



THE BROOKER GROUP PUBLIC COMPANY LIMITED

26th Floor, The Trendy Building, 10/190-193 Soi Sukhumvit 13, Sukhumvit Road, Klong Toey Nua,
Wattana, Bangkok 10110 Tel: (662) 168-7100 Fax: (662) 168-7111-2
<http://www.brookergroup.com>

May 18, 2022

Subject: Clarification of additional information of MD&A in Financial Statement
Quarter 1/2022

To: The President
The Stock Exchange of Thailand

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

1. The reasons for the increase and decrease of income and costs related to Digital Assets

1.1 Revenue from Digital Asset Inventories – Net 130 million Baht

Revenue from Digital Asset Inventories	Value
(1) Revenue from NFT art sales	12 million Baht
(2) Earned coins from the invested coins	18 million Baht
(3) Profit from selling coins at the end of March 2022	97 million Baht
(4) Revenue from Crypto Mining	3 million Baht
Total	130 million Baht

1.2 Clarification regarding, as of March 31, 2022, the Company has Digital Asset Inventories in total of 1,056 million Baht (USD 31.73 million), resulting in realized loss on Inventories 70 million Baht with fair value of 1,164 million Baht

Reference is made to booking the Digital Coins for the accounting record. They are conservatively recorded as Digital Asset Inventories per our disclosure on the Company’s information, and the Company’s financial statements. The conservative approach for accounting record implicates that the inventory value of the digital assets appear on the statements of the financial position is determined by the cost or the net realisable value (i.e. market value), whichever is lower. The value of each coin will be determined respectively. As of March 31, 2022, the fair market value of some coins has dropped below their cost, whereas those of some coins have gone up (market value) above their cost.

As of March 31, 2022, the aggregate fair value of all coins (with the lower / higher than the respective cost) was equal to 1,164 million Baht.

However, with the conservative approach for recording value of coins on the Company’s statements of financial position, the respective digital asset inventory was booked at cost if the fair value is higher than such cost, and no profit was recorded on the Company’s statements of income. The respective digital asset inventory was booked at market price or net realisable value if such value is below cost. Consequently,

The loss of 70 million Baht on those coins was booked and reflected on the Company's statements of income for Quarter 1/2022.

With the foresaid manner for considering value of each coin, the Digital Asset Inventories of 1,056 million Baht appeared on the Company's statements of financial position was the aggregate value of

- (1) Cost: for the coins with the market value or fair value being higher than the respective cost; and
- (2) Market value or fair value: for the coins with the market value or fair value being lower than the respective cost.

1.3 Unrealized loss from valuation of other financial assets 1 million Baht

It was the unrealized loss in trading securities from investment in stock market and from investment units based on the fair value at the end of the period.

1.4 Loss from selling other financial assets 0.18 million Baht

The Company sold the invested securities listed on SET and realised loss from such sale.

2. Advance payment 111 million Baht - In 2021, a Company's subsidiary made an advance payment of 35 million Baht for token purchases and 45 million Baht for coin mining machine. Later in 2022, a Company's subsidiary made an advance payment for investments in 2 funds in total of 31 million Baht (Could you please explain characteristics of this advance payment, Summary of the key aspects of the advance payment for the year 2021-2022 and does it qualify for an Acquisition of Assets?)

(1) Advance payment for token purchase contract 35 million Baht

At the end of March 31, 2022, the remaining balance of the advance payment recorded at the Company's subsidiary in relation to its token purchase contract was 35 million Baht out of the 58 million Baht advance payment made in 2021 (or equivalent to 1.8 million USD). Such advance payment amount was included in the calculation of the Acquisition of Assets disclosed on the Information Memorandum regarding via SET online on May 20, 2021, and the circulation of such disclosure to the shareholders about the Company's entry into the said transaction on June 10, 2021.

(2) Advance payment for coin mining machine 45 million Baht

This was part of an investment in a computer system related to the digital asset network (Coin mining machine) for the budget amount not more than 70 million Baht, which was previously disclosed on the Information Memorandum on September 10, 2021. Such advance payment was Bt 14 million Baht at the end of April 2022. Such investment in coin mining machine is typically a pilot project for Research and Development. The Company has no policy to enter into the coin mining business.

(3) Advance payment for investment in 2 funds for 31 million Baht

At the end of March 31, 2022, the Company's subsidiary made an advance payment for investment in 2 funds for the total amount of 31 million Baht for the purpose of manage excess liquidity. It is considered an investment in foreign investment units of which investment manager is not a related person.

Nature of the of advance payment transaction

The advance payment reflects the payment for the assets that it has yet to receive. Once, the asset is received, the respective advance payment will be settled.

3. Progress on the Company's overseas subsidiary has provided a 1-month short-term loan due in May 2022, to Asian Ocean Enterprises Limited, 65 million Baht.

Such loan was settled.

4. Please explain: Allowance for doubtful accounts of 43 million Baht from loan to individuals and others 368 million Baht . To whom? How consist of? Any progress on debt repayment and whether the allowance is sufficient for the guaranteed assets?

The allowance for doubtful accounts of 43 million Baht

(1) Allowance for doubtful accounts of loan to unrelated person of 38.24 million Baht .

