

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is based on Amata Holding Public Company Limited (“Amata”) Consolidated Unaudited Interim Financial Statements for the half year ended 31<sup>st</sup> March 2021 (“HFY2020-2021”) and should be read in conjunction with those financial statements and related notes thereto. All currency amounts in the MD&A are expressed in Myanmar Kyats unless otherwise specified.

### 1. Operating Results

The Group’s operating performance for the half years ended 31 March 2020 and 2021 are shown below.

(Kyat)	Interim Financial Year ended 31 March 2021 (6 months)	Interim Financial Year ended 31 March 2020 (6 months)	% Change
<b>Operating Revenue</b>			
Room Sales	42,313,242	3,248,295,951	-98.7%
Passenger Income (Balloon)	-	3,760,446,063	-100%
Food and Beverage	12,130,521	1,438,409,299	-99.2%
Others	450,767	208,882,364	-99.8%
<b>Total</b>	<b>54,894,530</b>	<b>8,656,033,676</b>	<b>-99.4%</b>
<b>Cost of Sales</b>			
Room and Balloon	80,962,321	2,244,538,669	-96.4%
Food and Beverage	40,136,611	851,870,467	-95.3%
Others	4,463,004	66,824,233	-93.3%
<b>Total</b>	<b>125,561,936</b>	<b>3,163,233,369</b>	<b>-96.0%</b>
<b>Gross Profit/(Loss)</b>	<b>(70,667,406)</b>	<b>5,492,800,308</b>	<b>-101.3%</b>
<b>Other Income</b>	<b>4,065,215</b>	<b>13,781,117</b>	<b>-70.5%</b>
<b>Other Expense</b>	<b>2,125,024,614</b>	<b>2,071,470,185</b>	<b>2.6%</b>
<b>EBITDA</b>	<b>(2,191,626,805)</b>	<b>3,435,111,239</b>	<b>-163.8%</b>
<b>EBIT</b>	<b>(3,311,439,017)</b>	<b>2,257,836,709</b>	<b>-246.7%</b>
<b>Interest Expense</b>	<b>703,200,425</b>	<b>786,124,184</b>	<b>-10.5%</b>
<b>Profit before Tax</b>	<b>(4,014,639,442)</b>	<b>1,471,712,526</b>	<b>-372.8%</b>
<b>Total Comprehensive Income</b>	<b>(4,014,639,442)</b>	<b>1,209,513,769</b>	<b>-431.9%</b>

The Group’s principal business activity is the management and operations of resort hotel and hot air ballooning business. Specifically, the revenue of the Group is derived from revenues generated from the subsidiaries, UIG which we own 99.99% and MB in which we have 51% interest. The revenues can be broken down into revenue from hotel and ballooning operations and revenue from food and beverage (F&B) and Others (including spa operations, guest laundry, souvenir etc.). For the half year ended March 31, between HFY 2019-2020 and HFY 2020-2021, the total operating revenue decrease by 99.4%. This is contributed mainly from a 100% decrease in passenger income of hot air ballooning operations and room sales revenue of hotel business. The cost associated with these revenues also decrease by 96% and gross profit turns to gross loss that means a 100% decrease of gross profit in current 6 months’ period compare to the same period of previous year.

Adverse impact of COVID – 19 and uncontrollable situations by us were significant and they severely affected the hotel business operation of Amata. Our Group’s business performance and profitability was worse in this first half year HFY 2020-2021 compare to the same period of previous year HFY 2019-2020. Other Expenses, which include Sales

and Marketing, Administrative and General Expenses and foreign currency exchange loss, especially foreign currency exchange loss has significantly increased in HFY 2020-2021 compared to HFY 2019-2020. As a result, there is a 2.6% increase of other expenses even though respective revenues and costs have relatively decreased in HFY 2020 – 2021. The Interest Expense is associated with the foreign currency loan. Similar to gross profit, total comprehensive income turns to loss 4 billion Kyats in HFY 2020 – 2021 compared to HFY 2019 – 2020 that can make profit 1.2 billion Kyats for the same period.

### Foreign Currency Exchange Gain/Loss

Since the Group operates mainly in the Hotel industry, the business almost always encounters the exchange rate risk in general. Nowadays due to the current unstable conditions of economic and uncontrollable situations by us, the dramatic increase of foreign currency exchange rate will lead to significant increase of foreign currency exchange loss for the Group by comparing to the same period of previous year's six months' financial statements which was operated in normal condition without having adverse impact of COVID - 19 and any others-uncontrollable situations by us. As per below table extracted from the interim financial statements of the current period, unrealized exchange loss 1.6 billion Kyats in the financial statements consists of mainly 1.4 billion Kyats from the foreign currency loan.

(Kyat)	Interim Financial Year ended 31 March 2021(6 months)	Interim Financial Year ended 31 March 2020 (6 months)	% Change
<b>Exchange Rate Differential</b>			
Exchange Rate Differential – realized	(4,267,874)	18,985,150	-122.5%
Exchange Rate Differential – unrealized	1,678,497,751	121,998,669	1275.8%
<b>Total</b>	<b>1,674,229,877</b>	<b>140,983,818</b>	<b>1087.5%</b>

## 2. Financial Condition

### Non-Current Assets

The Group's major non-current assets comprise of properties, plant and equipment for hotel and hot air ballooning services. A 4.4% decrease in non-current assets is primarily attributable to depreciation and amortization of tangible assets and intangible assets of hotel and hot air ballooning.

