

## Forth Smart Service Public Company Limited (FSMART) 2Q/2023 Management Discussion and Analysis

**Operational Summary in 2Q/2023** (recovery economic activities, consumptions, the medium-low-income consumers are more cautious in their spending)

- Total revenue from core business was Bt509mn.
- Net profit was Bt78mn. (Earnings Per Share 0.10 Baht)
- The Company is the banking agent for 8 commercial banks (KTB, KANK, BAY, GSB, BAAC, SCB, CIMBT, BBL).
- Start to installed GINKA Charge Point in August.
- Total money transfer transactions were 4.38 million transactions per quarter.
- Lending outstanding amount was Bt264mn.
- Number of “Boonterm kiosk” was 126,208 nationwide.
- Number of TAOBIN Robotic Barista was 6,142 nationwide.

### Significant Event in 2Q/2023

- ❖ Campaign “Term Loon Ruay” award more than 2.4 million and addition banking agent, cash deposit more than 3,000 cashier counters nationwide.

### Business Overview

		Quarter	Quarter	Quarter	Quarter	Quarter
		2/2022	3/2022	4/2022	1/2023	2/2023
Total number of "Boonterm Kiosk" as the period ended	(Kiosk)	129,967	130,012	129,918	129,813	126,208
Total number of "Tao Bin" as the period ended	(Kiosk)	2,138	3,572	4,942	5,537	6,142
Total usage amount through "Boonterm Kiosk"	(Bt.mn.)	9,162	8,790	8,684	8,768	8,598
- Total usage amount top up and bill payment	(Bt.mn.)	6,342	6,250	6,252	6,259	6,131
- Total usage amount money transfer	(Bt.mn.)	2,820	2,540	2,432	2,509	2,468
- Total number of money transfer transactions (per quarter)	(Txn)	4,800,568	4,450,724	4,203,283	4,356,496	4,380,046
Total amount of beverage sold from Tao Bin	(Bt.mn.)	346	484	550	575	592
Total number of cups "Tao Bin"	(Cup.mn.)	9.95	14.86	17.33	18.59	19.56

The Company focuses on expanding channels and services of Boonterm kiosks to provide maximum convenience to its customers via 126,208 kiosks, more than 3,000 cashier counters nationwide and the application for corporate customers under the name "Wallet Powered by Boonterm". For the operating result in 2Q2023, the total Boonterm kiosk was decreased 3,605 due to destroy the use of fully depreciated kiosks, the total transaction amount was Bt8,598mn as a decrease from the previous quarter due to pressures the purchasing power even though Thai economy seem to be improved. Customers are more cautious in their spending especially, the medium-low-income consumers have limited income. The company has company's campaign

“Tem Loon Ruay” for improvement in consumer purchasing as the inflation situation to subside. The Company can continue to make profits and operate continually with the strategy in accordance with the situation.

**Online Top-up and Payment Business** recovered as consumers' purchasing power increased due to improved economic activity and inflation. The Company continues to focus on meeting our potential customer base needs with internet package top-up services and expand the new customer base from 3 service channels; Boonterm kiosk, counter cashiers 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 6,131 million baht. This reflects the convenience of using services through Boonterm that can be accessed in every community and might grow 5-10%.

**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. In 2Q2023, the total number of deposit-transfer transactions via the Boonterm kiosk was 4.38 million transactions, due to customers having the convenience of making transactions through the Boonterm kiosk, like a bank, which is easy to use and available 24 hours a day. In addition, many banks gradually reduce the number of branches and have limited working hours.

As of 30 June 2023, the outstanding lending credit was Bt264mn with interest income of Bt7.1mn, in 2Q2023, the Company was still focused on providing credit loans to customers who are reliable and credible. This makes credit quality control more efficient, by offering personal loans and installment loans (Buy now pay later: BNPL) to better meet the customers' need as well as especially non-performing loans (NPLs) that the Company is highly strict. The Company is more careful in lending services through account binding for monthly loan payments making it

more efficient. The company managed the field debt collector team and outsourced agents to collect money to be efficient. This makes credit quality control more efficient.

**TAOBIN Robotic Barista and EV charger Business**, in terms of the 2Q2023 result, total sales of TAOBIN robotic barista was Bt592mn, increasing 2.9% QoQ and 71.1% YoY. The total number of sale cups was 19.56 mn. cups, increasing 5.2% QoQ and 96.58% YoY. There were a total of 6,142 machines nationwide, increasing 10.9% QoQ and 187.28% YoY. In 2Q2023, the number of TAOBIN machines has not increased much since the machines were relocated from the areas where sales do not meet the sale criteria to the higher-sales areas, and a new version of the TAOBIN machines, an updated version to brew more drinks, were installed instead of the old version. However, the sales of TAOBIN's drinks and TAOBIN's members continued to increase as Forth Vending Co., Ltd has been advertising on billboards along the expressway, bus stops and etc. to create awareness for new customers along with doing various promotional programs and new campaigns with partners via social media and TAOBIN machines' screens to attract both existing and new customers for all ages to try new menu at special price such as Pepsi flavors.

