



THE BROOKER GROUP PUBLIC COMPANY LIMITED

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1 September 2023

Subject: Clarification of additional of MD&A in Financial Statement Quarter 2/2023

To: The President
The Stock Exchange of Thailand

We, the Brooker Group Public Company Limited (the "**Company**") would like to clarify additional information that Stock Exchange of Thailand has inquired as follows:

1. Advance payment 241 million baht

1.1 Within 2022, an overseas subsidiary made an advance payment for the Token purchase contract of Baht 10.63 million and an advance payment to the fund of Baht 35.43 million, and a domestic subsidiary made an advance payment for the remaining amount of coin mining machines of Baht 6.97 million.

- * **Subsidiary name**
- * **The reason for advance payment**
- * **Who do you pay in advance to?**
- * **Investment details of payment to Token and fund**
- * **Name of Token and fund. Did the subsidiary company completely receive Token and investment units?**
- * **The investment above was in accordance with the investment policy or not? Please explain.**

An overseas subsidiary, Brooker International Co., Ltd., made an advance payment for pre-subscription of Treehouse Tokens to Treehouse Analytics Pte Singapore in total of Baht 10.63 million. Currently, the Tokens have not been received.

An overseas subsidiary, Brooker International Co., Ltd., made an advance payment for investment units in a Digital Asset Fund called Nomad Capital Fund. The total investment amount was USD 1 million or Baht 35.43 million (Exchange rate at 35.4297 baht per US dollar as of June 30, 2023), which is a pre-subscription of investment units. Currently, investment units have been received.

A domestic subsidiary, Brooker Business Development Co., Ltd., made an advance payment for the purchase of the coin mining machines with the remaining balance of Baht 6.97 million to ICON LED Co., Ltd., a non-related company.

The investment was made in accordance with the investment policy for investing in coins that have the potential to grow according to the Digital Asset Ecosystem.

1.2 Subsequently, the above overseas subsidiaries transferred their inventories (Digital Assets) Baht 460.59 million in exchange for other Digital Assets (Coins Swap) and gradually received the return of other type of coins in total of Baht 287.87 million, the remaining coins that have not been received was Baht 172.72 million.

- * **The reason for coins Swap**
- * **Summary of original coins and new exchanged coins received. Is there any effect caused by the transfer/difference between the value of the two coins or not?**
- * **Status of not-yet-received coins.**
- * **Coin Swap was in accordance with the investment policy or not? Please explain.**

This transaction was an advance payment of an overseas subsidiary in relation to the sale and purchase agreement of BNB Tokens for the amount of USD 13 million or approximately Baht 460.59 million (Exchange rate at 35.4297 baht per US dollar as of June 30, 2023). All payments were made in April 2022, by Binance USD (“BUSD”) at a price of 1 coin equals 1 USD, to purchase the BNB tokens for the total amount of USD 13 million. There is no effect caused by coin transfer.

These payments in advance will decrease quarterly as the advance payment SWAP to Tokens was due according to the BNB Tokens contract (period from June 30, 2022 - March 30, 2024).

The investment was made in accordance with the investment policy for investing in coins that are listed in the top market (Top Market Cap Coin).

1.3 In Q2/2023, the company made an advance payment for exercising the rights to subscribe for newly issued ordinary shares of a company on the Stock Exchange of Thailand in total of Baht 16.05 million and received ordinary shares in July 2023.

- * **Reasons for advance payment for subscription of newly issued ordinary shares.**
- * **Whom do you pay in advance?**
- * **Details of investment to purchase ordinary shares.**
- * **Name of target company, number of shares and % investment**
- * **Price setting criteria**
- * **Source of fund**
- * **Investment Objectives and benefits**
- * **This transaction is deemed to follow the rules about Acquisition of Asset or related party transactions, how?**

This transaction was a subscription for newly-issued ordinary shares of a listed company on the Stock Exchange of Thailand which were proportionately offered to its existing shareholders (Right Offering) during the subscription period specified by that listed

company. As of June 30, 2023, the Company did not receive such shares. Therefore, the transaction was recorded as an advance payment.

On July 12, 2023, the Company received 266.89 million subscription shares. The investment amount was Baht 16.05 million, representing 1.10% of such company's paid-up capital.

The source of fund came from the Company's working capital. The objective of the investment was to efficiently manage liquidity. This transaction was not considered an asset acquisition transaction 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 (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**").

