

Summary of Information in relation to The Investment in Digital Assets 20 May 2021

Background

The Brooker Group Plc (“**BROOK**” or the “**Company**”) held the meeting of the Board of Director (the “**BoD**”) on 25 February 2021, which had the important matters related to their resolution to call the Extraordinary Shareholders’ Meeting No. 1/2021 to be held on 4 June 2021 for the consideration and approval of capital increase and share issuance and allocation to the existing shareholders (Right Offering), and the issuance of warrants series 6 and series 7 at zero price (BROOK-W6 and BROOK-W7 respectively) to the existing shareholders who subscribe the Right Offering Shares. The objectives of the capital increase refer to the usage for investment also in digital assets (Details as presented on the online line new via the Stock Exchange of Thailand (“**SET**”) website portal on 25 February 2021)

Subsequently, the Company disclosed the information in relation to the investment in Digital Assets on 11 May 2021. (Details as presented on the online line new via SET website portal on 11 May 2021). The disclosure covered the accounting policy for booking the investment in digital assets as **Digital Assets Inventory**, whereby the inventory value is booked at cost or net realizable value, whichever is lower. Such accounting policy is deemed as Conservative Accounting as previously discussed.

Key information for the investment in Digital Assets for Further Clarification

1. The size for investment in the Digital Assets Inventory for the past transactions

The disclosure made to the SET has not made about the transaction size at all as the Digital Assets are booked as the Inventory:

Subject	Details
Definition	<ul style="list-style-type: none">• <i>Assets refer to tangible or intangible items owned by a person or business, have value and can be transferred.</i><ul style="list-style-type: none">○ <u>Tangible items</u> are such as land, building, equipment, investment, and warrants.○ <u>Intangible items</u> are such as leasehold right on land or building, concession right, business permit, transfer or forgo the benefits as well as forgoing the claim over people who cause damages to the company. This applies to either case when the benefits are related to the company or subsidiary.○ The following assets will be <u>excluded</u>:<ol style="list-style-type: none">1. Current assets used in business operation e.g. raw materials, account receivables, inventory, cash, deposits, etc.2. Investment for liquidity managements such as the investment in equity securities and debt securities

Source: https://www.set.or.th/en/regulations/simplified_regulations/acquisition_disposition_p1.html

However, on 17 May 2021, the Company was notified that the The Securities and Exchange Commission, Thailand (“SEC”) regarding the investment in the Digital Assets that the Company is required to comply with the Notification of the Capital Market Supervisory Board No. Tor.Jor. 20/2008 regarding Criteria for entering into significant transaction that is the acquisition or disposal of assets and Notification of the Board of Governors of the Stock Exchange of Thailand Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (Including Amendments) (collectively, "**Notification of Acquisition and Disposition of Assets**")

Therefore, the Company immediately made the calculation of the Transaction. Details are in the Information Memorandum reported to SET.

The size of the transactions summarized per the table below reflect the transaction for the investment in Digital Assets made by Brooker International Company Limited, an existing 100% -owned subsidiary incorporated in Hong Kong (This is per the news disclosed via SET online portal on 11 May 2021). The past investment in the Digital Assets Inventory from the first day of investment ie 29 March 2021 until now which is as of 20 May 2021 was Baht 1,107 mn. Such investment was composed of the investment made in the first quarter of 2021 for the amount Baht 205 mn, and Baht 902 mn in the second quarter up to now. The aggregate value of investment was Baht 1,107 mn

The Company and its subsidiaries did not have any transaction during the prior 6 months before such investment (The foresaid 6 months refer to the period from 28 September 2020 to 28 March 2021. Furthermore, the Company and its subsidiaries have not made any asset acquisition and disposition during the period from 29 March 2021 to 20 May 2021.

The transaction size calculation in relation to the past investment in the Digital Assets Inventory

Calculation Method 1: The base used for the determine the transaction size in the financial information appear on the most respective recent financial statement available prior to the respective transaction

Calculation Criteria	Formula	Transaction size
1) Calculation based on the value of net tangible assets	$\frac{(\text{NTA of investment in the company} \times \text{Proportion of assets acquired or disposed}) \times 100}{\text{NTA of the listed company}}$	Not applicable as it is not involved share acquisition of the company
2) Calculation based on net operating profits	$\frac{(\text{Net operating profits of the investment} \times \text{Buying or selling ratio}) \times 100}{\text{Net operating profits of the listed company}}$	Not applicable as it is not involved share acquisition of the company
3) Calculation based on total value of consideration paid or received	$\frac{\text{Value of transaction paid or received} \times 100}{\text{Total assets of listed company}}$	(Unit: Baht mn) = 205 /2,565* + 902 /3,298** = 7.99 % + 27.35 % = 35.34%
4) Calculation based on value of equity shares issued for the payment of assets	$\frac{\text{Equity shares issued for the payment of assets} \times 100}{\text{Paid-up shares of the company}}$	Not applicable as it is not involved share acquisition of the company

*The total assets as of 31 December 2020 was Baht 2,565 mn.