**2Q/2023 Financial Statement Summary**

Income Statement	Q2/2022		Q1/2023		Q2/2023		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	141.43	24.2%	114.40	22.4%	105.05	20.6%	-8.2%	-25.7%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	435.29	74.6%	387.14	75.8%	397.16	78.0%	2.6%	-8.8%
Interest Income	5.27	0.9%	7.40	1.5%	7.13	1.4%	-3.6%	35.3%
Advertising income	1.57	0.3%	1.61	0.3%	-	0.0%	-100.0%	-100.0%
<b>Total revenue from core business (4 items)</b>	<b>583.56</b>	<b>100.0%</b>	<b>510.55</b>	<b>100.0%</b>	<b>509.35</b>	<b>100.0%</b>	<b>-0.2%</b>	<b>-12.7%</b>
Cost of services	-477.82	-81.9%	-416.18	-81.5%	(405.62)	-79.6%	-2.5%	-15.1%
<b>Gross profit</b>	<b>105.74</b>	<b>18.1%</b>	<b>94.36</b>	<b>18.5%</b>	<b>103.72</b>	<b>20.4%</b>	<b>9.9%</b>	<b>-1.9%</b>
Service & Administrative expenses	-64.83	-11.1%	-67.45	-13.2%	(77.47)	-15.2%	14.9%	19.5%
<b>Operating profit</b>	<b>40.91</b>	<b>7.0%</b>	<b>26.92</b>	<b>5.3%</b>	<b>26.25</b>	<b>5.2%</b>	<b>-2.5%</b>	<b>-35.8%</b>
Other income	57.29	9.8%	50.78	10.0%	49.76	9.8%	-2.0%	-13.1%
Share of profit from investment in associate	8.67	1.5%	20.71	4.1%	16.87	3.3%	-18.5%	94.6%
<b>Profit before finance cost and income tax expenses</b>	<b>106.87</b>	<b>18.3%</b>	<b>98.40</b>	<b>19.3%</b>	<b>92.88</b>	<b>18.2%</b>	<b>-5.6%</b>	<b>-13.1%</b>
Bank charge	-1.35	-0.2%	-1.19	-0.2%	(1.06)	-0.2%	-10.6%	-21.2%
Interest expenses	-2.74	-0.5%	-2.68	-0.5%	(1.94)	-0.4%	-27.5%	-29.2%
<b>Profit before income tax expenses</b>	<b>102.78</b>	<b>17.6%</b>	<b>94.54</b>	<b>18.5%</b>	<b>89.88</b>	<b>17.7%</b>	<b>-4.9%</b>	<b>-12.6%</b>
Income tax expense	-19.90	-3.4%	-16.87	-3.3%	(15.56)	-3.1%	-7.8%	-21.8%
<b>Net profit</b>	<b>82.88</b>	<b>14.2%</b>	<b>77.67</b>	<b>15.2%</b>	<b>74.32</b>	<b>14.6%</b>	<b>-4.3%</b>	<b>-10.3%</b>
Non-controlling interests of the subsidiaries	0.00	0.0%	0.00	0.0%	-	0.0%	0.0%	0.0%
<b>Net profit - Equity holders of the Company</b>	<b>82.88</b>	<b>14.2%</b>	<b>77.67</b>	<b>15.2%</b>	<b>74.32</b>	<b>14.6%</b>	<b>-4.3%</b>	<b>-10.3%</b>

**Total Revenue**

Total revenue from the core business in 2Q2023 was Bt509mn, decreasing 0.28% QoQ and decreasing 12.7% YoY because the economy has not fully recovered, inflation began to subside, but 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 Bt105.5mn, decreasing 8.2% QoQ and decreasing 25.7% YoY under the economic recovery and customer behavior has shifted to using mobile internet packages and other channels.
- 2) Income from rendering of services through online top-up machines (Service Charge) was Bt397.16mn, increasing 2.6%

QoQ and decreasing 8.8% YoY because economic activities have not fully recovered, customer purchasing power has decreased. The number of deposit-transfer transactions was more than 1.39mn transactions per month and the amount of top-up service for E-Wallets used through the Boonterm kiosk was more than Bt1,841mn reflected that the demand for the services through the company's channels are still high and popular.

- 3) Interest income was Bt7.13mn, decreasing 3.6% QoQ, due to the Company being more careful in lending service by linking the customer's account for monthly payments and managing more efficient lending and more appropriately.
- 4) Advertising income as of 30 June 2023 had not advertising income due to partners reducing promoting budget.

