

## MANAGEMENT DISCUSSION AND ANALYSIS

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The following Management Discussion and Analysis (“MD&A”) is based on Myanmar Thilawa SEZ Holdings Public Company Limited (“MTSH”) Consolidated Financial Statements for the period ended 31 March 2024 (“FY2023-2024”) and should be read in conjunction with those financial statements. All currency amounts in the MD&A are expressed in Myanmar Kyats unless otherwise specified.

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

The Board of Directors approved this document on 24 June 2024.

### **Myanmar Japan Thilawa Development Limited (“MJTD”)**

MJTD was established to undertake the development, marketing, leasing, and operation of the Industrial Area in Thilawa SEZ. MTSH holds a majority share of MJTD’s shareholding, represented four board seats, and dispatched four officers who continuously put their effort to keep the effective operational and financial performance of MJTD.

For the year ended 31 March 2024, MJTD achieved a net profit of USD 1.5 million. Retained Earnings were USD 56.9 million and Cash & bank balance was USD 45 million. New inquiries with high-potential deals related to the land parcel, rental factories, and rental offices are achieved due to investors’ re-evaluation of stable, high-quality infrastructures and special privileges in Thilawa SEZ. The main income is from the recurring business in the maintenance and utilities business unit during this financial year. MJTD installed solar systems since 2023 and the goal of the solar project is to reduce reliance on fossil fuels and promote renewable energy sources. The additional solar system in the pipelines can produce up to 5 megawatts of power. Due to the Solar business starting from next financial year, MJTD will have an additional source of income.

### **Thilawa Property Development Limited (“TPD”)**

TPD was formed to undertake the development, construction, marketing, leasing, and operation of the Residential and Commercial Area in Thilawa Special Economic Zone (“Thilawa SEZ”). TPD is a joint venture with Thilawa Special Economic Zone Management Committee Company Limited (“TSMCC”) in which TSMCC owns 20% and MTSH owns 80%.

TPD achieved MMK 359 million profit for the year ended 31 March 2024 amidst four years from the onset of COVID-related travel restrictions. Sales performance in this financial year shows the recovering status of the business in the Thilawa SEZ community as the global pandemic is easing in the country. We have one land sublease in the reporting period and it shows the positive result for this financial year. The company has MMK 8.9 billion Retained Earnings and Cash & Bank equivalent MMK 3.6 billion as of 31 March 2024, out of which 1.4 million were in USD currency.

TPD installed the solar project in late 2023, solar power is renewable energy and it aimed to reduce dependence on fossil fuels and enhance energy.

## **Myanmar Thilawa SEZ Holdings Public Company Limited (“MTSH”)**

Myanmar Thilawa SEZ Holdings Public Company Limited was incorporated on the 3<sup>rd</sup> of May 2013 in Myanmar under the Companies Act as a public limited company. On 20<sup>th</sup> May 2016, MTSH became the second company which is listed on the Yangon Stock Exchange.

The net profit of MTSH’s stand-alone result for the year ended 31 March 2024 is MMK 980 million. Net profit decreased from MMK 4.7 billion to MMK 0.9 billion mainly due to the dividend received from the subsidiary and unrealized exchange gain in the previous year.

The increase in non-current assets is the impact of the share of profit from MJTD. As of 31 March 2024, there were MMK 72 billion total non-current assets out of which 65% were from the share of profit from MJTD.

The company has MMK 39 billion Retained Earnings and MMK 7.7 billion Cash and bank balance as of 31 March 2024.

**Myanmar Thilawa SEZ Holdings Public Company Limited and Its Subsidiary (“MTSH GROUP”)****Summarized Consolidated Income Statement for the year ended**

		Kyat in million	
	Changes	31-Mar-24	31-Mar-23
Revenue	▲	3,626	3,163
Cost of sales	▼	(1,324)	(1,482)
<b>Gross profit</b>	▲	<b>2,302</b>	<b>1,681</b>
Interest Expense	▲	(24)	-
Selling & administrative expenses	▲	(2,243)	(1,810)
Share of profit from associate	▼	1,274	2,537
<b>Operating profit</b>	▼	<b>1,309</b>	<b>2,408</b>
Income from non-operating activities	▲	132	101
Realised Foreign Exchange Gain	▼	(53)	457
Unrealized Foreign Exchange Gain/(Loss)	▼	-	1,701
<b>Total profit before tax</b>	▼	<b>1,388</b>	<b>4,667</b>
Income tax expense	▼	(2)	(63)
<b>Net profit</b>	▼	<b>1,386</b>	<b>4,604</b>
Gross profit margin	▲	63%	53%
Earning per share (Kyat)	▼	34	113

Revenue for the year ended 31 March 2024 is MMK 3.6 billion and increased compared with the previous year (from MMK 3.2 billion to MMK 3.6 billion). Mainly from the management fee received and one land sublease during the financial year. The gross profit is MMK 2.3 billion and the gross profit margin has increased to 63% from 53%.

