

Forth Smart Service Public Company Limited (FSMART)
2023 Management Discussion and Analysis

Operational Summary in 2023 (Recovery economic activities, High cost of living, Rain floods)

- Total revenue from core business was Bt2,068.77mn.
- Net profit was Bt299.4mn. (Earnings Per Share 0.40 Baht)
- Dividend payment total 0.36 Bt per share
- The Company is the banking agent for 8 commercial banks (KTB, KANK, BAY, GSB, BAAC, SCB, CIMBT, BBL).
- Total money transfer transactions were 4.27 million transactions per quarter.
- Lending outstanding amount was Bt364.6mn. (NPL7%)
- Number of “Boonterm kiosk” was 125,407 nationwide.
- Number of TAOBIN Robotic Barista was 6,392 nationwide.

Significant Event in 2023

January

- ❖ Collaborated with Big C Super Center Public Company Limited to expand payment channels through Big C counters nationwide and opened the service of selling electrical appliances along with installment loan services (BNPL) to large corporate customers.

February

- ❖ Introducing the prototype electric car charger GINKA Charge Point, highlighting the advantage that no app can be charged, just select - pay - charge via the Touch Screen and expand the Sukjai loan business exponentially further.

April

- ❖ Organized the campaign "Fill Up, Win Rich", an activity to join in the chance to win prizes of more than 2.4 million baht and the shareholder meeting resolved to approve the payment of dividends for the year 2022 at the rate of 0.36 baht per share, with the company paying interim dividends at the rate per share. 0.20 baht and pay the remaining dividend of 0.16 baht per share on May 3, 2023

May

- ❖ The Company provided deposit-transfer services through more than 2,000 cashier counters nationwide.

August

- ❖ Forth Smart received the THAILAND BEST MANAGE CAMPANNIES 2023 award for a company with excellent organizational management, paid interim dividends for the year 2023, and registered a reduction in treasury shares that were not redeemed.

September

- ❖ Ginka opened its first "Ginka Charge Point" service at two locations: The Major Cineplex Ratchayothin Charge Parking Building and the parking area inside Ekkachai Hospital. Samut Sakhon Province

November

- Appointed as a Bangkok Bank Representative Service is provided through the cashier counter.

Business Overview

		Quarter	Quarter	Quarter	Quarter	Quarter	Y 2022	Y 2023	%YoY
		4/2022	1/2023	2/2023	3/2023	4/2023			
Total number of "Boonterm Kiosk" as the period ended	(Kiosk)	129,918	129,813	126,208	126,023	125,407	129,918	125,407	-3.47%
Total number of "Tao Bin" as the period ended	(Kiosk)	4,942	5,537	6,142	6,567	6,392	4,942	6,392	29.34%
Total usage amount through "Boonterm Kiosk"	(Bt.mn.)	8,684	8,768	8,598	8,128	8,374	35,857	33,869	-5.54%
- Total usage amount top up and bill payment	(Bt.mn.)	6,252	6,259	6,131	5,832	5,940	25,146	24,162	-3.91%
- Total usage amount money transfer	(Bt.mn.)	2,432	2,509	2,468	2,296	2,435	10,711	9,707	-9.37%
- Total number of money transfer transactions (per quarter)	(Txn)	4,203,283	4,356,496	4,380,046	4,145,412	4,268,596	4,203,283	4,268,596	1.55%
Total amount of beverage sold from Tao Bin	(Bt.mn.)	550	575	592	599	524	1,510	2,290	51.62%
Total number of cups "Tao Bin"	(Cup.mn.)	17.33	18.59	19.56	20.20	18.02	45.78	76.36	66.79%

The company still maintains financial channels and services to provide convenience to customers in all areas throughout the country. There are 125,407 Boonterm kiosks distributed in many areas and more than 3,200 cashier counters nationwide. There is also the "Wallet Powered by Boonterm" project along with services and promotional activities on the application for corporate customers under the name "Wallet Powered by Boonterm". The operating performance in 2023 was Bt33,869 bn, from the previous year to 2023. Thailand is facing economic difficulties due to its cautious approach to public spending. Due to persistent inflation, the government is attempting to stimulate the economy by freezing oil prices. Measures to promote the improvement of people's living conditions. However, due to this situation, the economy remains stable and the unemployment rate remains high. The company continues to meet the needs of customers through Internet package services to meet the value and behavior of customers and maintain the potential customer base. And add new customers from three service channels, including Boon Term kiosks, cash registers, and applications. Continue to increase services that meet customer needs.

