



- Translate -

Ref: HEMP-004/2023

February 28, 2023

Subject: Clarification of the Operating Result Difference Exceeding 20% ([Edit](#))

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. TorJor. 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 annual performance for the year 2022, the company had a net loss in the consolidated financial statements of 475.84 million baht, compared to a net loss in the consolidated financial statements of 61.42 million baht in the previous year, which increased the loss by up to 100%. According to Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2556, the difference is more than 20%.

The company's revenue from sales and services increased from 89.50 million baht in 2021 to 95.85 million baht in 2022, a total increase of 6.34 million baht or a 7.09% [increase rate](#). Other income increased from 35.52 million baht in 2021 to 63.99 million baht in 2022, a total of 28.47 million baht or an increase of 80.13%, due to gains from the sale of some investments in Subsidiaries and Associated Companies in accordance with the group of companies' business restructuring policy.

The cost of sales and services increased by 12.01 million baht (23.66%), rising from 50.75 million baht in 2021 to 62.76 million baht in 2022. The cost of sales and services that increase in 2022 includes costs lost from hemp cultivation in the amount of 5.96 million baht or 9.5% due to natural disasters.

Distribution costs and administrative expenses increased from 133.43 million baht in 2021 to 138.51 million baht in 2022, a total increase of 5.08 million baht or 3.81%, in accordance with the normal activities of the business and management according to the company's strategy. the company recognized a loss of 422.29 million baht from considering the impairment of goodwill from business acquisitions, representing 88.77% of the annual loss.



Due to the Covid situation's causes and significant factors, the company's main source of income, particularly the business of beauty clinics, resorts and spas, has been significantly impacted in the past of Q3/2022. However, the sale of herbal products can still be profitable for the group of businesses, particularly when it comes to the continuously expanding sales of medicines in the Andrographis Paniculata Extract Capsul group. According to the strategy and operational plans, cannabis is continuing its planting efforts in order to produce and distribute its products which in this quarter has already harvested some products

Please be advised accordingly.

Respectfully Yours,

- Dr.Kumpol Buriyameathagul-

(Dr.Kumpol Buriyameathagul)

Director and CEO