

Ref: HEALTH-024/2024

MAY 9, 2024

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 1/2024, the company had a net loss in the consolidated financial statements of 12.66 million baht, compared to the quarter of 1/2023 the company had a net loss in the consolidated financial statements of 7.48 million baht, which has increase the loss by 69.20%, 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 increase from 3.33 million baht in the quarter of 1/2023 to 4.62 million baht in the quarter of 1/2024, a total increase of 1.29 million baht or increase of 38.76%. Other income decreased from 1.38 million baht in the quarter of 1/2023 to 0.51 million baht in the quarter of 1/2024, a total decrease of 0.87 million baht or a rate of decreased 62.88% from the sublease contracts from 3 locations from the previous year, now there are 2 locations and others income Increase from profits from sales in associated companies 4.36 million baht, normal profits from department stores 1.94 million baht and others (such as interest income) amount 0.55 million baht.

Cost of sales and services increase from 1.68 million baht in the quarter of 1/2023 to 2.47 million baht in the quarter of 1/2024, a total increase of 0.79 million baht or 47.05% decrease in the rate.

Distribution costs and administrative expenses increase from 15.19 million baht in quarter of 1/2023 to 17.93 million baht in the quarter of 1/2024, totaling an increase of 2.74 million baht or equivalent to a percentage decreased 18.03% from recording impairment of assets in the amount of 2.26 million baht

From the operating results for the quarter of 1/2024, there was an operating loss of 4.72 million baht, a share of profits from investments in associated companies of 2.13 million baht, and realized losses from the sale of investments in associated companies (reversing the recognition Share of profit and loss under the equity method) in the amount of 7.81 million baht and loss from property impairment in the amount of 2.26 million baht, totaling a net loss of 12.66 million baht.

For the causes and important factors that affect the operation in the past quarter of 1/2024 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 has completed the extraction of hemp into CBD Isolate and is in the distribution process.

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.

As for the progress regarding the extension of the time to receive the transfer of land lease rights for which the rights have already been reserved. According to the Stock Exchange Please report progress every quarter. The company would like to clarify as follows.

On March 28, 2024 FILM AND BROADCASTING INTERMEDIA COMPANY LIMITED (FBI) has sent a letter replying to the company, explaining that the FBI is in the process of accepting the transfer of ownership of all 3 plots of land from GREEN TECH VENTURES PUBLIC COMPANY LIMITED ("GTV"), which is the owner of the land. Current land, with the FBI proceeding to follow up with GTV to complete the registration of transfer of ownership of said land to the FBI within 1 year (From March 28, 2024 to March 28, 2025) with the FBI willing to

compensate MW by extending the lease period for the duration of the delay, which MW accepted the conditions for extending this time. The Company will follow up on the progress of the said operation with the FBI on a regular basis until the operation is completed. The Company will report on the progress in receiving the transfer of lease rights in the next report.

Please be advised accordingly.

Respectfully Yours,

- *Dr.Kumpol Buriyameathagul*-

(Dr.Kumpol Buriyameathagul)

Director and CEO