

Forth Smart Service Public Company Limited (FSMART)
1Q/2024 Management Discussion and Analysis

Operational Summary in 1Q2024 (Recovery economic activities, High cost of living, Rain floods)

- Total revenue from core business was Bt551.39mn, increasing 8.2% YoY
- Net profit was Bt93.45mn, increasing 20.3% YoY. (Earnings Per Share 0.12 Baht)
- Total money transfer transactions were 4.17 million transactions per month.
- Lending outstanding amount was Bt400mn increasing 65% YoY. (NPL6%)
- Number of "Boonterm kiosk" was 123,310 nationwide.
- Number of TAOBIN Robotic Barista was 6,378 nationwide.
- Number of GINKA Charge Point 118 points.

Significant Event in 1Q2024

January

- ❖ Addition bank identify verification (E-KYC) with Bangkok Bank, and Provincial Waterworks Authority Bill payment.

March

- ❖ Launch Boonterm campaign rewards – loyalty program for Boonterm customers to use all services at Boonterm kiosks.

Business Overview

	Quarter	Quarter	Quarter	Quarter	Quarter
	1/2023	2/2023	3/2023	4/2023	1/2024
Total number of "Boonterm Kiosk" as the perio (Kiosk)	129,813	126,208	126,023	125,407	123,310
Total number of "Tao Bin" as the period ended (Kiosk)	5,537	6,142	6,567	6,392	6,378
Total usage amount through "Boonterm Kiosk" (Bt.mn.)	8,768	8,598	8,128	8,374	8,734
- Total usage amount top up and bill payn (Bt.mn.)	6,259	6,131	5,832	5,940	6,248
- Total usage amount money transfer (Bt.mn.)	2,509	2,468	2,296	2,435	2,487
- Total number of money transfer transact (Txn)	4,356,496	4,380,046	4,145,412	4,268,596	4,169,621
Total amount of beverage sold from Tao Bin (Bt.mn.)	575	592	599	524	506
Total number of cups "Tao Bin" (Cup.mn.)	18.59	19.56	20.20	18.02	17.09
Outstanding Loan (Bt.mn.)	242	264	323	365	400
Number of GINKA Charge Point (Station)	-	-	-	80	118

The company still maintains financial channels and services to provide convenience to customers in all areas throughout the country. There are 123,310 Boonterm kiosks distributed in many areas and more than 3,200 cashier counters nationwide. The operating performance in 1Q2024 was Bt8,734mn, increasing from the previous year. The tourism sector showed signs of recovery, although the economy continued to recover from the effects of the excessively hot weather, resulting in increased

agricultural product prices and higher cost of living, which decrease purchasing power, household debt is increasing, cautious spending by customers continues. 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 Boonterm 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 1Q2024, number of deposits and money transfers through Boonterm kiosks. There is an average of 4.17 million items per quarter.

The total outstanding loan amount is Bt400mn, with interest income of Bt15.17mn, an increase of 9.5%, compared to last quarter, 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 1Q2024, the total number of vending machines under the "Tao Bin" brand was 6,378, decreasing 14 machines compared to last quarter, but slightly decreased compared to the previous quarter

because Forth Vending Company Limited has moved the installation location of the Taobin machine from a low-quality location to a quality location, along with bringing back the first version of the Taobin machine to modify and upgrade it. The new version of the Taobin machine supports the sale of more drinks with each round of adding raw materials inside the machine make turnover from Bt6,000 per time to Bt10,000 per time, which will help customers receive more continuity in purchasing drinks from the Tao Bin machine and efficiently cost management. In 1Q2024, the total sales revenue was Bt506mn, exceeding 17 million cups, with 3.4% QoQ. However, due to the prolonged economic slowdown and the increasing cost of living, consumer purchasing power has decreased, impacting the food and beverage sector. Nevertheless, Forth Vending Company Limited has gradually begun to install new version Taobin machines in higher-quality locations. By the prolonged hot weather, sales per Taobin machines have increased consistently every month. Furthermore, Forth Vending Company Limited is accelerating the deployment of all upgraded vending machines to the market within the first half of this year, along with expediting the relocation of vending machines from low-quality to higher-quality locations.

For the electric vehicle charger business, at 1Q2024, the company has installed in various areas, totaling 118 charging points, which has received good response from users due to its ease of use, convenience, and payment is not complicated and 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 1,000 electric vehicles charging this year.

