

## MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is based on Amata Holding Public Company Limited (“Amata”) Consolidated Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2023 (“FY2022-2023”) and should be read in conjunction with those financial statements and related notes thereto. All currency amounts in this MD&A are expressed in Myanmar Kyats unless otherwise specified.

### 1. Operating Results

The Group’s operating performance for the financial year ended 31<sup>st</sup> March 2023 and the mini-budget financial period ended 31<sup>st</sup> March 2022 are shown below.

(Kyat)	01-Apr-22 to 31-Mar-23 (12 months)	01-Oct-21 to 31-Mar-22 (6 months)	% Change
<b>Operating Revenue</b>			
Room Sales	2,118,084,841	1,187,137,161	78%
Passenger Income (Balloon)	323,406,934	-	
Food and Beverage	864,299,281	468,160,369	85%
Other operating	206,515,900	122,759,339	68%
<b>Total</b>	<b>3,512,306,957</b>	<b>1,778,056,869</b>	<b>98%</b>
<b>Cost of Sales</b>			
Room and Balloon	728,482,474	267,289,749	173%
Food and Beverage	645,407,681	287,942,402	124%
Other operating	25,242,709	13,216,961	91%
<b>Total</b>	<b>1,399,132,864</b>	<b>568,449,112</b>	<b>146%</b>
<b>Gross Profit</b>	<b>2,113,174,093</b>	<b>1,209,607,757</b>	<b>75%</b>
<b>Other Income</b>	<b>39,374,677</b>	<b>1,154,955</b>	<b>3309%</b>
<b>Other Expense</b>	<b>6,444,264,045</b>	<b>(1,224,403,075)</b>	<b>-626%</b>
<b>EBITDA</b>	<b>(4,291,715,275)</b>	<b>2,435,165,787</b>	<b>-276%</b>
<b>EBIT</b>	<b>(6,083,727,347)</b>	<b>1,457,593,417</b>	<b>-517%</b>
<b>Interest Expense</b>	<b>1,863,266,240</b>	<b>1,009,219,558</b>	<b>85%</b>
<b>(Loss) / Profit before Tax</b>	<b>(7,932,734,557)</b>	<b>448,373,859</b>	<b>-1869%</b>
<b>Total Comprehensive Income</b>	<b>(7,932,734,557)</b>	<b>649,500,164</b>	<b>-1321%</b>

The Group's principal revenue comes from resort hotels and hot air ballooning businesses. Comparing the financial year ended 31<sup>st</sup> March 2023 with the financial period ended 31<sup>st</sup> March 2022, the total operating revenue was increased by 98% since the resort hotels business has recovered and hot air ballooning business in Bagan region was also able to operate again during this reporting year.

Other income was increased which mainly due to the cancellation of the reservation deposit received.

Although some of the other expenses such as sales and marketing, and administrative and general expenses were being controlled, there was a total comprehensive loss of 7.9 billion Kyats rather than total comprehensive income during the Company's current financial year. It was due to the repair and maintenance works done on some of our hotels and the unrealized exchange loss of 4.51 billion Kyats incurred from the revaluation of some balance sheet items based on monthly foreign currency exchange rates in accordance with the accounting standards.

### **Foreign Currency Exchange Gain/Loss**

Since our Group operates mainly in the Hotel industry, the business almost always encounters the exchange rate risk in general. In order to reduce the potential losses from the instability of foreign currency exchange rate fluctuations, we have made the adjustments during this reporting year to set the room rates and payable in Myanmar Kyats. By comparing the financial year ended 31<sup>st</sup> March 2023 with the previous financial period, there was the foreign currency exchange loss. As per below table extracted from the financial statements of the current year, unrealized exchange loss of 4.51 billion Kyats consisted mainly of 4.32 billion Kyats from translation to the functional currency of the foreign currency loan.

<b>(Kyat)</b>	<b>Financial year ended 31 March 2023</b>	<b>Financial Period ended 31 March 2022</b>
Ex rate differential - realized	<b>21,154,905</b>	<b>(57,380,074)</b>
Ex rate differential - unrealized	<b>4,506,997,027</b>	<b>(1,878,988,994)</b>
<b>Total</b>	<b>4,528,151,932</b>	<b>(1,936,369,068)</b>

## 2. Financial Condition

### *Non-Current Assets*

The Group's major non-current assets consist of property, plant and equipment for hotels and hot air ballooning services. A 3.1% decrease in non-current assets was primarily attributable to the depreciation and amortization of tangible and intangible assets used in hotels and hot air ballooning businesses.