Online Top-up and Payment Business receive automatic payments affected by the high cost of living in addition, customer behavior has changed to calling via the internet, a factor that has led to a decline in mobile top-up services. However, the company still focuses on providing new services, such as Internet package recharge, wallet recharge, etc., and finding new packages. We are committed to providing new services to our customers. Satisfy

constantly changing customer behavior Help company customers receive services equally. Whether accessing services through Boontim kiosks, cash registers, or company applications. In addition, the company has expanded its financial services to support the services of foreign workers working in Thailand.

Banking Agent and Lending Business, Comprehensive financial service and loan business The company also strives to be a comprehensive financial service provider through being an agent for 8 banks that provide services for deposits, transfers, and withdrawals of cash through Boonterm kiosks. Cash withdrawal service via Boonterm ATMs from 2 banks: Kasikorn Bank and Siam Commercial Bank. Including e-KYC services through Boonterm kiosks in 2023, number of deposits and money transfers through Boonterm kiosks. There is an average of 1.5 million items per month.

The total outstanding loan amount is Bt364.6mn, with interest income of Bt38.38mn, an increase of 51.5%. Compared to last year, in terms of loan business, the company provides credit limits to more reliable large organizations. One million people are provided with cash credit lines and credit lines for purchasing electrical appliances. And mobile phones that effectively manage credit limits and allow customers to make monthly debits to pay installment payments. There is a debt tracking team that can effectively manage debts.

TAOBIN Robotic Barista and EV charger Business as of the end of 2023, the total number of vending machines under the "Tao Bin" brand was 6,392. 29.3% compared to last year, but slightly decreased compared to the previous quarter because in 2023, Fort Vending Company Limited has moved the installation location of the Taobin Cabinet from a low-quality location to a

quality location, along with bringing back the first version of the Taobin Cabinet to modify and upgrade it. The new version of the Tao Bin cabinet supports the sale of more drinks with each round of adding raw materials inside the cabinet, which will help customers receive more continuity in purchasing drinks from the Tao Bin cabinet. In 2023, the total sales revenue was Bt2.29mn, exceeding 77 million cups, with year-on-year growth of 51.7% and 66.8%, respectively. For the electric vehicle charger business, at the end of 2023, the company has increased the number of GINKA EVs installed in various areas, totaling 66 charging points, which has received good response from users

due to its ease of use, convenience, and Payment is not complicated. You can use mobile banking to scan and make payments without having to download an application. The company focuses on expanding service point areas to condominiums, hospitals, department stores, various offices, and so forth.

In addition, the plan will also expand into a one-stop electric vehicle charging station along with the new Tao Bin Cafe, with the goal of expanding the installation GINKA points. There are 2,000 electric vehicles charging this year.