5) **Other income** was Bt49.76mn, decreasing 2.0% QoQ, from mobile top-up service decrease.

**Costs and Expenses**

1) **Cost of services** was Bt405.62mn, decreasing 2.5% QoQ from the company, had more the use of fully depreciated kiosks and continued effective cost control.

2) **Service & administrative expenses** was Bt77.47mn, increasing 14.9% QoQ. This was due to increasing 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 a new customer base as well.

**Profits**

1) **Gross profit** was Bt103.72mn, representing a gross profit margin of 20.4% increasing 9.9% QoQ, due to the decreased mobile recharge and cost control for efficiency.

2) **Share of profit from investment in associate** was Bt16.87mn., which is the recognition of profit from Forth Vending Co., Ltd. (FVD).

3) **Net profit** was Bt74.32mn, decreasing 4.3% QoQ due to the decreased mobile recharge, share of profit from investment in associates and good cost control.

**Statement of Financial Position**

Statement of Financial position	31 Mar 23		30 Jun 23		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,343.61	49.2%	1,211.00	45.9%	(132.61)	-9.9%
Non-current assets	1,390.20	50.9%	1,429.60	54.1%	39.40	2.8%
<b>Total assets</b>	<b>2,733.80</b>	<b>100.0%</b>	<b>2,640.59</b>	<b>100.0%</b>	<b>(93.21)</b>	<b>-3.4%</b>
Current liabilities	1,151.39	42.1%	1,158.42	43.9%	7.02	0.6%
Interest Bearing Debt - Current	266.94	9.8%	216.86	8.2%	(50.07)	-18.8%
Interest Bearing Debt - Non current	104.36	3.8%	100.09	3.8%	(4.27)	-4.1%
Non-current liabilities	5.50	0.2%	5.79	0.2%	0.29	5.3%
<b>Total liabilities</b>	<b>1,528.18</b>	<b>55.9%</b>	<b>1,481.15</b>	<b>56.1%</b>	<b>(47.03)</b>	<b>-3.1%</b>
<b>Total shareholders' equity</b>	<b>1,205.62</b>	<b>44.1%</b>	<b>1,159.44</b>	<b>43.9%</b>	<b>(46.18)</b>	<b>-3.8%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,733.80</b>	<b>100.0%</b>	<b>2,640.59</b>	<b>100.0%</b>	<b>(93.21)</b>	<b>-3.4%</b>

**Total assets** were Bt2,640.59mn, decrease from cash and cash equivalents and the use of fully depreciated kiosks.

**Total liabilities** were Bt1,375.60mn, a decrease from loan payment.

**Total shareholders' equity** was Bt1,159.44 mn, an increase from profit 1H2023 amounted to Bt74.32mn and 2022 annual dividend payment.

**Key Financial Ratio**

Financial Ratio	Quarter	Quarter	Quarter	Quarter	Quarter
	4/2021	1/2022	4/2022	1/2023	2/2023
Current ratio	0.83	0.91	0.84	0.95	0.88
Debt to Equity ratio	1.61	1.50	1.51	1.27	1.28
Interest Bearing Debt ratio	0.43	0.44	0.42	0.31	0.27
Return on Asset	12.7%	12.4%	10.5%	10.9%	11.0%
Return on Equity	35.8%	31.7%	26.8%	24.8%	25.0%

**Current ratio** was 0.88x, decreasing 0.07x QoQ showing the Company's good liquidity.

**Debt to equity ratio** was 1.28x, increasing 0.01x QoQ, from the decrease in short term payment.

**Interest-bearing debt to equity ratio** was 0.27x, decreasing 0.04x QoQ due to loan payment.

**Return on assets** was 11.0%, increasing QoQ, due to focusing on asset management to generate more efficient income.

**Return on equity** was 25.0%, decreasing QoQ due to a decline in net profit. However, the Company continually pays dividends to shareholders twice a year.

**Source and Use of Fund 2Q/2023 (Bt mn)**

Source of fund		Use of fund	
Operating cash flow	394.58	Investment in fixed assets	36.23
Dividend receive	18.88	Investment in FSB	84.00
Other	0.73	Repayment of short-term loans	150.00
Cash increased	25.81	Dividend payment	120.50
		Cash paid for interest expenses	3.38
		Income tax paid	34.92
		Cash paid for lease liabilities	10.97
<b>Total</b>	<b>440.00</b>	<b>Total</b>	<b>440.00</b>

## Management Outlook

**Target in 2023** (Adjust the projection to be in line with economy, purchasing power and household debt)

### Total usage amount

- The amount usage through Boonterm growth 5-10% YoY.
- Realize profit sharing from holding shares in "TAOBIN"
- Start to record revenue from electric vehicle charging.

### Banking agent business

- Banking agent, cash deposit, withdraw, account opened, withdraw with card.
- Total number of money transfer transactions growth 5-8% YoY.
- Target lending amount Bt300 - 500mn.

