



MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED.

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AUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS

The Board of Directors of Myanmar Agro Exchange Public Company Limited (“MAEX”) wishes to announce the release of the Company’s audited financial statements and Management Disclosure and Analysis (“MD&A”) for the year ended 31st March 2023 (“FY2022-2023”). All currency amounts in the MD&A are express in Myanmar Kyats (MMK) unless otherwise specified.

The current reported fiscal year 2022-2023 is the twelve months period from 1st April 2022 to 31st March 2023 (“FY2022-2023”). The preceding year covered the six months period from 1st October 2021 to 31st March 2022 (“FY2021-2022”). As a result, the amounts presented in financial statements are not entirely comparable.

The financial statements are prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and audited by the Independent Auditor, Win Thin and Associates.

Board of Directors approved this document on 27th June 2023. The discussion and analysis are provided below:

KEY HIGHLIGHTS

Summary of the Statements of Comprehensive Income

	FY2022-2023* (12 months) MMK’000	FY2021-2022** (6 months) MMK’000	% Change
Revenue - net	17,960,424	3,191,265	463%
Cost of sales	-11,684,317	-1,462,745	698%
Gross profit	6,276,107	1,728,520	263%
Other income	271,590	88,535	207%
- General and administrative	-1,912,421	-770,003	148%
- Marketing	-18,945	-16,497	15%
- Finance charges	-10,709	-303	3434%
Profit before Share of profit to YCDC	4,605,622	1,030,252	347%
Share of profit to YCDC	-1,159,801	-263,872	340%
Profit before tax	3,445,821	766,380	350%

Income tax expense #	-758,081	-168,603	350%
Comprehensive income for the year/ period	2,687,740	597,777	350%
Earnings per share (Kyat)	124	28	343%

* April 2022 to March 2023

** October 2021 to March 2022

As the fiscal year ended March 31, 2023 (“FY 2022-2023”) is 12 months, the total revenue is 17.96 billion kyats. Previous year (“FY 2021-2022”) was only 6 months period and the total revenue was 3.19 billion kyats. Therefore, comparison of the financial year has increased by 463%, and the average monthly income has increased by 181%.

A breakdown income is set forth below:

	FY2022-2023* (12 months) MMK'000	FY2021-2022** (6 months) MMK'000	% Change
Revenues			
Income From Sales of Shop House	8,956,253	1,183,495	657%
Right of self-construction Shop House	4,333,333	-	N/A
Market Operating Income			
Rental Income from Market Buildings	3,340,729	1,466,170	128%
Cars, Trucks & Cycles Entrance	927,507	344,276	169%
Other Operation Income	351,339	167,154	110%
Total Market Operating Income	4,619,575	1,977,600	134%
Revenue from E Commerce	51,263	30,170	70%
Total Revenues	17,960,424	3,191,265	463%

The main source of revenue during this reporting period was shop house sales income. During the reporting period, sales revenue for 12 shop house and 5 rooms was about 8.96 billion kyat. Last year, only one shop house and eight rooms were sold with sales revenue of 1.18 billion kyats. The Shop Houses that were pre-sold in the previous financial year have been fully paid according to the sales agreement contract and the building was handed over in this financial year, the sales were recognized. Shop House sales have increased by 657% this 12-months reporting period compare to last year 6-months (Mini Budget). During the reporting period, 4.33 billion kyats were earned from right of self-construction and sold-out program shop house 32 units.

Revenues from the market operating income were 4.62 billion kyat but the previous year (“2021-2022”) were only 1.98 billion kyats due to the six-month period. it is 134% more than last financial

year. Management Committee and Market Operation Team has improved the market operating management, the fair size of the market, parking space and discipline have also boosted shoppers, and with the increase in renting of shops and Cars, Trucks & Cycles Entrance income has increased 169%. Especially, overnight car park income is increased to average 4.4 lakh per day.

The gross profit for the current reporting period is about 6.28 billion kyats, which is 263% increased, as it was only about 1.73 billion kyats in the previous 2021-2022 fiscal year, a six-month period. This increase is due to the increased 128% in rental income from Market Buildings and the resulted in increase the gross profit margin. Market operation income was an average of Kyat 329.6 million per month in last year to Kyat 384.96 million per month in this year. It was increased 17% from last year.

In terms of expenditures, General Administrative Expenses were more from Kyat 770 million in the previous year ("FY2021-2022") to Kyat 1,912 million in the current year ("FY 2022-2023"), an increase of 148%, because last year is six-month period and periodical cost and expenses are double in current reporting period. Financial expenses were more from kyats 3.03 lakh in the fiscal year 2021-2022 to kyats 107.09 lakh in the current fiscal year 2022-2023, an increase of 3434%. According to the agreement with YCDC, there was no need to renew the performance guarantee last year, but this year, the performance guarantee needs to be renewed. The increase of finance expenses is due to the agreement with UAB Bank, obtaining bank guarantee and paying the bank service fee for it.

During the reporting period, income tax was Ks 758.08 million, up from Ks 168.6 million in the previous year ("FY 2021-2022"), an increase of 350%. The reason for this increase is that net profit before tax for the current reporting period was 3.446 billion kyats for 12 months but last year was 6-month period and it was 766.4 million kyats, an increase of 350%.