** The total assets as of 31 March 2021 was Baht 3,298 mn.

The highest transaction based on the total value of consideration is 35.34%.

Calculation Method 2: The base used is the financial information appear on financial statements for the year ended 31 December 2020

Calculation Criteria	Formula	Transaction size
1) Calculation based on the value of net tangible assets	$\frac{(\text{NTA of investment in the company} \times \text{Proportion of assets acquired or disposed}) \times 100}{\text{NTA of the listed company}}$	Not applicable as it is not involved share acquisition of the company
2) Calculation based on net operating profits	$\frac{(\text{Net operating profits of the investment} \times \text{Buying or selling ratio}) \times 100}{\text{Net operating profits of the listed company}}$	Not applicable as it is not involved share acquisition of the company
3) Calculation based on total value of consideration paid or received	$\frac{\text{Value of transaction paid or received} \times 100}{\text{Total assets of listed company}}$	(Unit: Baht mn) = 205 /2,565* + 902 /2,565* = 7.99 % + 35.17 % = 43.16%
4) Calculation based on value of equity shares issued for the payment of assets	$\frac{\text{Equity shares issued for the payment of assets} \times 100}{\text{Paid-up shares of the company}}$	Not applicable as it is not involved share acquisition of the company

*The total assets as of 31 December 2020 was Baht 2,565 mn.

The highest transaction based on the total value of consideration is 43.16%.

Therefore, investment in such above Digital Assets, the Company immediately calculates the transaction size as asset acquisition transaction of a listed company following the Notification of the Capital Market Supervisory Board No. Tor. Jor. 20/2008 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (and the amendment) and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (and the amendment) ("Notification on the Acquisition or Disposal of Assets"). The maximum transaction size calculated is 43.16 percent based on the consolidated financial statements of the Company ended 31 December 2020 which was audited by the Company's auditor. There is no other asset acquisition transaction occurred during the past 6 months, then the total transaction size is still 43.16 percent. Such transaction size is more than 15 percent but less than 50 percent. Therefore, this investment may be classified as a Type 2 transaction according to the Notification on the Acquisition or Disposal of Assets. The Company therefore has the duties to (1) disclose information regarding the transaction to the Stock Exchange of Thailand and (2) send the information memorandum regarding the transaction to its shareholders within 21 days from the date of disclosure the transaction to the Stock Exchange of Thailand.

2. The investment in Digital Assets Inventory in the future and the transaction size

The BoD had stipulated the investment budget framework that the Company and its subsidiaries **may make a net investment** in digital assets **of up to Baht 1.5 billion**. The Company's Investment Committee had the meeting held on 20 May 2021 (E Meeting) to review and conclude the investment in the Digital Assets Inventory, whereas the Investment Committee is composed of

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|------------------------|--------------------------------------|
| 1. Mr. Chan Bulakul | Chairman of the Investment Committee |
| 2. Mr. Anake Kamolnate | Investment Committee Member |
| 3. Mr. Varut Bulakul | Investment Committee Member |
| 4. Mr. Kirin Narula | Investment Committee Member |
| 5. Mr. Varit Bulakul | Investment Committee Member |

The Investment Committee, with suggestion by The Risk Committee, had the resolution that by taking account the Investment Climate, the appropriate investment budget is set to be Baht 1,200 mn. The Committee is expected to complete the remaining Baht 93 mn within the second quarter of 2021 (as per specified through online news) or extend the investment period if appropriate but expected to be within the third quarter of 2021 **“The Future Investment”**

The Company would like to classify the group of investment in such assets as follows:

Group of Digital Assets	The aggregate size of the past investment transactions (29 March to 20 May 2021)	The aggregate size of the Future Investment	Total
1. Cryptocurrency	approximately Baht 794 mn	approximately Baht 93 mn	approximately Baht 1,200 mn
2. Digital Token	approximately Baht 313 mn		
Total	approximately Baht 1,107 mn		

Remark: The investment in Digital Assets was made through Brooker International Co., Ltd. The denomination currency for such investment is made in US\$. However, the record of the investment value for the Company and its subsidiaries is in Thai Baht as appear on the financial statements. The exchange rate used for conversion the exchange rate has to be based on that of the end of the month. Therefore, the figures appear above has to be the approximate figures

Therefore, the size for all aggregate transactions will be the transaction size of the past investments + that of the Future Investment.

<u>Transaction size (Using Method no. 1)</u>	<u>Transaction size (Using Method no. 2)</u>
ie using the most respective recent financial statement available prior to the respective transaction	ie using the financial statement available prior to the respective transaction as of December 31, 2020
The aggregate size of the past transactions = 35.34% The aggregate size of the Future Investment (Unit : Baht mn) $= \frac{1,200 - 205^{(1)} - 902^{(2)}}{3,298}$ $= 93 / 3,298^{**}$ $= 2.82\%$ Total transaction size $= 35.34\% + 2.82\% = 38.16\%$	The aggregate size of the past transactions = 43.16% The aggregate size of the Future Investment (Unit : Baht mn) $= \frac{1,200 - 205^{(1)} - 902^{(2)}}{2,565}$ $= 93 / 2,565^*$ $= 3.63\%$ Total transaction size $= 43.16\% + 3.63\% = 46.79\%$

(1) The aggregate transaction size for the past transactions incurred in 1Q21

(2) The aggregate transaction size for the past transactions incurred in 2Q21 but up to 20 May 2021

*The total assets as of 31 December 2020 was Baht 2,565 mn.

