

Forth Smart Service Public Company Limited (FSMART)

2022 Management Discussion and Analysis

Operational Summary in 2022 (High inflation, economic slowdown and flood situation)

- Total revenue from core business was Bt2,239mn.
- Net profit was Bt302mn. (Earning per share 0.40 Baht)
- Dividend payment totaling 0.36 Baht per share, paid 2 times.
- The Company is the banking agent for 8 commercial banks (KTB, KANK, BAY, GSB, BAAC, SCB, CIMBT, BBL).
- Total money transfer transactions were 1.53 million transactions per month.
- Lending outstanding amount was Bt263mn. (NPL 7%)
- Number of “Boonterm kiosk” was 129,918 nationwide.
- Number of “Taobin” was 4,942 nationwide.

Significant Event in 2022

- In January**, the Company has started operating with SCB on cash withdrawal service by QR Code via Boonterm Mini ATM
- In February**, the Company has been cooperating with Social Security Office (SSO) serving payment service for social security contributions section 39 and 40 via counter cashier, under named “Cenpay Powered by Boonterm”
- In March**, the Company has cooperated with the Department of Health Service Support, The Ministry of Public Health to provide financial management services and various benefits to more than 1 million village health volunteers (VHVs, in Thai, Oor Sor Mor or OSMs) through an application under the name “Smart OSM Powered by Boonterm.
- In April**, the 2022 AGM approved the dividend payment for 2021 at the rate of Bt0.46 per share. In this regard, the Company already paid the first dividend payment to shareholders as an interim dividend at Bt0.26 per share. Therefore, the second dividend payment will be at Baht 0.20 per share on April 29,2022.
- In May**, the Company has invested more through Forth Vending Company Limited (FVD) by increasing the shareholding from 19.35% to 26.71% in order for the Company to recognize profits from equity income method, effective from June 2022.
- In July**, (1) The Company has collaborated with the Digital Government Development Agency or DGA to provide E- KYC identity verification service for " government" applications via Boonterm kiosk to increase convenience and access to government services. (2) The Company has been awarded "Best Company of the Year 2022" of the MAI from Money&Banking magazine. (3) The Company launched a service of deposit- and- transfer money via Boonterm kiosks for foreigners.
- In August**, The Company approved the interim dividend payment for the first half of the year 2022 operating results at the rate of 0.20 baht per share.
- In November**, The Company has been appointed as banking agent by Bangkok Bank Public Company Limited (BBL) to provide financial services to the bank, starting with deposit and transfer service via Boonterm kiosk.

Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter	Y.2021	Y.2022	%YoY
	4/2021	1/2022	2/2022	3/2022	4/2022			
Total number of "Boonterm Kiosk" as of (Kiosk)	129,907	130,045	129,967	130,012	129,918	129,907	129,918	0.0%
Total number of "Tao Bin" as of the period (Kiosk)	546	1,058	2,138	3,572	4,942	546	4,942	805.1%
Total usage amount through "Boonterm" (Bt.mn.)	9,658	9,221	9,162	8,790	8,689	37,981	35,862	-5.6%
- Total usage amount top up and transfer (Bt.mn.)	6,574	6,302	6,342	6,250	6,257	25,186	25,151	-0.1%
- Total usage amount money transfer (Bt.mn.)	3,084	2,919	2,820	2,540	2,432	12,795	10,711	-16.3%
- Total number of money transfer (Txn)	1,743,712	1,669,090	1,526,997	1,397,016	1,464,730	1,743,712	1,464,730	-16.0%
Total amount of beverage sold from Tao Bin (Bt.mn.)	50	130	346	484	550	50	1,510	2920.0%
Average sales of Tao Bin kiosk per kiosk (Bt.)	47,379	60,159	80,135	60,300	44,574	47,379	44,574	-5.9%

The Company focuses on expanding channels and services of Boonterm kiosks to provide maximum convenience to its customers via 129,918 kiosks, more than 1,800 cashier counters nationwide and the application for corporate customers under the name "Wallet Powered by Boonterm". For the operating result in 2022, the total transaction amount was Bt35,862mn as the economy has not fully recovered from the COVID-19 pandemic as well as high cost of living, which is the main factor that pressures the purchasing power even though Thai economy seem to be improved from the re-opening of Thailand due to the relaxation of COVID-19 control measures. Customers are more cautious in their spending especially, the medium-low-income consumers and foreigner who has limited income.

