits at banks with restrictions were bank deposits maintained at minimum levels for advance received from customers in accordance with the notification of the Bank of Thailand regarding “Stipulation of Guidelines, Procedures and Conditions for Electronic Money Business”, this required the Company to maintain, at all times, bank deposits in an amount not less than the amount of deposits received from customers.

**4. Accrued income and other receivables**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| **Related parties** |  |  |  |  |
| Accrued income | 14 | 16 | 90 | 55 |
| Other receivables - Service representatives | 270 | 135 | 270 | 135 |
| Other receivables | 6,702 | 1,757 | 25,978 | 9,548 |
|  | 6,986 | 1,908 | 26,338 | 9,738 |
| **Unrelated parties** |  |  |  |  |
| Accrued income | 54,088 | 73,369 | 39,648 | 53,090 |
| Other receivables - Service representatives | 603,091 | 698,616 | 603,091 | 698,616 |
| Other receivables | 16,476 | 15,938 | 16,382 | 15,901 |
|  | 673,655 | 787,923 | 659,121 | 767,607 |
| Total accrued income and other receivables | 680,641 | 789,831 | 685,459 | 777,345 |
| Less: Allowance for expected credit losses | (632) | (497) | (632) | (497) |
| Total accrued income and other receivables - net | 680,009 | 789,334 | 684,827 | 776,848 |

**5. Loans receivable**

|  | (Unit: Thousand Baht) | |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 30 September 2022 | 31 December 2021 |
|  |  | (Audited) |
| Not yet due or past due not more than 1 month | 195,587 | 101,502 |
| Past due 1 to 3 months | 39,734 | 1,325 |
| Past due 3 to 6 months | 8,237 | 4,446 |
| Past due 6 to 12 months | 2,773 | 3,560 |
| Past due over 12 months | 8,782 | 3,706 |
| Total | 255,113 | 114,539 |
| Less: Deferred interest income | (4,631) | (1,105) |
| Less: Allowance for expected credit losses | (26,565) | (12,724) |
| Loans receivable - net | 223,917 | 100,710 |
| Less: Current portion | (104,148) | (32,638) |
| Loans receivable - net of current portion | 119,769 | 68,072 |

|  |  |
| --- | --- |
|  | (Unit: Thousand Baht) |
|  | Consolidated financial statements |
| **Balance as at 31 December 2021 (Audited)** | 100,710 |
| Increase during the period | 188,469 |
| Collection during the period | (51,421) |
| Allowance for expect credit losses | (13,841) |
| **Balance as at 30 September 2022** | 223,917 |
| Less: Current portion | (104,148) |
| **Loan receivables - net of current portion** | 119,769 |

**6. Financial lease receivables**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | | | |
|  | Consolidated financial statements | | | | | |
|  | Portion due within one year | | Portion due after one year | | Total | |
|  | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 | 30 September 2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |  | (Audited) |
| Finance leases receivables | 16,292 | 6,047 | 7,159 | 4,379 | 23,451 | 10,426 |
| Less: Deferred interest income | (2,746) | (968) | (740) | (701) | (3,486) | (1,669) |
| Present value of minimum lease repayment | 13,546 | 5,079 | 6,419 | 3,678 | 19,965 | 8,757 |
| Less: Allowance for expected credit losses | (3,234) | - | (1,206) | - | (4,440) | - |
| Lease receivable - net | 10,312 | 5,079 | 5,213 | 3,678 | 15,525 | 8,757 |

Movement of finance lease receivables during the nine-month period ended 30 September 2022 were summarised below.

|  |  |
| --- | --- |
|  | (Unit: Thousand Baht) |
|  | Consolidated financial statements |
| **Balance as at 31 December 2021 (Audited)** | 8,757 |
| Increase during the period | 17,504 |
| Collection during the period | (8,144) |
| Realised deferred interest income | 1,848 |
| Allowance for expect credit losses | (4,440) |
| **Balance as at 30 September 2022** | 15,525 |
| Less: Current portion | (10,312) |
| **Finance lease receivables - net of current portion** | 5,213 |

**7. Investment in associate**

7.1 Details of investment in associate as at 30 September 2022:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | |
|  |  |  | Consolidated financial statements | Separate financial statements |
| Company’s name | Nature of business | Shareholding percentage | Carrying amounts based on equity method | Cost |
|  |  | (Percent) |  |  |
| Forth Vending Company Limited | Management and sale of beverages via vending machines | 26.7 | 274,567 | 248,750 |
| Forth Smart Sabuy Tech Company Limited | Provision of services and sale of goods though vending machines | 50.0 | - | - |
| Total |  |  | 274,567 | 248,750 |

1. During the second quarter and third quarter of the current year, Forth Vending Company Limited (“Forth Vending”) called up the remaining 75% of the par value of the new shares issued in accordance with the Extraordinary General Meeting of Shareholders on 5 March 2021, amounting to Baht 105 million. The Company has already paid such called up shares.

