

## MANAGEMENT DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is based on Amata Holding Public Company Limited (“Amata”) Consolidated Reviewed Financial Statements for the interim financial period ended 30<sup>th</sup> September 2023 and should be read in conjunction with those financial statements and related notes thereto.

The period for the currently presented financial statements is a 6-month financial period from 1<sup>st</sup> April 2023 to 30<sup>th</sup> September 2023, which falls into the low season of our business. It is compared with last year’s audited financial statements for the interim financial period from 1<sup>st</sup> April 2022 to 30<sup>th</sup> September 2022 (HY Sep-2022). 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 interim financial period ended 30<sup>th</sup> September 2023 and the interim financial period ended 30<sup>th</sup> September 2022 are shown below.

(Kyat)	01-Apr-23 to 30-Sep-23 (6 months)	01-Apr-22 to 30-Sep-22 (6 months)	% Change
<b>Operating Revenue</b>			
Room Sales	744,101,095	803,656,064	-7%
Passenger Income (Balloon)	-	-	
Food and Beverage	328,315,314	338,426,975	-3%
Other operating	64,253,088	80,923,972	-21%
<b>Total</b>	<b>1,136,669,497</b>	<b>1,223,007,011</b>	<b>-7%</b>
<b>Cost of Sales</b>			
Room and Balloon	225,889,957	190,670,874	18%
Food and Beverage	262,114,670	244,828,788	7%
Other operating	7,954,693	11,736,051	-32%
<b>Total</b>	<b>495,959,320</b>	<b>447,235,713</b>	<b>11%</b>
<b>Gross Profit</b>	<b>640,710,177</b>	<b>775,771,298</b>	<b>-17%</b>
<b>Other Income</b>	<b>2,534,240</b>	<b>27,614,054</b>	<b>-91%</b>
<b>Other Expense</b>	<b>(904,938,941)</b>	<b>(5,260,237,638)</b>	<b>-83%</b>
<b>EBITDA</b>	<b>(261,367,723)</b>	<b>(4,456,852,286)</b>	<b>-94%</b>
<b>EBIT</b>	<b>(987,253,383)</b>	<b>(5,389,184,279)</b>	<b>-82%</b>
<b>Interest Expense</b>	<b>979,716,628</b>	<b>874,903,039</b>	<b>12%</b>
<b>(Loss) / Profit before Tax</b>	<b>(1,966,970,011)</b>	<b>(6,264,087,318)</b>	<b>-69%</b>
<b>Total Comprehensive Income</b>	<b>(1,948,328,811)</b>	<b>(6,262,888,288)</b>	<b>-69%</b>

The Group's principal revenue comes from resort hotels and hot air balloon service businesses. As the hot air balloon service business does not provide during the monsoon season when the tourist arrival rate is low, the company did not receive any income from this business during the aforementioned period. The company's total operating revenue for the current 6-month interim financial period was 7% less than that of the previous year's interim financial period. The company has not only planned well to increase guest arrivals in hotels and gain more market share but also made necessary preparations to resume hot air balloon service business from October when there is a large influx of tourists.

During the currently presented 6-month financial period in which the company's revenue is low, although the company has controlled operating expenses of its businesses, administrative and general expenses, and sales and marketing expenses more thoroughly than last year and incurred a total comprehensive loss of 1.9 billion Kyats.

### Foreign Currency Exchange Gain/Loss

Since our Group operates mainly in the hospitality industry, we have managed to set the room rates and pay off the payables in Myanmar Kyats in order to reduce the potential currency exchange losses resulting from dealing with foreign tourists and foreign travel service organizations.

Moreover, in preparing the current financial statements, the Group's calculated foreign exchange rate to convert the receivables and payables expressed in foreign currency into Myanmar Kyats is based on the CBM reference rate and it is the same as last year's calculated rate. By doing so, the Group was able to greatly reduce the transaction risk which could result in the presentation of such currency conversion.

(Kyat)	Financial period ended 30 Sep 2023	Financial period ended 30 Sep 2022	% Change
Ex rate differential - realized	30,821,764	1,769,500	
Ex rate differential - unrealized	(17,376,296)	4,476,826,674	
<b>Total</b>	<b>13,445,468</b>	<b>4,478,596,174</b>	<b>-99.7%</b>

## 2. Financial Condition

The management's review on the summary of Group's financial position as compared to the financial year ended 31<sup>st</sup> March 2023 is presented below.

### *Non-Current Assets*

The Group's non-current assets mainly consist of property, plant and equipment for hotels and hot air balloon service businesses. A 4.1% decrease in non-current assets was attributable to the decrease in some of the non-current assets due to the sale of one of our Group's owned hotels, "My Hpa-An Residence by Amata", and the depreciation and amortization of tangible and intangible assets used in hotels and hot air balloon service businesses.