Online Top-up and Payment Business has been pressured by the higher cost of living as well as the push of service providers for customers to switch from Prepaid to Postpaid, including internet calling, which has reduced mobile top-up service usage. The Company still aims to meet our potential customer base needs with internet package top-up services and expand the new customer base from 3 service channels; Boonterm kiosk, counter cashier and application. The Company is constantly adding services such as a mobile top-up service and various bill payments. For this year, an E-Wallet top-up service value was 7,329 million baht, increasing 6.6% YoY. This reflects the convenience of using services through Boonterm that can be accessed in every community.

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. At the end of 2022, the average number of deposit-transfer transactions via the Boonterm kiosk was 1.5 million transactions per month as the economy recovered slowly from the inflation crisis, customers were more cautious in their spending, and some are affected by more severe flooding than usual during the rainy season. However, the Company has added one more bank service via Bangkok Bank in 4Q2022, reflecting of being a community bank. In addition, the Company has cooperated with 3 banks i.e. KBANK KTB and BAY for money transfer services for foreigners who have an account in Thailand to strengthen the potential of financial services.

Outstanding lending credit at the end of this year was Bt263mn with interest income of Bt25.7mn, increasing 88.6% YoY, due to the growth of loan portfolio, especially personal loans for corporate customers that grow significantly from lending through applications. The Company focuses on providing credit loan to customers who are reliable and creditable. This makes credit quality control more efficient, especially non-performing loans (NPLs) that the Company is highly strict. At the same time, the Company is extremely cautious in providing credit services by using the existing database for customer analysis and developing new products to meet the needs of more customer groups.

Vending Machine and EV charger Business, As of the end of 2022, there were a total of 4,942 machines nationwide, increasing 4,396 machines YoY. In terms of the 4Q2022 result, the average sale per machine per

month was Bt44,574 or 46 glasses per machine per day due to the seasonal effect, where customers are likely to drink more beverages in a hot season than a rainy or winter season and accelerating an expansion of Taobin number that some kiosks may not be located in a potential area but it can be moved to the new area. The Company is confident that the average sales per machine per day are 50 cups as the target. Taobin

continues to create new menus to meet various needs for every season, including having a campaign with customers to join the privileges with partners for various discounts. Moreover, Taobin allows customers to collect points after buying a drink to redeem the next free cup to stimulate more usage of loyal customers and adding more new customers.