(Kyat)	Interim Financial Year ended 31 March 2021(6 months)	Interim Financial Year ended 31 March 2020 (6 months)	% Change
<b>Non-Current Assets</b>	<b>50,271,105,563</b>	<b>52,579,915,888</b>	<b>-4.4%</b>

### ***Current Assets***

The current assets comprise of inventory, account receivables, prepayment and advance, amount due from related parties, and cash and cash equivalents. For the half year ended HFY 2020-2021 and FY 2019-2020, a 16.9 % decrease in current assets reflects mainly an 88% decrease in account receivables and a 53% decrease in prepayment and advance.

(Kyat)	<b>Interim Financial Year ended 31 March 2021(6 months)</b>	<b>Interim Financial Year ended 31 March 2020 (6 months)</b>	<b>% Change</b>
<b>Current Assets</b>	<b>3,582,498,615</b>	<b>4,312,086,370</b>	<b>-16.9%</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, and other liabilities, which consist of commission and other miscellaneous. A 39.2% increase in current liabilities for the half year ended HFY 2020-2021 vs. HFY 2019-2020 is mainly due to an increase by 1.9 billion Kyats of interest payable for the foreign currency loan.

(Kyat)	<b>Interim Financial Year ended 31 March 2021(6 months)</b>	<b>Interim Financial Year ended 31 March 2020 (6 months)</b>	<b>% Change</b>
<b>Current Liabilities</b>	<b>7,466,219,835</b>	<b>5,362,117,190</b>	<b>39.2%</b>

As the interest payable is a balance sheet item (i.e., liabilities as at the reporting date), it increased by 1.9 billion Kyats in HFY 2020-2021 compared to HFY 2019-2020 which was mainly due to the defer interest payment for foreign currency loan from 16 December 2019 to 31 March 2021 of the interest expenses. The reason of defer interest payment is due to Covid-19 outbreak in late 2019 which caused Myanmar tourism to slowdown.

Recently, the Group is still discussing this interest payable with loan provider and will disclose the update on this regard. The Group intended to pay the outstanding interest payable to loan provider in FY 2021-2022 when the tourism in Myanmar is back to normal condition.

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

The Non-Current Liabilities comprise of long-term borrowings, other non-current liabilities and finance lease obligation. As at half year ended 31 March 2021, we have outstanding long-term borrowings of 14.58billion equivalent Kyats from the foreign currency loan. A 7.6% decrease in non-current liabilities for the half year ended HFY 2020-2021 compared to HFY 2019-2020 is mainly due to written off 1 billion Kyats payable to Amata International Company (AIC) by United International Group Limited (Subsidiary of Amata Holding Public Company Limited) for assets transfer of Inle hotel.

(Kyat)	<b>Interim Financial Year ended 31 March 2021(6 months)</b>	<b>Interim Financial Year ended 31 March 2020 (6 months)</b>	<b>% Change</b>
<b>Non-current Liabilities</b>	<b>17,299,409,135</b>	<b>18,713,714,708</b>	<b>-7.6%</b>

### **Total equity**

The total equity consists of share capital, retained earnings and non-controlling interest (NCI). For the half year ended 31 March 2021, HFY 2020-2021, the total equity is down by 11.4% compared to HFY 2019–2020 which is mainly due to a decrease by 3.3 billion Kyats of retained earnings for making loss in current period.

(Kyat)	Interim Financial Year ended 31 March 2021 (6 months)	Interim Financial Year ended 31 March 2020 (6 months)	% Change
<b>Total Equity</b>	<b>29,087,975,208</b>	<b>32,816,170,360</b>	<b>-11.4%</b>

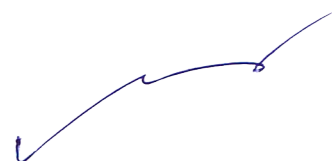
### **3. Liquidity**

The following table shows the key ratios indicating that the financial liquidity of the Group.

	Interim Financial Year ended 31 March 2021 (6 months)	Interim Financial Year ended 31 March 2020 (6 months)
Quick Ratio	<b>0.46</b>	<b>0.77</b>
Debt to Equity Ratio	<b>0.85</b>	<b>0.73</b>
Debt to Asset Ratio	<b>0.46</b>	<b>0.42</b>

By looking at the liquidity ratio of the Group, it mostly indicates that the Group has sufficient assets and equity ability to pay its debt except quick ratio of current half year ended 31 March 2021 HFY 2020-2021 which seems a little weak compared to the same period of the previous year, HFY 2019-2020. The Group has adequate capital resources for its expansion and growth, financing mainly from shareholders' equity and retained earnings from our subsidiaries' businesses. The Group has some foreign currency loan for debt financing to expand the hotel business, however, that is a long term loan and the Group has reached an agreement with the loan provider for a revised loan repayment schedule. As at the latest practicable date, the Group's management believes that the Group has the ability to pay its short and long term debt according to its schedule based on the business plan and business growth of the Group.

On Behalf of the Board of Directors,



U Win Aung

Chairman