** The total assets as of 31 March 2021 was Baht 3,298 mn.

3. Source of investment in Digital Assets

As of 31 December 2020, the Company had cash at bank was Baht 150.22 mn and the other current financial assets for the amount of Baht 1,437.58 mn. The total value of these two items was Baht 1,587.80 mn. The ratio of total liabilities to total shareholders' equity was 0.04

Subsequently, the Company obtained loan from the financial institution. Such loan was Baht 500 mn as of 31 March 2021. The Company had cash approximately Baht 751.04 mn, whereas the other current financial assets was Baht 1,303.62 mn The total value of these two items was Baht 2,054.66 mn. These were the major sources of investment.

On 25 February 2021, the Company held the BoD's meeting. The BoD had the resolution to have the capital increase the relevant objectives in relation to the investment in Digital Assets. Therefore, the Company would like to add more company objectives to make it more clear as follows: (The additional or the amended part are presented with blue font)

Objectives of the capital increase and plans for utilizing the proceeds derived from the capital increase

	Type of shares allocation	Estimated amount to be received approximately (Baht mn)	Objectives of the issuance of the newly-issued ordinary shares and the plan to use the proceeds derived from the issuance
1.	The offer for sale to the existing shareholders of the Company proportionate to their respective shareholdings (Rights Offering)		
	1) The offer for sale to the existing shareholders of the Company proportionate to their respective shareholdings (Rights Offering)	546.23	In this regard, in the case where the newly-issued ordinary shares issued and offered for sale to the existing shareholders proportionate to their respective shareholdings (Rights Offering) are fully subscribed, the Company would be able to obtain the proceeds of not less than Baht 568.56 million to invest in modern open technologies in the Digital Asset Ecosystem This includes block chain technologies relating to smart contracts, centralize exchanges, decentralize exchanges, and decentralize finance. The investment can be in the form of, but not limited to, security tokens, shares, or options in promising new technology companies. For the investment in Digital Assets that was made in the past, the Company shall use part or all of the proceeds from the subscription of the Rights Offering to repay the loan or use the remaining balance for the working capital or make the future investment in the Digital Assets to meet the total budget of Baht 1,200 mn
	2) The exercise of BROOK-W6	1,775.25	In the next 3 years, the company will use the proceeds for investment and to expand and scale operations in Digital Assets. The Company may also use proceeds and also for the working capital
	3) The exercise of BROOK-W7	887.62	In the next 5 years, the company will use the proceeds to invest in technology for operation, for investment and also for the working capital
	Total*	3,209.10	Within 5 years, if the Rights Offering are fully subscribed and BROOK-W6 and BROOK-W7 are fully exercised.

Remark *In the event that the newly-issued ordinary shares proportionate to the respective shareholdings(Rights Offering) have been fully allocated and the Warrants have been fully exercised.

[The Company shall comply with the Notification of Acquisition and Disposition of Assets per informed by SEC.](#)

4. The risk in consideration in case the Right Offering is not success

The Company has carefully view that if the capital increase is not successful, the Company continues to have the potential to manage the cash flow for the investment.

For the short-term loan with the value of Bath 500 mn as of 31 March 2021, the Company is confident to be able to roll over such loan. The ratio of the total liabilities to the total shareholders' equity as of 31 March 2021 was 0.228. Therefore, the Company expects that it has potential for obtaining additional loan

Besides, such the low ratio, the Company also considered stable financial position, which can be partly identified as follows:

	Summary and analysis of the key financial figures consideration <u>prior to any investment</u> For in Digital Assets (Baht mn)	31 Dec 20	31 Dec 19	31 Dec 18
1	Cash and cash equivalents*	150	722	171
2	Cash used for dividend payment**	411	338	299
3	Pro Forma cash and cash equivalents (if no cash dividend payment) (Item 1 + Item 2)	561	1,060	470
4	Other current financial assets***	1,438	1,307	882

*as presented on the Statements of Financial Position

**as presented on the Statements of Cash Flow

***Reclassified from Short-term Investment under previous standards to Other current financial assets under TFRS 9 Financial Instruments

Therefore, if the capital increase is unsuccessful, the Company should be able to sell partial amount of the other current financial assets to completely repay the loan (Remark: The loan from the financial statement does not specify such condition). The other current financial assets as of 31 March 2021 was Baht 1,303 mn.

However, the capital increase which will be proposed to the shareholders at the Extraordinary General Shareholders Meeting No. 1/2021, if approved, shall solidate the Company's financial status to expand the business subsequently. As previously mentioned, the Company shall comply with the Notification of Acquisition and Disposition of Assets per informed by SEC.

Please be informed accordingly.

Sincerely yours

Mr. Chan Bulakul
Chief Executive Officer