2022 Financial Statement Summary

Income Statement	Q4/2021		Q3/2022		Q4/2022		%QoQ	%YoY	Year 2021		Year 2022		%YoY
	MB	%	MB	%	MB	%			MB	%	MB	%	
Income from rendering of top-up service for prepaid phone and other online service (Commission)	159.30	25.5%	130.38	23.9%	121.63	23.4%	-6.7%	-23.7%	750.13	28.0%	541.28	24.2%	-27.8%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	460.52	73.7%	405.90	74.4%	385.16	74.1%	-5.1%	-16.4%	1,910.22	71.3%	1,662.24	74.3%	-13.0%
Interest Income	3.74	0.6%	8.12	1.5%	8.10	1.6%	-0.2%	116.7%	12.55	0.5%	25.33	1.1%	101.9%
Advertising Income	1.62	0.3%	1.42	0.3%	5.14	1.0%	261.9%	217.3%	6.45	0.2%	9.79	0.4%	51.8%
Total revenue from core business (4 items)	625.18	100.0%	545.82	100.0%	520.03	100.0%	-4.7%	-16.8%	2,679.35	100.0%	2,238.64	100.0%	-16.5%
Cost of services	-504.44	-80.7%	-446.33	-81.8%	(432.75)	-83.2%	-3.0%	-14.2%	(2,143.37)	-80.0%	(1,837.18)	-82.1%	-14.3%
Gross profit	120.74	19.3%	99.49	18.2%	87.28	16.8%	-12.3%	-27.7%	535.98	20.0%	401.46	17.9%	-25.1%
Service & Administrative expenses	-76.30	-12.2%	-70.55	-12.9%	(95.49)	-18.4%	35.4%	25.2%	(281.29)	-10.5%	(293.35)	-13.1%	4.3%
Operating profit	44.44	7.1%	28.94	5.3%	(8.22)	-1.6%	-128.4%	-118.5%	254.69	9.5%	108.10	4.8%	-57.6%
Other income	62.08	9.9%	58.18	10.7%	58.95	11.3%	1.3%	-5.1%	248.10	9.3%	235.09	10.5%	-5.2%
Share of profit from investment in associate	-0.97	-0.2%	17.14	3.1%	18.39	3.5%	7.3%	-1996.1%	-	0.0%	44.20	2.0%	0.0%
Profit before finance cost and income tax expenses	105.55	16.9%	104.26	19.1%	69.12	13.3%	-33.7%	-34.5%	502.78	18.8%	387.39	17.3%	-23.0%
Bank charge	-1.58	-0.3%	-1.46	-0.3%	(0.66)	-0.1%	-54.6%	-58.1%	(6.08)	-0.2%	(4.77)	-0.2%	-21.5%
Interest expenses	-3.15	-0.5%	-2.52	-0.5%	(3.87)	-0.7%	53.6%	22.9%	(13.81)	-0.5%	(11.77)	-0.5%	-14.8%
Profit before income tax expenses	100.82	16.1%	100.28	18.4%	64.59	12.4%	-35.6%	-35.9%	482.89	18.0%	370.85	16.6%	-23.2%
Income tax expense	-20.04	-3.2%	-16.64	-3.1%	(10.17)	-2.0%	-38.9%	-49.3%	(82.83)	-3.1%	(68.97)	-3.1%	-16.7%
Net profit	80.78	12.9%	83.64	15.3%	54.42	10.5%	-34.9%	-32.6%	400.06	14.9%	301.88	13.5%	-24.5%
Non-controlling interests of the subsidiaries	0.00	0.0%	0.00	0.0%	-	0.0%	#DIV/0!	#DIV/0!	-	0.0%	-	0.0%	0.0%
Net profit - Equity holders of the Company	80.78	12.9%	83.64	15.3%	54.42	10.5%	-34.9%	-32.6%	400.06	14.9%	301.88	13.5%	-24.5%

Total Revenue

Total revenue from the core business in 2022 was Bt2,238.64mn, decreasing 16.5% yoy because the economic activities have not recovered yet, and there were high inflation and flood crisis affecting the already- slow- down economic activities that caused the purchasing power of middle- to- low- income consumers to decline. 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 Bt541.28mn, decreasing 27.8% yoy under the economic slow- down and customer behavior has shifted to using mobile internet packages and another channels.

2) Income from rendering of services through online top-up machines (Service Charge) was Bt1,662.26mn, decreasing 13.0% yoy because economic activities have not recovered yet. It also is affected by the higher cost of living from food and energy prices even though the country has opened up and Co- paid project came to stimulate the economy. It caused the reduced purchasing power of Company's customers and concerns. The number of deposit- transfer transactions was more than 1.5mn transactions per month and the amount of top-up service for E- Wallets used through the Boonterm kiosk was more than Bt7,329mn reflected that the demand for the services through the company's channels are still high and popular.

3) Interest income was Bt25.33mn, increasing 101.9% yoy, due to the growth of the loan portfolio. Most of them are personal loans that are provided through the application. which is a group of corporate customers who are reliable.

4) Advertising income was Bt9.79mn, increasing 51.8% yoy, because partners use the Boonterm kiosk as a means of promoting.

5) Other income was Bt235.09mn, decreasing 5.2% yoy, from marketing support from service providers.

Costs and Expenses

1) Cost of services was Bt1,87.18mn, decreasing 14.3% yoy from the decrease in top-up revenue and the use of fully depreciated kiosks.

2) Service & administrative expenses was Bt293.35mn, increasing 4.3% yoy. This was due to adding record the provision for bad debts which more than actual NPL. However, the Company believes that they can be collected and also collaborate with a professional partner to

manage the debts, expected to collect more, resulting in a decrease in doubtful debt reserves as well as expecting the economy to recover in the next year. In addition, there are expenses rising from marketing promotion fees in the attractive kiosk project for both cleaning kiosks to be cleaner and more useful as well as creating awareness. It is encouraging customers to use more service; meanwhile, the Company has new customer base as well.