1Q2024 Financial Statement Summary

Income Statement	Q1/2023		Q4/2023		Q1/2024		%QoQ	%YoY
	MB	%	MB	%	MB	%		
Income from rendering of top-up service for prepaid phone and other online service (Commission)	114.40	22.5%	98.38	18.2%	92.27	16.7%	-6.2%	-19.3%
Income from rendering of service through online top-up machines "Boonterm kiosk" (Service Charge)	387.14	76.0%	420.02	77.7%	436.86	79.2%	4.0%	12.8%
Slaes income	0.71	0.0%	3.82	0.7%	7.09	1.3%	85.6%	898.3%
Interest Income	7.32	1.4%	13.85	2.6%	15.17	2.8%	9.5%	107.3%
Advertising income	0.00	0.0%	4.49	0.8%	-	0.0%	-100.0%	0.0%
Total revenue from core business (4 items)	509.56	100.0%	540.56	100.0%	551.39	100.0%	2.0%	8.2%
Cost of services	-414.37	-81.3%	(401.84)	(0.74)	(401.38)	-72.8%	-0.1%	-3.1%
Cost of sales	-	0.0%	(3.34)	(0.01)	(6.16)	-1.1%	84.5%	0.0%
Gross profit	95.19	18.7%	135.39	25.1%	143.85	26.1%	6.3%	51.1%
Service & Administrative expenses	-68.64	-13.5%	(89.79)	-16.6%	(74.98)	-13.6%	-16.5%	9.2%
Operating profit	26.55	5.2%	45.59	8.4%	68.87	12.5%	51.1%	159.4%
Other income	51.76	10.2%	42.29	7.8%	40.77	7.4%	-3.6%	-21.2%
Share of profit from investment in associate	20.71	4.1%	8.97	1.7%	10.00	1.8%	11.6%	-51.7%
Profit before finance cost and income tax expenses	99.02	19.4%	96.84	17.9%	119.64	21.7%	23.5%	20.8%
Finance Cost	-2.68	-0.5%	-	-	(2.65)	-0.5%	#DIV/0!	-1.1%
Profit before income tax expenses	96.35	18.9%	96.84	17.9%	116.99	21.2%	20.8%	21.4%
Income tax expense	-16.87	-3.3%	(14.75)	-2.7%	(23.55)	-4.3%	59.7%	39.6%
Net profit	79.48	15.6%	82.10	15.2%	93.45	17.0%	13.8%	17.6%
Non-controlling interests of the subsidiaries	0.00	0.0%	0.00	0.0%	-	0.0%	0.0%	0.0%
Net profit - Equity holders of the Company	79.48	15.6%	82.10	15.2%	93.45	17.0%	13.8%	17.6%

Total Revenue

Total revenue from the core business in 1Q2024 was Bt551.39mn, decreasing 2.0% QoQ. The tourism sector showed signs of recovery, although the economy continued to recover from the effects of the excessively hot weather, resulting in increased agricultural product prices and higher cost of living, which decrease purchasing power. 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 Bt92.27mn, decreasing 6.2% QoQ. Under 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 Bt436.86mn, increasing 4% QoQ. From the company has maintained the number of deposit-transfer service, and top-up service for E-Wallets and VAS through the Boonterm kiosk, for taking account to maintain the existing customers and expand to new customer groups.

3) **Sales of goods** was Bt7.09mn, increasing from sale of appliances and mobile phones.

4) **Interest income** was B15.17mn, increasing 9.5% 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.

5) Advertising income was Bt0mn, decrease from QoQ due to partners reducing promoting budget.

6) Other income was Bt40.77mn, decreasing 3.6% QoQ, from mobile top-up service decrease.

Costs and Expenses

1) Cost of services was Bt401.38mn, decreasing 0.1% QoQ from the company, had more the use of fully depreciated kiosks and continued effective cost control.

2) Cost of goods sold was Bt6.16 mn. from sale of appliances and mobile phones.

3) Service & administrative expenses were Bt74.98mn, decreasing 16.5% QoQ from cost control for efficiency.

Profits

1) Gross profit was Bt143.85mn, representing a gross profit margin of 26.1%, due to the decreased mobile recharge and cost control for efficiency.

2) Share of profit from investment in associate was Bt10mn., which is the recognition of profit from Forth Vending Co., Ltd. (FVD) by 26.71%

3) Net profit was Bt93.45mn, increasing 19.2% QoQ due to the increased Wallet and VAS service, share of profit from investment in associates and good cost control.

Statement of Financial Position

Statement of Financial position	31 Dec 23		31 Mar 24		Increase (Decrease)	
	MB	%	MB	%	MB	%
Current assets	1,422.16	52.0%	1,559.75	55.3%	137.60	9.7%
Non-current assets	1,315.16	48.1%	1,263.36	44.8%	-51.80	-3.9%
Total assets	2,737.32	100.0%	2,823.12	100.0%	85.80	3.1%
Current liabilities	1,224.95	44.8%	1,221.01	43.3%	-3.94	-0.3%
Interest Bearing Debt - Current	238.46	8.7%	238.75	8.5%	0.29	0.1%
Interest Bearing Debt - Non current	96.67	3.5%	92.36	3.3%	-4.31	-4.5%
Non-current liabilities	5.92	0.2%	6.22	0.2%	0.30	5.1%
Total liabilities	1,566.00	57.2%	1,558.33	55.2%	(7.67)	-0.5%
Total shareholders' equity	1,171.32	42.8%	1,264.79	44.8%	93.46	8.0%
Total liabilities and shareholders' equity	2,737.32	100.0%	2,823.12	100.0%	85.80	3.3%

Total assets were Bt2,823.11mn, increase from cash and the use of fully depreciated kiosks.

