

Ref: HEALTH-024/2023

August 10, 2023

Subject: Clarification of the Operating Result Difference Exceeding 20%

To: The President
The Stock Exchange of Thailand

Copy to: The Secretary
The Securities and Exchange Commission

Health Empire Corporation Public Company Limited would like to inform you of the difference in operating results of more than 20% according to the Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2013 Re: Rules, Conditions, and Procedures for Disclosure of Financial and Non-financial Information of Securities Issuers, Clause 22, when it appears that the income or net profit reported in the financial statements of any securities issuing company differs by more than 20% from the same period the previous year. The issuing company must conduct an interim management discussion and analysis, at the very least demonstrating the causes and key factors causing the differences, as well as the impact caused by such factors, and submit it to the office along with the financial statements.

According to the operating results of the quarter of 2/2023, the company had a net loss in the consolidated financial statements of 19.43 million baht, compared to the quarter of 2/2022 the company had a net loss in the consolidated financial statements of 4.13 million baht, which has increased the loss by 370.12%, which is a difference of more than 20% according to the Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2556

The company's revenue from sales and services decreased from 40.84 million baht in the quarter of 2/2022 to 4.24 million baht in the quarter of 2/2023, a total decrease of 36.60 million baht or a decrease of 89.62%. Other income decreased from 36.27 million baht in the quarter of 2/2022 to 2.62 million baht in the quarter of 2/2023, a total decrease of 33.65 million baht or a rate of decreased 92.79% from the rental income decreased 1.57 million baht, with sublease contracts from 6 locations from the previous year, now there are 4 locations and others from the profit from the sale of investment in the subsidiary 29.62 million baht.

Cost of sales and services decreased from 22.81 million baht in the quarter of 2/2022 to 2.60 million baht in the quarter of 2/2023, a total decrease of 20.20 million baht or 88.59% decrease in the rate.

Distribution costs and administrative expenses decreased from 47.74 million baht in the quarter of 2/2022 to 12.73 million baht in the quarter of 2/2023, totaling 35.01 million baht or 73.3% decrease in the rate.

From the results of the quarter of 2/2023, there was a loss from the hemp and cannabis business of 3.15 million baht, profit from the business of selling and distributing traditional medicine products, herbal products, cosmeceuticals, health and beauty maintenance products and dietary supplements in the amount of 2.85 million baht, and loss from other

operations in the amount of 4.89 million baht, totaling a net loss of 5.19 million baht and recognizing the loss of goodwill in the amount of 14.24 million baht, totaling a total net loss of 19.43 million baht. The company's revenue from cost of sales and services, cost of distribution, and administrative expenses decreased from the previous year in the same direction. As a result of reducing the proportion of investment and disposition of investments in subsidiaries in beauty clinics, resort and spa due to the operating results do not grow according to the target.

For the causes and important factors that affect the operation in the past quarter of 2/2023 due to the change in business strategy, downsizing and delay investment in the sector that is currently uncertain, namely the cultivation of hemp and cannabis plants. With social and political trends affecting hemp and cannabis, as well as issues of law amendment and various government announcements make the cannabis, hemp business uncertain, as a result, the market price fluctuates. Which after this if the government changes the law related to hemp, cannabis that is conducive to business operations, the company will review and adjust the business plan again. However, in the part of planting plants that have already invested in some parts, the company has cultivated according to the business plan by the first round of cultivation, hemp has been successfully extracted into CBD Isolate and is in the distribution process and the quarter of 2/2023, the next round of planting is underway.

However, the business plan that is not related to hemp, cannabis, the company continues to carry out the plan, including the business of selling and distributing traditional medicine products, herbal products, cosmeceuticals, health and beauty maintenance products, and supplements. There are products such as Compound Andrographis paniculate cough mixture, MD light spray, Andrographis paniculate extract medicine under the brand "Karaboon" and the company continues to strive to increase efficiency, adjust strategies and focus on developing business expansion opportunities to create profitable operating results and sustainable growth.

Please be advised accordingly.

Respectfully Yours,

- *Dr.Kumpol Buriyameathagul*-

(Dr.Kumpol Buriyameathagul)

Director and CEO