The summary of financial position of the Company for the year ended 31 March 2023 and previous fiscal year ended 31 March 2022 are compare as follows:

Summarized Statement of Financial Position as at 31st March 2023

	31-Mar-23	31-Mar-22	%
	MMK'000	MMK'000	Change
Assets			
Current assets	12,544,332	10,255,372	▲ 22%
Non-current assets	24,036,488	21,625,708	▲ 11%
Total assets	36,580,820	31,881,080	▲ 15%
Less: Liabilities			
Current liabilities	7,872,141	7,322,240	▲ 8%
Non-current liabilities	2,500,000	–	N/A
Total liabilities	10,372,141	7,322,240	▲ 42%
Net Assets	26,208,679	24,558,840	▲ 7%
Equity			
Issued Share Capital	21,753,001	21,753,001	0%
Advance received for Right Issue	1,559,002		N/A
Retained Earnings	2,896,676	2,805,839	▲ 3%
Total Equity	26,208,679	24,558,840	▲ 7%

Total current assets increased from Kyat 10.26 billion as of 31 March 2022 to Kyat 12.54 billion as of 31 March 2023, an increase of 22%. The increase was advance for income tax, advance for project construction works and Shop House remaining for sale.

Total non-current assets increased from kyats 21.63 billion as of 31 March 2022 to kyats 24.04 billion as of 31 March 2023, an increase of 11%. The increase is completion of infrastructure, Parking Platform, entrance gates, and related fees collection systems and equipment.

Total current liabilities increased to kyats 7.87 billion as of 31 March 2023 as compared to kyats 7.32 billion as of 31 March 2022. It was increased in provision for commercial tax, corporate income tax and profit share to YCDC and accrued expenses for project construction cost. The company has no loan in last year but current reported fiscal year ("FY 2022-2023") UAB Bank has agreed to take out a total of 5 billion kyats of terms loan for the construction of project. That loan will only pay interest on the amount withdrawn. For the reported period ended on March 31 2023, a total of kyats 2.5 billion were withdrawn as a loan from UAB bank for the construction of projects.

Shareholders' equity increased by 6.72% during the current fiscal year to reach 26.21 billion kyats. It was first advance received for distribution of right issue shares about 1.56 billion kyats and profit during the period.

The summary of the Company's cash flow statement is as follows:

Summary Cash Flow Statement for the year ended 31st March 2023

	FY 2022-2023 Apr 2022 - Mar 2023	FY 2021-2022 Oct 2021 - Mar 2022
	MMK'000	MMK'000
Cash flows from operating activities		
Profit before tax	3,445,821	766,380
<i>Adjustments for:</i>		
- Depreciation and amortization	758,286	330,270
- Interest income	-100,109	-44,028
- Write off intangible assets	-	9,373
Operating profit before working capital changes	<u>4,103,998</u>	1,061,995
Changes in working capital		
- Trade and other receivables	46,457	1,315,580
- Advances and prepayments	-208,334	-219,754
- Inventory	-1,632,398	-414,270
Work in progress	208,493	-514,446
- Trade and other payables	-5,000,764	748,797
- Provisions	649,607	-331,706
- Accrued expenses	4,088,660	-
Cash generated from operation	<u>2,255,719</u>	1,646,196
Interest received	100,109	44,028

Income tax paid	-520,617	-173,000
Net cash provided by operating activities	1,835,211	1,517,224
Cash flows from investing activities		
Additions to investment properties	-936,512	-236,149
Additions to property, plant and equipment	-2,232,554	-1,349,367
Additions to intangible assets	-	-50,258
Net cash used in investing activities	-3,169,066	-1,635,774
Cash flows from financing activities		
Proceed from advance receive for right issue	1,559,002	-
Proceed from borrowing	2,500,000	-
Dividend paid to shareholders	-2,575,987	-
Net cash used in financing activities	1,483,015	-
Net decrease in cash and cash equivalents	149,160	-118,550
Cash and cash equivalents at beginning of period	3,106,736	3,225,286
Cash and cash equivalents at end of period	3,255,896	3,106,736

Company cash and cash equivalents increased from Kyat 3.107 billion as of 31st March 2022 to kyats 3.256 billion as of 31st March 2023, an increase of 4.8%. During the reporting period, about kyats 1.835 billion was received from operational activities and increased 20.96% from last period. About kyats 3.169 billion was used for investment activities, but we got kyats 1.483 billion from financing activities. So that, net cash increased kyats 149.16 million. Expenditures on these investment activities include the cost of income generated expansion for car parking platform cost and 2 units of entrance gate, and office building, car parking fee collection systems, wastage compactor, expansion for road, street lamps, light posts and other equipment. Sources of financing activities are first advance received for right issue share kyats 1.56 billion and loan from bank kyats 2.5 billion, and dividend payment kyats 2.58 billion was paid out in during the reported financial year.

Forward Outlook

Beyond the period of COVID-19 in Myanmar, business activities are trying to recover gradually. Myanmar Agro Exchange Public Company Limited (MAEX) will continue to take preventive measures and plan for future spikes of COVID-19 in Myanmar. In order to improve the company's business activities, the construction works are being carried out faster than before according to the project plan. Cold store rooms are being install and built-in market building (1), so it will be possible to start storage in third quarter of this year.

Our pilot project for solar renewal energy is underway and started generating energy and powering at market building (1) and (3) with 124 kWp. It will continue to be included in the annual budget and expanded.

The company's business, the products sold at Danyingone Wholesale Market, continues to grow as it is a trading staple food, fresh vegetables, fruits and dry food. In addition, the better management and cleanliness of the market is attracting more and more customers.

MAEX is also on a continues outlook for more invest in the expansion of vegetable and fruit markets across the country. We believe that, this kind of market operating management is where MAEX knowledge and expertise are our core competency and it is what an emerging country like Myanmar have opportunities to expand.

In addition to the current activities, the management of the company will continue to develop and implement further development plans for the long-term sustainability of the company.

With the opportunity of trust given by our shareholders, the guidance of the board and that diligence of the management team, we have been able to pay dividends for 3 consecutive years. In addition, business progress is being closely monitored. We are working on a variety of approaches, emphasizing business sustainability, greater resilience and the long-term interests of the Company and its shareholders.