2023 Financial Statement Summary

Income Statement	Q4/2022		Q3/2023		Q4/2023		%QoQ	%YoY	Y.2022		Y.2023		%YoY
	MB	%	MB	%	MB	%			MB	%	MB	%	
Income from rendering of top-up service for prepaid phone and other online service (Commission)	121.63	23.4%	97.08	19.1%	98.38	18.2%	1.4%	-19.1%	541.28	24.2%	405.58	19.6%	-25.1%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	385.16	74.1%	391.83	77.1%	420.02	77.7%	7.2%	9.1%	1,662.24	74.3%	1,606.28	77.6%	-3.4%
Interest Income	8.10	1.6%	10.08	2.0%	13.85	2.6%	37.4%	70.9%	25.33	1.1%	38.38	1.9%	51.5%
Advertising income	5.14	1.0%	-	0.0%	4.49	0.8%	0.0%	-12.6%	9.79	0.4%	4.49	0.2%	-54.1%
Total revenue from core business (4 items)	520.03	100.0%	507.25	99.8%	540.56	100.0%	6.6%	4.0%	2,238.64	100.0%	2,068.77	100.0%	-7.6%
Cost of services	(432.75)	-83.2%	(403.35)	(79.7%)	(401.84)	-74%	-0.4%	-7.1%	(1,837.18)	-82.1%	(1,622.95)	-78.5%	-11.7%
Gross profit	87.28	16.8%	99.09	19.5%	135.39	25.1%	36.6%	55.1%	401.46	17.9%	433.62	21.0%	8.0%
Service & Administrative expenses	(95.49)	-18.4%	(72.42)	-14.3%	(89.79)	-16.6%	24.0%	-6.0%	(293.35)	-13.1%	(308.32)	-14.9%	5.1%
Operating profit	-8.22	-1.6%	26.67	5.3%	45.59	8.4%	71.0%	-655.0%	108.10	4.8%	125.30	6.1%	15.9%
Other income	58.95	11.3%	44.62	8.8%	42.29	7.8%	-5.2%	-28.3%	235.09	10.5%	186.39	9.0%	-20.7%
Share of profit from investment in associate	18.39	3.5%	16.24	3.2%	8.97	1.7%	-44.8%	-51.3%	44.20	2.0%	62.78	3.0%	42.0%
Profit before finance cost and income tax expenses	69.12	13.3%	87.52	17.2%	96.84	17.9%	10.7%	40.1%	387.39	17.3%	374.46	18.1%	-3.3%
Bank charge	(0.66)	-0.1%	-	0.0%	-	0.0%	0.0%	-100.0%	(4.77)	-0.2%	-	0.0%	-100.0%
Interest expenses	(3.87)	-0.7%	(2.88)	-0.6%	-	-	-100.0%	-100.0%	(11.77)	-0.5%	(12.26)	-0.6%	4.2%
Profit before income tax expenses	64.59	12.4%	84.64	16.7%	96.84	17.9%	14.4%	49.9%	370.85	16.6%	362.20	17.5%	-2.3%
Income tax expense	(10.17)	-2.0%	(15.58)	-3.1%	(14.75)	-2.7%	-5.4%	45.0%	(68.97)	-3.1%	(62.75)	-3.0%	-9.0%
Net profit	54.42	10.5%	69.07	13.6%	82.10	15.2%	18.9%	50.9%	301.88	13.5%	299.45	14.5%	-0.8%
Non-controlling interests of the subsidiaries	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.0%	0.0%	-	0.0%	-	0.0%	0.0%
Net profit - Equity holders of the Company	54.42	10.5%	69.07	13.6%	82.10	15.2%	18.9%	50.9%	301.88	13.5%	299.45	14.5%	-0.8%

Total Revenue

Total revenue from the core business in 2023 was Bt2,068.77mn, decreasing 7.6% YoY because the economy has a stagnation, inflation began to subside, but the purchasing power of middle-to-low-income consumers to decline. In addition, there was a severe flooding situation. 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 Bt405.58mn, decreasing 25.1% YoY under the economics' slow down 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 Bt1,606.28mn, decreasing 3.4% YoY because economic activities have not fully recovered, customer purchasing power has decreased. The company has maintained the number of deposit-transfer service, and top-up service for E-Wallets through the Boonterm kiosk, for taking account to maintain the existing customers and expand to new customer groups.

3) **Sales of goods** was Bt14.03mn, increasing from sale of appliances and mobile phones.

4) **Interest income** was B38.38mn, increasing 51.5% YoY, 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.

5) **Advertising income** was Bt4.49mn, decrease 54.1% YoY due to partners reducing promoting budget.

6) **Other income** was Bt186.39mn, decreasing 20.7% YoY, from mobile top-up service decrease.

Costs and Expenses

1) **Cost of services** was Bt1,622.95mn, decreasing 11.7% YoY from the company, had more the use of fully depreciated kiosks and continued effective cost control.

2) **Cost of goods sold** was Bt12.20 mn. from sale of appliances and mobile phones.

3) **Service & administrative expenses** were Bt308.32mn, decreasing 5.1% YoY from credit loss expected to occur from lending.

Profits

1) **Gross profit** was Bt433.62mn, representing a gross profit margin of 21%, due to the decreased mobile recharge and cost control for efficiency.

2) **Share of profit from investment in associate** was Bt62.78mn., which is the recognition of profit from Forth Vending Co., Ltd. (FVD) by 26.71%

3) **Net profit** was Bt299.45mn, decreasing 0.8% YoY 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 Dec 22		31 Dec 23		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,311.02	46.3%	1,422.16	52.0%	111.14	7.8%
Non-current assets	1,523.76	53.8%	1,315.16	48.1%	-208.60	-15.9%
Total assets	2,834.78	100.0%	2,737.32	100.0%	-97.46	-3.6%
Current liabilities	1,229.18	43.4%	1,224.95	44.8%	-4.23	-0.4%
Interest Bearing Debt - Current	365.97	12.9%	238.46	8.7%	-127.50	-53.5%
Interest Bearing Debt - Non current	106.48	3.8%	96.67	3.5%	-9.81	-10.2%
Non-current liabilities	5.21	0.2%	5.92	0.2%	0.71	12.0%
Total liabilities	1,706.83	60.2%	1,566.00	57.2%	(140.84)	-9.0%
Total shareholders' equity	1,127.95	39.8%	1,171.32	42.8%	43.37	3.7%
Total liabilities and shareholders' equity	2,834.78	100.0%	2,737.32	100.0%	-97.46	-3.7%

Total assets were Bt1,422.16mn, decrease from the use of fully depreciated kiosks.