On 29 April 2022, the Annual General Meeting of Shareholders of Forth Vending passed a resolution to approve an increase in the registered share capital from Baht 1,070 million (107,000,000 ordinary shares with a par value of Baht 10 each) to Baht 1,400 million (140,000,000 ordinary shares with a par value of Baht 10 each) by issuing 33,000,000 new ordinary shares with a par value of Baht 10 each to its existing shareholders in proportion of their shareholdings. The Company exercised the rights to purchase such newly issued ordinary shares in proportion to its shareholding and also acquired Forth Vending’s ordinary shares in the portion that existing shareholders waived their rights to subscribe totaling 16,700,000 ordinary shares with a par value of Baht 10 each, or a total of Baht 167 million. Subsequently, on 18 May 2022, Forth Vending called up the new shares at 25% of the par value, amounting to Baht 41.8 million. On 24 May 2022, the Company has made payment for the shares.

As a result of the acquisition transaction and made payment of the new share capital, the Company’s shareholding in Forth Vending increased from 19.3% to 26.7%. The Company, therefore, changed the status of its investment in Forth Vending from other non-current financial assets measured at fair value through profit or loss to investment in associate.

The management of the Company assessed that assets and liabilities of Forth Vending as at 24 May 2022 and as at 31 May 2022 has not significant difference. Therefore, the Company assumed that as at 31 May 2022 was the date that the Company invested in associate.

The fair value of net assets of Forth Vending as at the acquisition date that the Company’s Management assessed is closed to the investment cost that the Company paid.

Subsequently, on 21 September 2022, Forth Vending called up a further 25% of the par value of the new shares issued, amounting to Baht 41.8 million and the Company has made payment for the shares on 14 October 2022. The remaining uncalled capital of Forth Vending in proportion to the Company’s shareholding amounted to Baht 83.4 million.

(b) On 11 November 2021, the Board of Directors’ Meeting of the Company passed a resolution to acknowledge the plan to establish a new joint venture with Sabuy Technology Public Company Limited (“Sabuy”) with a registered shares capital of Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each). The Company and Sabuy will hold interest of 50% in such joint venture.

Consequently, on 24 March 2022, the Company and Sabuy registered Forth Smart Sabuy Tech Company Limited (such company treated as associate of the Company) with the Ministry of Commerce. The Company hold 50,000 ordinary shares with a par value of Baht 10 each in such company. However, at the present, such company has not yet called up its shares capital from the Company and Sabuy.

7.2 Share of comprehensive income

During the current period, the Company recognised its share of profit from investment in associate in the consolidated financial statements as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | Share of profit from investment in associate | |
| Company’s name | Fort the three-month period ended 30 September 2022 | Fort the nine-month period ended 30 September 2022 |
| Forth Vending Company Limited | 17,148 | 25,817 |
| Total | 17,148 | 25,817 |

7.3 Summarised financial information about associate company

Summarised information about financial position as at 30 September 2022:

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
| Current assets | 588,115 |
| Non-current assets | 1,196,180 |
| Current liabilities | (501,489) |
| Non-current liabilities | (89,571) |
| Total revenue for the nine-month period ended 30 September 2022 | 808,041 |
| Profit for the nine-month period ended 30 September 2022 | 191,786 |

**8. Other non-current financial assets**

Details of other non-current financial assets as at 30 September 2022 are as follows:

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statement | | | |
|  | As at 1 January 2022 | Addition | Transfer | As at 30 September 2022 |
| Forth Vending Co., Ltd. \* | 102,000 | 176,750 | (178,750) | - |
| Box 24 Co., Ltd. \*\* | - | - | - | - |
| Total | 102,000 | 176,750 | (178,750) | - |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Separate financial statement | | | |
|  | As at 1 January 2022 | Addition | Transfer | As at 30 September 2022 |
| Forth Vending Co., Ltd. \* | 102,000 | 76,750 | (178,750) | - |
| Total | 102,000 | 76,750 | (178,750) | - |

\* Changed status of investment from financial asset measured at fair value through profit and loss to investment in associate during the second quarter of current year (Note 7)

\*\* Recorded fair value adjustment as at 31 December 2021

**9. Leasehold improvement and equipment**

Movements of the leasehold improvement and equipment account during the nine-month period ended 30 September 2022 were summarised below.