(Kyat)	Financial year ended 31 March 2023	Financial period ended 31 March 2022	% Change
<b>Non-current Assets</b>	<b>51,970,291,626</b>	<b>53,651,830,743</b>	<b>-3.1%</b>

### *Current Assets*

The Group's current assets consist of inventory, account receivables, prepayment and advance, amount due from related parties, and cash and cash equivalents. Current assets were decreased by 6.2% between the financial year ended 31<sup>st</sup> March 2023 and the financial period FY2021-22. The main reasons for that were reducing the minimum inventory level, reducing the prepayments, and being able to timely collect the account receivables.

(Kyat)	Financial year ended 31 March 2023	Financial period ended 31 March 2022	% Change
<b>Current Assets</b>	<b>470,624,134</b>	<b>501,797,957</b>	<b>-6.2%</b>

### *Current Liabilities*

The Group's major current liabilities include current portion of long-term borrowings, accounts payable, accrued expenses, tax payable, provision and deposit, amount due to related parties, and other liabilities, which consist of commission and other miscellaneous. A 42% increase in current liabilities for current financial year as compared to the financial period FY2021-2022 was mainly due to an increase in current portion of principal payment for the foreign currency loan and interest due for such foreign currency loan are translated to the functional currency, and an increase in collection of room deposits due to the recovery of tourism businesses.

(Kyat)	Financial year ended 31 March 2023	Financial period ended 31 March 2022	% Change
<b>Current Liabilities</b>	<b>19,886,770,572</b>	<b>14,000,620,873</b>	<b>42.0%</b>

### ***Non-Current Liabilities***

Non-Current Liabilities comprise of long-term borrowings, other non-current liabilities and finance lease obligation. By comparing the financial year ended 31<sup>st</sup> March 2023 with the previous financial period, there was a 3.8% decrease in non-current liabilities and it was primarily attributable to the reporting of long-term borrowing which will be due next year to current liabilities in accordance with the accounting standards and the revaluation of foreign currency loan outstanding due to the changes in foreign currency exchange rates.

<b>(Kyat)</b>	<b>Financial year ended 31 March 2023</b>	<b>Financial period ended 31 March 2022</b>	<b>% Change</b>
<b>Non-current Liabilities</b>	<b>14,984,753,113</b>	<b>15,571,457,170</b>	<b>-3.8%</b>

### ***Total Equity***

The total equity consists of share capital, retained earnings and non-controlling interest (NCI). For current financial year ended 31<sup>st</sup> March 2023, the total equity was decreased by 28.5% as compared to the previous financial period. It was mainly due to the repair and maintenance works done on some of our hotels, depreciation expenses, and the net loss incurred by revaluation of the changes foreign currency exchange rates.

<b>(Kyat)</b>	<b>Financial year ended 31 March 2023</b>	<b>Financial period ended 31 March 2022</b>	<b>% Change</b>
<b>Total Equity</b>	<b>17,569,392,075</b>	<b>24,581,550,657</b>	<b>-28.5%</b>

## Review and Business Outlook

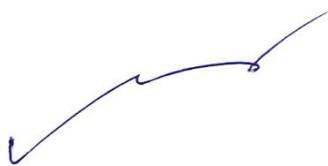
Amata Group was able to perform well amidst the changing conditions in Myanmar between the previous and current financial year, and the emerging economic and market conditions. The revenue from hotels was increasing during the current financial year and the hot air ballooning business was resumed in the Bagan region starting from November 17, 2022.

In each year, the revenue of hotel and tourism businesses tends to drop roughly during the low season period between May and September, and the high season period occurs from October to April. During this financial year, although low season operation can lower the revenues of our hotels, the group opened some hotels in the low season period for the best service provided to our guests. In this service, we were able to cover some of our operation costs and expenses.

In preparation to gain increased revenue and more market share in the upcoming tourist season, major renovations in our hotels were carried out during the current financial year in order to get customer satisfaction and provide a peaceful and comfortable stay. In addition, our company is not only making the preparations such as operating sales promotion programs targeting at the domestic tourism in full swing due to the inbound tourism still being low, and setting the strategies to match the changing economic situation and market requirements, but also putting the efforts to make necessary preparations for reducing the operating costs and other expenses. We have also successfully overcome many difficulties over the past 3 years in order to operate our businesses in the best possible way and have prepared to the best of our abilities for the future prospects of our shareholders.

In the upcoming days, unless unexpected situations occur, the tourism industry could recover and our Group is aiming to gain more market share among hotel businesses, providing hot air ballooning services not only in Bagan but also in other regions, and making investments in different business areas. By doing so, we might sell out some of our businesses if deemed appropriate and we would like to assure our shareholders that we will continue our best efforts to increase the revenue of our Group and achieve good future prospects.

On Behalf of the Board of Directors,



Win Aung

Chairman