Profits

1) Gross profit was Bt401.46mn, representing a gross profit margin of 17.9%, due to the decreased mobile recharge and the increase in interest income from the lending business and cost control for efficiency.

2) Share of profit from investment in associate was Bt44.2mn., which is the recognition of profit from FVD since June.

3) Net profit was Bt301.88mn, decreasing 24.5% yoy due to the decreased mobile recharge, share of profit from investment in associate and good cost control.

Statement of Financial Position

Statement of Financial position	31 Dec 21		31 Dec 22		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,397.41	47.6%	1,336.02	47.1%	-61.39	-4.4%
Non-current assets	1,539.79	52.4%	1,498.76	52.9%	-41.03	-2.7%
Total assets	2,937.20	100.0%	2,834.78	100.0%	-102.42	-3.5%
Current liabilities	1,316.51	44.8%	1,229.18	43.4%	-87.33	-6.6%
Interest Bearing Debt - Current	366.59	12.5%	365.97	12.9%	-0.62	-0.2%
Interest Bearing Debt - Non current	122.44	4.2%	106.48	3.8%	-15.96	-13.0%
Non-current liabilities	4.34	0.2%	5.21	0.2%	0.87	20.0%
Total liabilities	1,809.88	61.6%	1,706.83	60.2%	-10304.6%	-5.7%
Total shareholders' equity	1,127.32	38.4%	1,127.95	39.8%	0.63	0.1%
Total liabilities and shareholders' equity	2,937.20	100.0%	2,834.78	100.0%	-102.42	-3.5%

Total assets were Bt2,834.78mn, decrease from cash and cash equivalents and the use of fully depreciated kiosks.

Total liabilities were Bt1,706.83 mn, a decrease from loan payment.

Total shareholders' equity was Bt1,127.95 mn., a decrease of Bt0.63mn. from dividends paid Bt301.25mn. and profit 2022 amounted to Bt301.88mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter	Y.2021	Y.2022
	4/2021	3/2022	4/2022		
Current ratio	0.83	0.79	0.84	0.83	0.84
Debt to Equity ratio	1.61	1.64	1.51	1.61	1.51
Interest Bearing Debt ratio	0.43	0.52	0.42	0.43	0.42
Return on Asset	12.7%	11.4%	10.5%	12.7%	10.5%
Return on Equity	35.8%	29.8%	26.8%	35.8%	26.8%

Current ratio was 0.84x, decreasing 0.01x yoy showing the Company's good liquidity.

Debt to equity ratio was 1.51x, decreasing yoy, from the decrease in short term payment.

Interest-bearing debt to equity ratio was 0.42x, decrease yoy due to a decrease in shareholders' equity from the interim dividend payment.

Return on assets was 10.5%, decreasing yoy, due to a decline in net profit for the past 12 months. However, the Company still focuses on asset management to generate more efficient income.

Return on equity was 6.8%, decreasing yoy, due to a decline in net profit for the past 12 months. The Company still manage to pay dividends to shareholders 2 times a year continuously.

Source and Use of Fund 2022 (Bt mn)

Source of fund		Use of fund	
Operating cash flow	663.96	Investment in fixed assets	156.50
Short-term loan	1,790.00	Investment in FVD	188.50
Interest earned	22.83	Repayment of short-term loans	1,790.00
Other	0.70	Dividend payment	301.25
		Cash paid for interest expenses	6.00
		Income tax paid	81.79
Cash decreased	68.31	Cash paid for lease liabilities	21.76
Total	2,545.80	Total	2,545.80

Management Outlook

Target in 2023

Total usage amount

- The amount usage through Boonterm growth 5-10% yoy
- Realize profit sharing from holding shares in "Taobin" and expanding "Taobin" 5,000 to 10,000 in 2023
- Expanding GINKA Charge point 5,000

Banking agent business

- Addition Banking agent 1 bank which currently serves for 8 banks.
- Banking agent, cash deposit, withdraw, account opened, withdraw with card.
- Target lending amount Bt500 - 1,000mn.

Expanding channels and services

- Expanding counter cashier service
- Corporate application
- Expanding GINKA Charge point 5,000

CAPEX Bt1,000 – 1,500mn.

