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Ref: HEMP-038/2022

August 15th, 2022

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 clarify the net loss of 4.13 million baht for Q2/2022 when compared to the net loss of 8.87 million baht for Q1/2022, with a loss increase/(decrease) of (53.37%), which differed by more than 20%, as announced in The Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2556 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.

The Company's revenue from sales and services increased by 7.06 million baht, or 20.89%, from 33.78 million baht in Q2/21 to 40.84 million baht in Q2/22. The increase in revenue was due to sales and services provided by subsidiaries. Other income increased from 40.71 million baht in the second quarter of 2022 to 77.10 million baht in the second quarter of 2022, representing a total increase of 36.39 million baht or an increase of 89.39% from the profit from selling some investments in the subsidiary in accordance with the Group's business restructuring policy.

Cost of sales and services increased from 17.39 million baht in Q2/21 to 22.81 million baht in Q2/22, a 5.41 million baht or 31.12 percent increase.

Distribution costs and administrative expenses increased from 50.73 million baht in Q2/21 to 93.18 million baht in Q2/22, for a total increase of 42.44 million baht or an increase of 83.66% in line with normal business activities and business plans in accordance with the Group's strategy.

Due to the Covid situation's causes and significant factors, the company's main source of income, particularly the business of beauty clinics, has been significantly impacted in the past second quarter of 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 the medicines in the Sky Thieves group. According to the strategy and operational plans, cannabis is continuing its planting efforts in order to produce and distribute its products in the third quarter of 2022.

Please be advised accordingly.

Respectfully Yours,

-Samart Chuasiriphattana-

(Mr. Samart Chuasiriphattana)

Director and CEO