2. Allowance for doubtful accounts

2.1 Allowance for doubtful account for Loan to Kingdom Property Co., Ltd., in total of Baht 4.908 million

Allowance for doubtful accounts in relation to loan to Kingdom Property Co., Ltd. in the amount of Baht 4.908 million has already been set in full. The Company received interest for all along from 2011 until March 2022. The interest collectively received exceeded the loan principal.

The Company regularly follows up on a debt collection. The said company is accelerating the real estate development project which, upon completion of the project, is expected to enable it to make a debt settlement.

2.2 Allowance for doubtful account for Loan to non-related person in total of Baht 38.24 million (out of total loan Baht 101.24 million), the remaining amount that the management believes it would be paid in full, therefore no additional set up of the allowance for doubtful accounts

In December 2020, the Company set up an allowance for doubtful account in full for a loan to an non-related person in the amount of Baht 38.24 million and has not established interest income on the principal since then.

The Company regularly follows up on a debt collection. In January 2022, the Company received a settlement of all outstanding accrued interest at that time and part of the debt principal, totaling Baht 5.29 million. This debtor is currently restructuring his personal debt in order to pay off the company.

2.3 Allowance for doubtful account for Long-term loans to non-related person of Baht 188.50 million (out of total loan Baht 580 million), the rest of which the management believes that they will be paid in full, therefore it is not considered as allowance for doubtful accounts.

* **Loan collection status**

* **Breakdown of long-term loan to non-related persons of Baht 580 million for each individual**

*** Are there any loan extensions? How about the approval process?**

Allowance for doubtful accounts for the amount Baht 185.50 million out of total long-term loan Baht 580 million to a non-related person which was secured by collaterals at collateral value 110 percent of the loan value Baht 580 million or at 160 percent of the loan value net of the allowance for doubtful accounts in the amount of Baht 391 million. The calculation is based on the appraisal report prepared by the capital market appraisers approved by the SEC, which indicates that the collaterals are sufficient. The Company makes the follow-up on the debt regularly.

The Company has not extended the long-term loan. This debtor is a major shareholder of a company that is in the Rehabilitation Court. Such company is expediting the completion of the large real estate project. The Company expects that upon its recovery, there will be a potential to receive debt repayment because the debtor can restructure personal debt in order to repay the debt to the Company.

3. During Q2/2023, the Company invested in ordinary shares of Varuna (Thailand), a company in the group of companies listed on the stock market, 7.25% of the paid-up capital, amounting to 100 million baht.

*** Seller's name**

*** Name of parent company**

*** Price setting criteria**

*** Source of fund**

*** Investment Objectives and benefits**

*** This transaction is deemed to follow the rules about Acquisition of Asset or related party transactions, how?**

The Company has invested in newly-issued ordinary shares of Varuna (Thailand) Co., Ltd., which is considered a non-related company by subscribing the capital increase shares in Varuna (Thailand) Co., Ltd., a subsidiary of PTT Exploration and Production Public Company Limited (“PTTEP”). The source of funds came from the Company's excess cash.

Pricing Criteria

The Company recognizes the importance of the carbon credit business, which is currently a potential business with an expected sustainable future growth. At the beginning of this new business, the net book value per share might not reflect the potential of the new business project in hand that has already begun. The Company entered an investment by subscribing the newly-issued ordinary shares of Varuna (Thailand) Co., Ltd. at the same price as that subscribed by its existing major shareholder for the company's capital increase.

Investment objectives and benefits

Investment in Varuna (Thailand) Co., Ltd. by the Company is considered expansion of business alliance to drive businesses and Thailand towards the goal of carbon neutrality (NET ZERO) through the promotion of ecosystems and agricultural communities. As the Company has an experience in business advisory and by being a pioneer in the field of

Digital Assets. The Company will bring experience and expertise to help expand the business in Digital Assets related to carbon credit for Varuna (Thailand) Co., Ltd. through the extension of knowledge and networks that the Company has been around for a certain period as well as help support the business of Varuna (Thailand) Co., Ltd. in a more sustainable way.

Even though this investment transaction is classified as an Asset Acquisition, the transaction size is only 4.19%, lower than 15% based on the Company's consolidated financial statements as of March 31, 2023 (at the time the investment was made).

4. Binswanger Brooker (Thailand) Ltd. (100% owned subsidiary) entered into an agreement with a foreign company to provide services related to real estate business in Thailand. Whereas, Binswanger Brooker (Thailand) Ltd. will have to pay USD 10,250 per year. The contract expires in 2022 and the company has renewed the contract to August 30, 2024.