### Expanding channels and services

- Expanding more cashier counters.
- Expanding TAOBIN robotic barista 8,500-10,000 kiosks.
- Expanding GINKA Charge point 5,000 within a year.

### CAPEX Bt800 – 1,000mn.

- Lending
- GINKA Charge point 5,000 within a year.
- EV Station.

### Maintain the leader of top-up and adding new services.

Over 14 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 cleaning the Boonterm kiosks to be usable and marketing campaigns.

### Strengthen the potential and develop comprehensive financial business services.

The Company focuses on strengthening this business by adding more service channels besides Boonterm kiosk, a community bank and expanding to cashier counters in convenience stores or department stores as well as building mobile applications for large corporate customers. The customers can make transactions through the Boonterm kiosk up to 8 banks and the cashier counter of the company can make transactions up to 4 banks (Krungthai Bank Public Company Limited / Kasikornbank Public Company Limited / The Siam Commercial Bank Public Company Limited / Bank for Agriculture and Agricultural Cooperatives) and continue to addition the number of banks through the cashier counter continuously. 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 cashiers.

For lending service business, the company focuses on providing credit services to customers who are reliable and located in the main source of income by offering a variety of products to meet the needs of customers, both personal loans and installment loans. (Buy now pay later: BNPL) via application. By managing and increasing caution in providing credit services by applying for a loan through

## Operations

- Efficient kiosk location management, awareness Communicate, various campaigns, including cleaning the kiosks to be usable and adding new services in order to increase ARPU.
- Expanding cashier counters.
- Expanding cash deposit, withdraw by cashier counters.
- Developing Boonterm kiosk with bank to be a money withdrawal by card.
- Expanding loan portfolio by addition new product for more efficiency with expected low NPL rate.
- Expanding customer base with new partners.
- Co-managing TAOBIN robotic barista.
- Expanding GINKA Charge point 5,000 (Close area such as Condominium, Accommodation, Department Store, Mom and pop Shop and EV Station) in 2023.

account binding for monthly loan payments making it more efficient. It also set up a debt collection team and field debt collector with professional partners to manage credit lending efficiently.

#### Research and development electric vehicle charger and the Taobin robotic barista machines.

*Expanding GINKA Charge Point.* The company plans to provide “GINKA Charge Point” electric vehicle chargers, both DC Type, fast charging, and AC Type, normal charging, to serve all needs, both for entrepreneurs or small businesses. In 3Q2023, AC Type will be available by focusing on closed areas such as condominiums, department stores, etc. The company has designed products to correspond with the actual usage in each area. That focuses on solving problems and facilitating area owners and customers who come to use the service with 3 business models: selling electric vehicle chargers with an after-sales management, joint venture with the owner area and the company has invested

The company conducts extensive testing of the internal system to ensure maximum performance, with innovative, 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 which can use the remaining credit stored in the phone number to make the next transaction. As well development of wheel locks to be a parking payment system. Fixed an issue where a car was parked but not charging or fully charged but not taking the car out. The customer will not be able to take the car out if the parking fee is not paid.

*Combining all products and services for complete convenience.* The company plans to provide electric vehicle charging stations at GINKA Charge Point in a large area in stand-alone style in the form of electric vehicle charging stations (EV Station). in the form of self-service, for example, TAOBIN robotic barista with freshly brewed drink counter. Automate counter of ready-to-eat food such as noodles, pearl milk tea, for customers to sit and eat and drink while waiting to charge the electric car. Which is a full-service cafe. It is a new model that supports the needs of all customer groups. It is expected to be grand opening within this year.

The Company invests in FVD, a kiosk provider TAOBIN Robotic Barista. that serves fresh coffee and freshly brewed beverages automatically. That has been popular and has continued to grow with customers who come to become members, TAOBIN plans to increase the number of service kiosks, totaling 8,500-10,000 kiosks by the end of this year. as well as continuing to develop new drink recipes that are unique in seasons or festivals. Along with advertising to be aware and attract customers to buy high-quality at affordable prices. And further development “Taobin counter” which opened in the form of the full service cafe inside GINKA EV Station.

#### To be a part of creating a better society and public consciousness.

The company takes part in sustainable social development with the Mirror Foundation in providing 126,208 Boonterm kiosks. It is a way to announce the search for missing people under the project “Missing people, Boonterm helps” and “Boonterm care the world” for foundation plastic bottles in order to recycle to be reangsukul robes for monks.

#### Guidelines for sustainable business of the company.

The Company takes into account the sustainability in the future both of the environment, society and governance (ESG). Focus on expanding the Boonterm kiosks to distribute income to the community and to be able to access various transactions more conveniently. Including innovation of electric vehicle charger “GINKA Charging Point” support for renewable energy. To be part of driving Thailand's Net Zero in the future.

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