- Lending
- GINKA Charge point 5,000
- Mini ATM kiosk and other

Operations

- Efficient kiosk location management and adding new services in order to increase ARPU.
- Being appointed for more to be as banking agent and non-bank which currently serves for 8 banks
- Developing Boonterm kiosk to be a one-stop financial service kiosk, i.e. cash deposit, money withdrawal, money transfer, payment, and new account opening.
- Domestic money transfer service.
- Expanding cashier counters.
- Launching new application for enterprises' customers.
- Expanding customer base with new partners.
- Co-managing Tao Bin.
- Expanding loan portfolio to large network groups, expected low NPL rate.
- Expanding GINKA Charge point 5,000 in 2023.

Maintaining the leader position of top-up and payment business

Over 13 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 "Boonterm Rewards" which has been organized continuously for over 2 years. It is a marketing activity that has led customers to use the service at Boonterm kiosks more. At the same time, it continues to retain existing customers.

Strengthening banking agent and lending business

The Company focuses on strengthening this business by adding more service channels besides Boonterm kiosk, a community bank and expanding to cashier in convenience stores or department stores as well as building mobile applications for large corporate customers. The company is able to provide comprehensive financial services such as deposit-transfer services for both Thais and foreigners (pink cards), e-KYC services and cash withdrawal services via Boonterm Mini ATMs with the target of expanding up to 10,000 kiosks in 3 years. The company continues to add 1 more bank for representation as banking agent to expand its customer base. In addition, 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 cashier. As a result of these additional services, the number of transactions will increase by 5-10%.yoy.

The Company offers both personal loans and installment loans (Buy now pay later: BNPL) and also continued to expand its credit portfolio, which will focus on providing personal loans to customers who are reliable and reside to make credit quality control more efficient and BNPL to

customers who want to buy electrical appliances and mobile phones. By providing services in conjunction with partners, the costs are low and competitive. At the same time, the company is very careful in providing all loans. The existing database is used for customer analysis to reduce the risk of bad debts as well as developing new products to meet the needs of customers. The Company will push services in all channels of the company for convenient access to lending business. With portfolio in 2023 of Bt1,000 mn, it will help support the company's revenue to grow continuously.

Supporting Vending Machine and EV charger Business

Robotic barista, "Taobin", a vending machine for freshly brewed beverages that creates deliciousness through all types of beverages, including hot, cold and smoothie, through the innovation and development of FORTH group, is popular over the last year. The Company is confident and maintains its goal to expand service points to 20,000 kiosks nationwide within 2 years and has a sales volume of 50 glasses per day per kiosks or 1 million glasses per day. The Company will support Taobin with a strong payment system and an experienced team. The Company will receive service fee from the income and the recognition of equity income from the investment (Equity Income Method). In this year, the company will recognize such profit sharing throughout the year resulting in a continuous income base from new business groups.

Due to the increasing concern of the global environment today, electric vehicles are therefore one of the automotive options that help reduce carbon dioxide instead of using combustion engine cars. The Company offers high-standard electric vehicle charger from FORTH, giving its products an advantageous position, due to lower costs. GINKA comes with 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 touch screen display. There is no need for mobile application. There are a notification via SMS when fully charged and many payment systems.

In term of business model, it is a joint investment with landlord so that they do not have to highly invest for the charger, have common ownership and clearly share the revenue from the use of charging services with fairness for both the land owner and the Company. The landlord only provides the installation location and electrical system because the Company provides machine warranty, support system both forms of payment based on actual use and can accumulate money for next use. There are a parking management system (wheel lock system, if you do not pay, the wheel will be locked), and a team of experts available 24/7 both online and in the area to maintain the machine ready to use at all times. There are also a website for landlord to check the usage information and call center staff available 24 hours a day. GINKA will help meet the needs of users who want convenience, ease of use, reduce the process of installing applications. It can be used immediately and easy to pay, which just pay via QR code on the machine screen. If the balance from charging can be stored as credit in the phone number.

Being a part of building a good society.

The Company believes that "Every life has meaning". The company realizes the value of life and takes part in sustainable social development with the Mirror Foundation in providing more than 130,000 Boonterm kiosks. It is a way to announce the search for missing people under the project "Missing people, Boonterm helps" as well as being part of receiving information to coordinate with the Foundation.

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