The Company has been monitoring debt collection regularly and received partial repayment of principal and interest in January 2022, totaling of 5.29 million Baht.

Therefore, for the remaining principal, there will be no reversal of the allowance for doubtful accounts and no interest income is set.

(2) Allowance for doubtful accounts of loan to Kingdom Property Company Limited 4.91 million Baht has been fully reserved. The Company has received an interest income on the monthly basis since year 2011. The interest income earned and received in cash has already covered the principal. The Company continues to receive monthly interest.

5. Please explain: Allowance for doubtful accounts for long-term loan of 189 million Baht out of total long-term loan of 580 million Baht from which non-related parties? and any follow-up on debt repayment?

Allowance for doubtful accounts of 189 million Baht out of the 580 million Baht long-term loan was to the non-related individual person with collateral value equivalent to 110% of the total debt 580 million Baht or 160% of the 391 million Baht debt value net of such allowance. The collateral value was based on the appraisal value report prepared by the SEC-licensed valuer company. The Company has evaluated the collateral value and deems sufficient. The follow up has been made regularly.

6. Binswanger Brooker (Thailand) Co., Ltd. has entered into an agreement with a foreign company for cooperation in providing real estate business service in Thailand. The subsidiary is required to pay USD 8,000 per year for the use of global marketing data and the cost of data access to connect to its partners is USD 2,250 per year. In addition, the said subsidiary has to allocate revenue sharing to the counterparty 5% of the revenue and additional 1% of the revenue in the case of revenue arising from foreign customer transaction. The contract expired in 2020 and the company has extended the contract until August 31, 2022. Please explain the counterparty? What type of income does the company record? (Business Consultant/Investment/Digital Asset) Is it qualified as RPT? and making/renewing the contract is under the authority of the management? How?)

The Company entered into a business alliance contract with a foreign company, Binswanger America, LLC, on June 28, 2011. The contract has been renewed until the present. The contract party is not a related person.

To enter into above contract, there has been no condition to pay annual royalty fee with the fixed amount. Only if Binswanger Brooker (Thailand) Co., Ltd. has an income, the revenue sharing will be allocated to Binswanger America, LLC.

In Quarter 1/2022, Binswanger Brooker (Thailand) Co., Ltd. had no income. Therefore, there is no revenue sharing (royalty fee) to this foreign counter party.

Making/renewing the contract is subject to the authority of the management. The renewal is made every 3 years.

- 7. An overseas subsidiary company has entered into a fund management agreement for fund registered overseas whereby a management fee is charged on a monthly basis as well as an annual performance fee are charged at the rate stipulated in the agreement effective from the date of the contract until the date of the fund termination or when both parties agree to terminate the contract.**

At the end of 2021, an overseas subsidiary has terminated a fund management agreement registered overseas (Please explain the counterparty? Summary of fund management agreement registered overseas? What type of income does the company record? (Business Consultant/Investment/Digital Asset) Is it qualified as RPT? and making/renewing the contract is under the authority of the management? How?)

The aforementioned overseas subsidiary is Brooker Dunn Asset Advisory Company Limited (“**Brooker Dunn**”) in which the Company holds shares through Brooker International Co., Ltd. (100% owned by the Company) for 51%. The Company’s director is the director in Brooker Dunn to represent the Company. Therefore, Brooker Dunn is completely considered a subsidiary of the Company as shown in the Company’s corporate structure disclosed in the Annual Report every year.

As Brooker Dunn is a subsidiary of the Company, the Company’s consolidated financial statements incorporate the financial statements of Brooker Dunn in accordance per general consolidation method.

Until the end of 2021, Brooker Dunn had a fund management agreement with Sukhothai Fund which was registered abroad. Therefore, Brooker Dunn's income, which were management fee and performance fee was part of the business advisory service income in the Company’s consolidated statements of income. As Brooker Dunn is a subsidiary of the Company, this is not considered related party transaction.

The Management Fee and Performance Fee are considered general practice for the fund.

However, the termination of such agreement at the end of 2021 was Brooker Dunn’s right to do so.

- 8. Due to the current market price of Digital Assets is highly volatile. How will it affect the remaining Digital Asset Inventories of the Company?**

Due to the fluctuation of Digital Asset price, we would like to clarify as follows:

Currently, the downfall of Digital Asset price was due to the significant decline of Algorithmic Stable Coin UST and LUNA Token. None of these coins are invested by the Company. Nevertheless, the decline in digital asset price caused an increase in loss on the reduced value of inventory for USD 4 million from March 31, 2022 to May 17, 2022. The foresaid amount is based on the accounting principle discussed on item 1.2 However, the inventory value will be adjusted to market price or cost price whichever is lower at the end of the next fiscal period, June 30, 2022.

Portfolio Monitoring after investment is based on the closely monitoring approach. If it appears to the Investment Committee that certain information possesses critical points eg. the price fluctuation and trading volume are extremely unusual, it will be the discretion of Investment Department to call for the Investment Committee meeting to report the situation and provide information regarding the cause of high volatility to the Investment Committee for further decision on what to do.

Please be informed accordingly

Your sincerely

(Mr. Chan Bulakul)

Chief Executive Officer