Total liabilities were Bt1,558.33mn, decreasing Bt7.67mn from short term loan payment.

Total shareholders' equity was Bt1,264.79mn, increasing of Bt93.46mn. from profit for 1Q2024 amounted to Bt93.45mn.

Key Financial Ratio

Financial Ratio	Quarter	Quarter	Quarter
	1/2023	4Q23	1Q24
Current ratio	0.95	0.97	1.07
Debt to Equity ratio	1.27	1.34	1.23
Interest Bearing Debt ratio	0.31	0.29	0.26
Return on Asset	0.11	10.9%	11.2%
Return on Equity	24.8%	25.6%	24.9%

Current ratio was 1.07x, increasing 0.10x QoQ showing the company's good liquidity.

Debt to equity ratio was 1.23x, from the decrease in short term loan.

Interest-bearing debt to equity ratio was 0.26x, decreasing due to short term loan payment.

Return on assets was 11.2%, increase from QoQ, due to focusing on asset management to generate more efficient income.

Return on equity was 24.9%, decreasing QoQ. However, the Company continually pays dividends to shareholders twice a year.

Source and Use of Fund 1Q2024 (Bt mn) [\(edit\)](#)

Source of fund		Use of fund	
Operating cash flow	167.62	Investment in fixed assets	13.13
Interest Income	15.58	Cash paid for interest expenses	2.54
Capital Increase	0.02	Income tax paid	3.08
Other	0.22	Cash paid for lease liabilities	4.57
Total	183.44	Total	23.32
		Net increase in cash	160.13

Management Outlook in 2024 (no changing)

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 1,000 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 leadership doing mobile top-up and bill payments business automatic payment by 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, focus on bringing comprehensive financial services to the community, ensuring convenient and secure access to financial services through both offline and online channels. This is achieved through partnerships with suitable service providers to cater to the company's customer base. The company maintains Boonterm kiosks more than 123,000 kiosks to cleanliness and usability. Additionally, sales promotion activities are organized continuously to encourage customers to use the company's services. Furthermore, the company is expanding its cashier counter channels to reach a broader customer base, providing diverse payment services and everyday life services. Innovation is also embraced to efficiently manage expenses.

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 to be 9 banks and addition more banking agent for CLMV customers can conduct deposits/transfers through the company's channels, which are convenient and flexible, as they are available 24/7, and plan to add at least one more channel to access financial services through cashier counter channels.

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.

In 2024, Forth Vending Company Limited has push the upgraded Taobin machine back to the market and be ready to serve all customer groups. Focusing on placing the Taobin machine in a location that has both good potentials which the company truly believe that there are still many good locations, with using more big data to analyze for marketing that will reach customer target group, more directly as well as there will be the company will increase promotions campaigns for new customers to try Taobin beverage by registering via LiNE and purchase drinks for only 1 Baht, focusing on coffee menus, 500,000 glasses and energy drinks menus (Powerful Taobin) another 500,000 glasses, for a total of 1,000,000 glasses, in order to attract new customers to try the beverage and create repeat purchases from both existing and new customers. The company expects that from focusing on both quality locations, promoting existing menus and adding new menus it is expected that this will be marketing that is to the point. In addition, the weather in the summer makes the sales of Taogin likely to continue to increase.

The company has launched electronic vehicle charger in "GINKA Charge Point" to provide convenience for customers who use electric cars to access the company's services and expand the customer base. GINKA Charge Point are developed and manufactured by the FORTH Group, a Thai-owned company. This allows for easy product improvement and development, including internal application development. The company's products are positioned competitively in terms of pricing due to innovations in the smart cable management system that comes with automatic cable retrieval and modern design. Users experience easy and intuitive operation with a touchscreen display, eliminating the need to install a mobile application; simply scan, pay, and charge. When fully charged, users receive SMS notifications. Additionally, the product is manufactured by Thais and comes with a lifetime warranty. The system supports usage with flexible billing based on actual usage. Any remaining funds from charging are stored as credits in the user's mobile phone number for future use. The station features parking management systems (wheel locks to prevent removal if payment is not made), hourly or user-defined unit-based service charges, and a team of experts available 24/7 for maintenance and support both online and on-site. The website allows area owners to check usage data, and a call center is available 24/7 for assistance.

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, ice-cream etc. 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 Cafe 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".

CONTACT INVESTOR RELATIONS

Email: investor@forthsmart.co.th

Tel: (+66) 2 278 1777 # 6705