Total liabilities were Bt1,566mn, increasing from short term loan.

Total shareholders' equity was Bt1,171.32mn, an increase of Bt43.37mn. from dividends paid Bt256.07mn. and profit for 2023 amounted to Bt299.45mn.

Key Financial Ratio

Financial Ratio	Quarter		4Q23	Y.2022	Y.2023
	4/2022	3Q23			
Current ratio	0.84	0.88	0.97	0.84	0.97
Debt to Equity ratio	1.51	1.40	1.34	1.51	1.34
Interest Bearing Debt ratio	0.42	0.35	0.29	0.42	0.29
Return on Asset	0.10	0.10	10.9%	10.5%	10.9%
Return on Equity	26.8%	25.2%	25.6%	26.8%	25.6%

Current ratio was 0.97x, increasing 0.13x YoY showing the company's good liquidity.

Debt to equity ratio was 1.34x, from the decrease in short term loan.

Interest-bearing debt to equity ratio was 0.29x, decreasing due to dividend payment.

Return on assets was 10.9%, increase from YoY, due to focusing on asset management to generate more efficient income.

Return on equity was 25.65, decreasing QoQ. However, the Company continually pays dividends to shareholders twice a year.

Source and Use of Fund 2023 (Bt mn)

Sources and used sources 4nd Quarter of the year 2023 (Unit : Million Baht)

Source of fund		Use of fund	
Operating cash flow	587.68	Investment in fixed assets	111.68
Short - term loans	990.00	Investment in FSB	84.00
Dividend receive	37.58	Repayment of short-term loans	1,120.00
Interest Income	40.16		
Other	5.94	Dividend payment	256.07
		Cash paid for interest expenses	7.42
		Income tax paid	70.17
Cash increased	5.52	Cash paid for lease liabilities	17.54
Total	1,666.88	Total	1,666.88

Management Outlook

Target in 2024

Total Service usage amount amount

- Service amount through the company's channels increased 10% yoy.

Banking agent business

- Banking agent, adding a representative of at least 1 bank
- Expanding deposit/transfer services to foreign customers (CLMV)
- Expanding the loan portfolio to large corporate customers with Reliable, credit limit Bt500-800mn

Expanding channels and services

- Expand GINKA Charge point installation points to 2,000 points nationwide.
- Add a cashier counter service point
- Opening Tao Bin Cafe X GINKA Charge Point

Managing of the automatic cafe "Tao Bin"

- Expanding Tao Bin Cafe from 7,000 points to 10,000 points.
- Add new menu items to increase purchasing frequency.

Operations

- Maintain the efficiency of Boonterm kiosk management by focusing on quality locations and add new services to increase average revenue per kiosk (ARPU).
- Expand cashier counter channels to cover all areas.
- Acting as a bank representative (Banking Agent) including non-bank service provider's financial institution from the existing 8 commercial banks.
- Focus on making the Boonterm channel a point of complete financial services.
- Cash deposit-transfer service for foreign customers.
- Opening a complete electric vehicle charging service station (EV Station)
- Acknowledge the sharing profit gain from holding shares in "Tao Bin"
- Manage the payment system automatic payment "Tao Bin" machine and management of the automatic "Tao Bin" cafe

Uphold leadership Doing top-up and receiving payments business automatic payment

Entering the 16th year with assertive leadership doing mobile top-up and bill payments business automatic payment by importing while using existing innovations to create products and services to meet needs Customer behavior across all groups. The company's channels are used to help Thai society in a sustainable way, such as "Missing Persons Boonterm "Chuay-ha" in collaboration with the Mirror Foundation".

To coordinate missing persons through the Boonterm kiosk screen, which has more than 125,000 kiosks throughout Thailand. The company is committed to strengthening of the business along with connecting all channels to cover offline and online both by collaborating with partners to provide appropriate services and worthwhile for the company's customer group move forward to maintain top-up balance by maintaining the amount of the number of Boonterm kiosk installation points is more than 120,000 points, to be clean and pleasant to use.