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statements | Separate financial statements |
| **Net book value as at 31 December 2021 (Audited)** | 1,142,928 | 1,044,774 |
| Acquisitions during the period - at cost | 117,453 | 116,112 |
| Disposal during the period - net book value at disposal dates | (352) | (352) |
| Written-off during the period - net book value at write-off dates | (1,566) | (1,566) |
| Depreciation for the period | (340,505) | (317,489) |
| Reversal of allowance for deterioration/ loss of equipment for the period | 2,940 | 2,936 |
| **Net book value as at 30 September 2022** | 920,898 | 844,415 |

**10. Trade and other payables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 30 September  2022 | 31 December 2021 | 30 September  2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| **Related parties** |  |  |  |  |
| Account payables for purchases of equipment | 41,806 | 29,958 | 41,732 | 28,989 |
| Other payables | 43,240 | 23,167 | 80,072 | 34,494 |
| Accrued expenses | 4,123 | 2,659 | 5,181 | 3,200 |
|  | 89,169 | 53,784 | 126,985 | 66,683 |
| **Unrelated parties** |  |  |  |  |
| Trade payables | 195,739 | 250,725 | 195,592 | 250,382 |
| Other payables | 178,780 | 198,337 | 177,844 | 197,416 |
| Advance received from customer | 612 | 577 | 612 | 577 |
| Accrued expenses | 89,774 | 121,644 | 86,674 | 117,691 |
|  | 464,905 | 571,283 | 460,722 | 566,066 |
| Total trade and other payables | 554,074 | 625,067 | 587,707 | 632,749 |

During the three-month and nine-month periods ended 30 September 2022, the Company reversed other payables of Baht 37 million and Baht 111 million, respectively (2021: Baht 42 million and Baht 117 million). Such other payables were credit top-up amount for prepaid phone or money transfer that customers have not used for a period of more than 1 year amounting to Baht 12 million and Baht 37 million, respectively (2021: Baht 12 million and Baht 34 million) and the amount from unsuccessful money top-up for which customers did not claim the refund for more than 1 year amounting to Baht 25 million and Baht 74 million, respectively (2021: Baht 30 million and Baht 83 million) to other income in profit or loss.

**11. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, netting of treasury ordinary shares.

**12. Segment information**

The one main reportable operating segment of the Group is rendering of top-up service for prepaid phone, receipt of other online services, advertising services through online top-up machines and rendering of service relating to online top-up machines and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

**13. Dividends**

| Dividends | Approved by | Total dividends | Dividend per share |
| --- | --- | --- | --- |
|  |  | (Thousand Baht) | (Baht) |
| Dividend for the year 2020 | The 2021 Annual General Meeting on 21 April 2021 | 225,940 | 0.30 |
| Interim dividend paid from profit for the six-month period ended 30 June 2021 | The Board of Directors’ meeting on 10 August 2021 | 195,816 | 0.26 |
| Total |  | 421,756 | 0.56 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| Dividend for the year 2021 | The 2022 Annual General Meeting on 21 April 2022 | 150,622 | 0.20 |
| Interim dividend paid from profit for the six-month period ended 30 June 2022 | The Board of Directors’ meeting on 11 August 2022 | 150,628 | 0.20 |
| Total |  | 301,250 | 0.40 |

**14. Commitments and contingent liabilities**

|  | (Unit: Million Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2022 | 31 December 2021 | 30 September  2022 | 31 December 2021 |
|  |  | (Audited) |  | (Audited) |
| **Capital commitments** |  |  |  |  |
| Equipment of online automatic machines | 49 | 24 | 49 | 24 |
| Computer software | 6 | 4 | 6 | 4 |
| **Other commitments** |  |  |  |  |
| Spare parts for maintenance | 45 | 27 | 44 | 27 |
| **Guarantees** |  |  |  |  |
| Letter of trade creditors guarantees | 151 | 165 | 151 | 165 |

**15. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 10 November 2022.