The share of the profit earned from investment in associate company MJTD is MMK 1.3 billion. The results are still positive due to the recurring business in the maintenance and utilities business unit. The business continues to recover with news investors and hit the targeted profit.

Net profit for this financial year is MMK 1.4 billion and the profit attributable to the equity shareholders of the company is MMK 1.3 billion. Net profit is decreased if compared with the previous year mainly due to the impact of dividends received from the subsidiary and unrealized exchange gain.

Overall, the net impact of the above factors contributes to the decline in consolidated EPS to MMK 34 per share for the year ended 31 March 2024 from MMK 113 per share for the year ended 31 March 2023.

### **Summarized Consolidated Statement of Financial Position as at 31 March 2024**

	<b>Changes</b>	<b>31-Mar-2024</b>	<b>Kyat in million 31-Mar-2023</b>
<b>Assets</b>			
Current assets	▼	38,390	40,584
Non-current assets	▲	53,930	52,980
<b>Total assets</b>	▼	<b>92,320</b>	<b>93,564</b>
<b>Liabilities</b>			
Current liabilities	▲	2,142	2,130
Non-current liabilities	▼	34	730
<b>Total liabilities</b>	▼	<b>2,176</b>	<b>2,860</b>
<b>Net assets</b>	▼	<b>90,144</b>	<b>90,704</b>
<b>Equity</b>			
Issued and paid up capital	-	38,929	38,929
Retained earnings	▼	43,430	44,062
Non-controlling interest	▲	7,785	7,713
<b>Total equity</b>	▼	<b>90,144</b>	<b>90,704</b>

The decrease in current assets is the net impact of decreasing cash and cash equivalent due to dividend payout during this year. The group has cash and bank reserves equivalent to MMK 11.2 billion out of MMK 38.3 billion in current assets. Out of cash and bank reserves 4.8 million were in USD currency.

The rise in non-current assets is an increment of the investment amount in associate, which is due to accumulating in Retained Earnings of MJTD. The company has MMK 53.9 billion in non-current assets, out of which MMK 46.3 billion was a share of accumulated Retained Earnings of MJTD.

Total liabilities from MMK 2.9 billion to MMK 2.2 billion have slightly decreased due to the realization of advance income into revenue for the land sublease during this financial year.

Group's retained earnings faced MMK 0.7 billion (decrease from MMK 44.1 billion to MMK 43.4 billion) on 31 March 2024 mainly due to the net impact of dividend payout and profit during this year.

## **Future prospects**

### **Expansion and Diversification**

Myanmar Thilawa SEZ Holdings Public Company Limited (MTSH) remains focused on leveraging its strategic position within the Thilawa Special Economic Zone (SEZ) to drive future growth. The company aims to enhance its portfolio through diversification into renewable energy, further expansion in real estate, and increasing its share of recurring revenue from maintenance and utility services. The installation of solar systems by both MJTD and TPD signifies a commitment to sustainable energy solutions, with the potential to generate up to 5 megawatts of power. This move not only aligns with global trends towards renewable energy but also provides a new revenue stream starting from the next financial year.

### **Real Estate and Infrastructure Development**

In the real estate sector, TPD will continue to develop and market residential and commercial properties within the SEZ. The easing of COVID-19 restrictions has already shown positive impacts on sales performance, and the company anticipates a steady recovery and growth in demand for land parcels, rental factories, and offices. MTSH is poised to capitalize on this trend by optimizing its offerings and enhancing its service quality to attract more investors seeking stable and high-quality infrastructure.

### **Financial Stability and Growth**

Financially, MTSH aims to strengthen its balance sheet by maintaining a robust cash reserve and prudent investment strategies. The focus will be on generating stable income through its core businesses and strategic investments in MJTD and TPD. The company's retained earnings and cash flow management will support its expansion plans and dividend policy, ensuring shareholder value enhancement.

### **Strategic Partnerships and Market Positioning**

MTSH will continue to foster strategic partnerships and collaborations to bolster its market position within the SEZ. By leveraging its strong relationships with local and international stakeholders, including the Thilawa Special Economic Zone Management Committee and foreign investors, MTSH can drive further growth and development within the SEZ. The company's established reputation and operational excellence provide a solid foundation for attracting new business ventures and investment opportunities.

### **Commitment to Sustainability**

The company's commitment to environmental sustainability is evident through its investments in renewable energy projects. These initiatives are expected to reduce operational costs and reliance on

fossil fuels, aligning with global environmental standards and enhancing the company's appeal to eco-conscious investors and partners.

## **Outlook**

Looking ahead, MTSH is optimistic about its growth prospects, driven by strategic diversification, infrastructure development, and sustainable practices. The company is well-positioned to navigate the evolving economic landscape, capitalizing on new opportunities within the SEZ and beyond. With a clear focus on sustainable growth, MTSH aims to deliver long-term value to its shareholders while contributing to the economic development of Myanmar.