Together with organizing sales promotions so that customers who come to use the service through the company's channels continuously in the long term receive many special privileges. Stimulate customer usage through many marketing campaigns for customers to choose to suit their needs and have the chance to win prizes every month, etc.

Ready to continue expanding additional cashier counter channels to reach more customer groups. To allow every group of customers to have access to a variety of payment services and services that are part of their daily life. in the daily life of every customer, along with adapting existing innovations to help manage costs efficiently.

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.

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 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. Target lending service business is Bt500-800mn.

Join in creating and supporting the machine business. Distributor of automatic products and electric vehicle chargers

"Tao Bin" Robotic Barista, a vending machine for freshly brewed drinks that creates deliciousness through all types of drinks, both hot, cold and blended, through innovation and development. The innovations of the FORTH group that have gained popularity throughout the year make the company confident and maintain its goal of expanding 20,000 service points nationwide within 3 years. The company will be a part of helping push the "Tao Bin" with its payment system. Strong financial position with an experienced team which the company will receive service fees for providing payment system services and recognizing profit sharing and profit from investment (Equity Income Method) in Forth Vending Company Limited as well.

Continuing from 2023, the company has stored the first version of the cabinet and It has returned to be updated to a new version. In 2024, Forth Vending Company Limited will rush to push the upgraded cabinets back to the market and be ready to serve all customer groups. Focusing on placing the Tao Bin cabinet in a location that has both good potentials which the company truly believe that there are still many good locations along with creating new menus for each festival along with using more big data to analyze for marketing that will reach customer target groups. more directly as well as there will be the company will increase promotions for both existing and new menu drinks to increase repeat purchases from existing customers and increase awareness among new customers. More advertising will be done through online media. The company expects that It is expected that from focusing on quality locations, promoting existing menus and adding new menus, and more targeted marketing will cause sales to continue to increase. In addition, the weather in the summer that determines the upcoming events that are likely to result in an increase in sales.

In addition, due to the increasing environmental concerns of the world today, Electric Vehicles are therefore one of the options for important factors of the automotive group that will come to help to reduce carbon dioxide emissions by replacing the use of combustion engine vehicles. The company has high standard electric vehicle charging station products from Developed and produced by FORTH

Group, a company produced by Thai people. Which can easily improve and develop the product as well as internal applications, keeping the company's products in position has an advantageous position in doing business get a better price.

With an innovative smart charging cable management system that automatically pulls the cable, it comes with a modern design. Helps service users experience the ease of use, uncomplicated touch screen display, no need to install the app, on your mobile phone, just scan and pay. When fully charged, there will be a notification via SMS. Moreover, it is a Thai-made machine. It can be said that the joint venture company with the owner of the area, so that the owner of the area does not have to make a high investment by clearly dividing the revenue from charging services and it is fair to both the land owner and the company. The land owner only prepares the installation site for ready to run the electrical system until the installation point and a then warranty for the machine throughout the contract period usage support system both forms of charging according to actual use and accumulate money to be redeem next time. There is a parking management system (wheel lock system; if payment is not made, the car cannot be pulled over). The system charges hourly fees, or specify the amount by the owner. There is a team of experts providing service 24 hours a day, 7 days a week. There are experts to take care of the system both online and offline so that it is ready for use at all times. There is a website for the owner to check. The area has checked usage data, and there is a Call Center staff available 24 hours a day. GINKA will help answer the needs of users who want convenience, ease of use, and reduced application installation steps. So, it can be used immediately, easy to pay, just scan and pay via QR code on the device screen. If there is money left over from charging, it can be stored as credit in the phone number to use for the next charge.

Combining all products and services for complete convenience

The Company plans to provide electric vehicle charging stations in 2 modes 1) 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 such as pearl milk tea, as well as automate counter of ready-to-eat food such as noodles, fried meatballs, for customers to sit, eat and drink while waiting to charge the electric vehicle. Which is a full-service café, it is a new model that supports the needs of all customer groups. 2) GINKA Charge Point in small area which opens in the form of a full-service cafe inside GINKA EV Station. The Company plans Tao Bin Café with GINKA Charge Point will be grand opening this year.

Sustainability Actions Focus on being a part in creating a good society and environment

Furthermore, the company has brought innovation to develop the services on Boonterm kiosks to serve all customers. The Boonterm kiosk is distributed to the community and customers can access various services more conveniently. Especially, money transfer services that customers can deposit and withdraw money 24/7. It can be proven that our products are accessed easily, and customers have confidence while using services continually, under our new vision of "Impact Innovation for Better Life".

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