



Ref: HEMP-016/2023

May 11, 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. 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 operating results of the 1st quarter of 2023, the company had a net loss in the consolidated financial statements of 7.48 million baht, compared to the 1st quarter of 2022, the company had a net loss in the consolidated financial statements of 30.45 million baht, which had a reduced loss down to 75.43%, 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 33.27 million baht in the 1st quarter of 2022 to 3.33 million baht in the 1st quarter of 2023, a total decrease of 29.93 million baht or a decrease of 89.98%. Other income decreased from 4.94 million baht in the 1st quarter of 2022 to 3.15 million baht in the 1st quarter of 2023, a total decrease of 1.79 million baht or a 36.23% reduction rate from rental income. There are sublease contracts from 6 locations in the previous year to 4 locations at present.

Cost of sales and services decreased from 22.53 million baht in the 1st quarter of 2022 to 1.68 million baht in the 1st quarter of 2023, a total decrease of 20.85 million baht or a decrease of 92.55%.

Distribution costs and administrative expenses decreased from 45.44 million baht in the 1st quarter of 2022 to 15.19 million baht in the 1st quarter of 2023, totaling a decrease of 30.25 million baht or a percentage decrease. 66.58 %

From the results of the 1st quarter of 2023, there was a loss from the hemp and cannabis business of 5.76 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 2.49 million baht



and loss from other operations in the amount of 4.21 million baht, totaling a net loss of 7.48 million baht. The company has income Cost of sales and services, distribution costs, administrative expenses decreased and net loss decreased in the same direction. As a result of the reduction of the investment proportion and the sale of investments in subsidiaries in the business of beauty clinics, resorts and spas because the turnover does not grow according to the target.

For the causes and important factors that affect the operation in the past quarter 1/2023 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 quarter 1/2023 In progress of cultivation in the next round.

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