- * During 2020-2022, does the company earn income from real estate agents and consultants during the past 3 years?**
- * The name of the foreign company and relationship**
- * The original start and end date of the contract**
- * Expense summary that the company has paid to foreign company according to the original contract each year.**
- * The date the Board of Directors resolved to renew the contract and the reasonableness of the contract renewal and service fees. (Including revenue sharing and revenue from abroad)**

The Company entered into a cooperative agreement with a foreign company, Binswanger America, LLC, USA on June 28, 2011 and has continued to renew the contract until now. The party is not considered a related person to the Company. The cost of global marketing data and data access to connect with partners is USD 10,250 per year.

To enter the contract, there is no condition to pay a fixed annual royalty fee. If Binswanger Brooker (Thailand) Co., Ltd. generates revenue, then the revenue will be allocated to Binswanger America, LLC.

Making/renewing the contract is in accordance with the authority of the management, renewing the contract every 3 years.

During 2020 – 2022, Binswanger Brooker (Thailand) Co., Ltd. has no income from real estate agents and consultants due to the epidemic situation of the Coronavirus Disease 2019 (COVID-19) which causing a slowdown in the economy.

Recognizing this impact, Binswanger America, LLC has ceased charging the Company for the global market data usage and data access charges to connect with partners in the amount of USD 10,250 per year starting from 2020 onwards.

Reasonableness of the contract renewal and service rate

Binswanger America, LLC, was founded in 1931. A real estate company with a long-known history. Currently, there are more than 250 branches and co-operation offices covering all regions of the world. with headquarters in Philadelphia, USA.

Binswanger Brooker (Thailand) Co., Ltd. is a company that provides consulting services and is an agent for the sale and purchase of office and commercial real estate which contributes to enhancing the potential of The Brooker Group Public Company Limited in real estate. Binswanger Brooker (Thailand) Co., Ltd. has exchanged information both in advanced and modern technology from Binswanger America, LLC and customer database from all regions around the world, the company offers basic information about Thailand, especially the economic overview as well as in-depth information regarding land in each area, prices, design and construction, as well as the benefits of investment in Thailand. Ranging from macro and micro perspective comparing to other countries in the Southeast Asia region. Unlike other real estate companies in Thailand, Binswanger Brooker (Thailand) Co., Ltd. 's operations are focused on customers who want to expand their production location ranging from the west to the east of the world which currently the increasing trend. In addition, with the long-standing reputation of Binswanger America, LLC, it would help the Company become widely known.

5. Outcome from Investment business and Digital Asset business for the first six-month of 2023. Please specify the name of investments and/or Digital Assets with some analysis. (More than explaining only the increase/decrease in numbers) as follows:

*** Gain from the sale of other financial assets of Baht 3 million.**

It is the realized gain of trading securities from the sale of an investment in listed shares in SET at the market price when sold compared to the previous fair value of the trading securities.

*** Gain from the sale of other non-current financial assets of Baht 3 million.**

It is the realized gain from 1 transaction of other investment from the sale of an investment in ordinary shares of private company at an agreed price compared to the cost of ordinary shares.

*** Reversal of losses from a decrease in inventory value of 99 million baht**

As for accounting principle, Digital Coins will be considered as Digital Assets Inventories following the disclosure in the financial statements of the Company. As inventories, such guideline for disclosure is made on the conservative basis, so, the value of Digital Assets is determined by the cost or the net realizable value (Market price as indicator), whichever is lower.

At the end of 2022, the Company recorded a loss from the value of inventories decreased by Baht 507 million because the market price of each coin was lower than the cost price. For the first six-month of 2023, the market price at the end of 2022 has risen but is still lower than the cost price. The Company therefore recorded a reversal of loss from the increase in the value of inventories in accordance with the accounting principle.

*** Unrealized loss from valuation of other financial assets of Baht 55 million.**

It is the unrealized loss from trading securities from investment in securities in the market and investment in fund units at the fair value as at the end of the accounting period as of June 30, 2023, compared to the fair value of the previous period.

6. For the first six-month of 2023, please explain the nature of the gain from exchange rate of Baht 52 million.

The Company develops the accounting in Thai Baht currency basis. Overseas subsidiaries are recorded in US Dollars. Therefore, there is a difference from the exchange rate in converting the currency into Thai Baht for accounting purposes. According to loan to/from others and account receivable & account payable at the end of June 30, 2023, compared to the value of the previous period.

Please be informed accordingly,

Your sincerely,

(Mr. Chan Bulakul)

Chief Executive Officer