(Kyat)	Financial period ended 30 Sep 2023	Financial year ended 31 March 2023	% Change
<b>Non-current Assets</b>	<b>49,839,098,557</b>	<b>51,970,291,625</b>	<b>-4.1%</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 21.1% between the interim financial period ended 30<sup>th</sup> September 2023 and previous financial year. It was due to keeping less inventory and being able to collect the account receivables timely despite the increase of prepayment and advance for the goods and services used in maintenance of some hotels this year.

(Kyat)	Financial period ended 30 Sep 2023	Financial year ended 31 March 2023	% Change
<b>Current Assets</b>	<b>371,437,059</b>	<b>470,624,135</b>	<b>-21.1%</b>

### ***Current Liabilities***

The Group's major current liabilities include accounts payable for current portion of long-term borrowings, accrued expenses, tax payable, provision and deposit, amount due to related parties, and other liabilities, which consist of commission and other miscellaneous. Despite accounts payable were partially reduced by paying off some of the amount due to related parties, a 7.8% increase in current liabilities for current interim financial period as compared to FY 2022-2023 was mainly due to an increase in current portion of principal payment for the foreign currency loan, and an increase in some of the accounts payable resulting from the increased operating expenses due to the recovery of tourism businesses.

(Kyat)	Financial period ended 30 Sep 2023	Financial year ended 31 March 2023	% Change
<b>Current Liabilities</b>	<b>21,428,458,751</b>	<b>19,886,770,571</b>	<b>7.8%</b>

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

Non-current liabilities comprise of long-term borrowings, other non-current liabilities and finance lease obligation. By comparing the current interim financial period with the previous financial year, there was a 12.2% decrease in non-current liabilities and it was 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 decrease in finance lease obligation due to the sale of one of our Group's owned hotels, "My Hpa-An Residence by Amata".

(Kyat)	Financial period ended 30 Sep 2023	Financial year ended 31 March 2023	% Change
<b>Non-current Liabilities</b>	<b>13,161,131,600</b>	<b>14,984,753,113</b>	<b>-12.2%</b>

### ***Total Equity***

The total equity consists of share capital, retained earnings and non-controlling interest (NCI). For the current interim financial period ended 30<sup>th</sup> September 2023, the total equity was decreased by 11.1% as compared to the previous financial year. The main reasons for that were the low operating revenue due to the current financial period being the low season, the net loss incurred by depreciation and amortization, operating expense and maintenance fees of some hotels, and the decrease in retained earnings.

(Kyat)	Financial period ended 30 Sep 2023	Financial year ended 31 March 2023	% Change
<b>Total Equity</b>	<b>15,620,945,265</b>	<b>17,569,392,076</b>	<b>-11.1%</b>

## Review and Business Outlook

The financial period ended 30<sup>th</sup> September 2023 has marked that Amata Group has successfully overcome the changing conditions and economic situations occurred in Myanmar over the past 3 years and we have been able to maintain the long-term sustainability of our Group.

The high season period falls from October 2023 to April 2024. We are expecting to achieve increased revenue from our hotel businesses in the upcoming tourist season since the economic and market situation of the tourism industry could be redeveloped and the resort hotel businesses could be recovered as well as the inbound tourism could become high. Also, our hot air balloon service business has resumed for the upcoming tourist season starting from 10<sup>th</sup> October 2023 in the Bagan region.

Due to the increase in inbound tourism, we have not only done sales promotion programs mainly targeting domestic travellers, but also set marketing strategies targeting international tourists. Also, we have made preparations such as setting strategies to match the changing economic situation and market requirements.

As per the resolution of the board of directors meeting held on 3<sup>rd</sup> April 2023, “My Hpa-An Residence by Amata” was sold for 1,403 million Myanmar Kyats. The proceeds was used to make alternative investment in future business opportunities, pay off the payables of related parties, renovate and expand the necessary areas of hotels in Ngapali and Inle regions, and buy new generators to supply the required electricity.

The changes occurred in December 2023 and the difficulties to obtaining the Group’s monthly electricity requirement are affecting the company. In order for the Group to operate sustainably against these difficulties, the company’s important organization/persons such as boards, committees, and management teams will continue to strive.

Although unexpected circumstances could occur in the coming days, the company has put measures in place to operate the businesses optimally in accordance with the changes and to ensure that the Group can be sustainable amidst these difficulties. All in all, we will continue to do our best for the prospects of our shareholders.

On Behalf of the Board of Directors,



U Win Aung

Chairman