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**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 year ended 30<sup>th</sup> September 2021 (“FY2020-2021”) 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 Myanmar Financial Reporting Standards (MFRS) and audited by the Independent Auditor, Win Thin and Associates.

The Board of Directors approved this document on 20<sup>th</sup> December 2021.

**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 owned 41% of MJTD’s paid-up share capital and represent four out of nine MJTD board seats.

For the year ended 30<sup>th</sup> September 2021, MJTD achieved a net profit of USD 3.3 million and Land sales amidst the Covid-19 pandemic and other unstable situations. MTSH’s share of profit from MJTD is USD 1.3 million.

**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 1.44 billion net profit for the year ended 30<sup>th</sup> September 2021 amidst persistent weak market sentiment in the residential and commercial real estate sector and Covid-19 outbreak.

**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.

Net profit of MTSH stand-alone result including management fees and share of profit from investment for the year ended 30<sup>th</sup> September 2021 is MMK 6.99 billion. After deduction of unrealized exchange gain, company profit stands at MMK 3.50 billion.

**Myanmar Thilawa SEZ Holdings Public Company Limited and Its Subsidiary (“MTSH GROUP”)**

**Summarized consolidated income statement for the year ended**

Revenue for the year ended 30<sup>th</sup> September 2021 is MMK 2.95 billion, which is slightly better than the period in the comparative financial year. Gross profit also increases mainly due to improvement in sales of Land and income from utilities in the residential and commercial area.

Share of profit earned from investment in associate company MJTD is MMK 2.6 billion. The results are still positive and higher than the targeted profit even amidst the Covid-19 Pandemic and the current situation in Myanmar.

Overall, the net impact of the above factors contributes to the rising in consolidated EPS to MMK 218 per share for the year ended 30<sup>th</sup> September 2021 from MMK 121 per share for the period in the previous financial year.

Kyat in million

	Changes	30-Sep-2021	30-Sep-20
Revenue	▲	2,948	2,489
Cost of sales	▼	(962)	(1,303)
<b>Gross profit</b>	<b>▲</b>	<b>1,986</b>	<b>1,186</b>
Selling & administrative expenses	▼	(1,768)	(2,321)
Share of profit from associate	▼	2,581	8,628
<b>Operating profit</b>	<b>▼</b>	<b>2,799</b>	<b>7,494</b>
Income from non-operating activities	▲	1,587	728
Unrealized Foreign Exchange Gain/(Loss)	▲	4,638	(3,645)
<b>Total profit before tax</b>	<b>▲</b>	<b>9,024</b>	<b>4,577</b>
Income tax expense	▲	(178)	(0)
<b>Net profit</b>	<b>▲</b>	<b>8,846</b>	<b>4,577</b>
Gross profit margin	▲	67%	48%
Earning per share (Kyat)	▲	218	121

**Summarized Consolidated Statement of Financial Position as at 30 September 2021**

Current assets have increased mainly due to the unrealized profit adjustment of inventory valuation. The rise in non-current assets as a net impact of decrease from a movement in investment property, and partly from an increase of the investment amount in associate, due to an undistributed share of profit.

Current liabilities have increased mainly due to the outstanding dividend payable for the special account holders.

Non-current liabilities decline is caused by the reclassification of advance deposits as revenue due to the land sale transaction.

Group's retained earnings increases at 30<sup>th</sup> September 2021 by MMK 1.5 billion, as a net impact of current year profit attributable to the equity shareholders of the company MMK 8.5 billion and deduction of dividend payment MMK 7 billion for FY2019-20 in April'2021.

	Changes	30-Sep-2021	30-Sep-2020	Kyat in million
<b>Assets</b>				
Current assets	▼	44,232	44,572	
Non-current assets	▲	48,532	46,932	
<b>Total assets</b>	▲	<b>92,764</b>	<b>91,504</b>	
<b>Liabilities</b>				
Current liabilities	▲	2,322	1,850	
Non-current liabilities	▼	1,235	2,286	
<b>Total liabilities</b>	▼	<b>3,557</b>	<b>4,136</b>	
<b>Net assets</b>	▲	<b>89,207</b>	<b>87,368</b>	
<b>Equity</b>				
Issued and paid up capital	-	38,929	38,929	
Retained earnings	▲	42,385	40,905	
Non-controlling interest	▲	7,893	7,534	
<b>Total equity</b>	▲	<b>89,207</b>	<b>87,368</b>	

## **Future prospects**

Since 1<sup>st</sup> February events, political and economic turmoil has continued to be persistent in Myanmar. MTSH and its group companies have managed to its best efforts against all risk and manage the business to be sustainable and to protect the interest of our shareholders. Industrial land sales are expected to be minimum for the coming years as our industrial land sales are largely dependable upon foreign direct investment (FDI). However, MJTD will continue to be sustainable due to its recurring income from utility supplies such as power and water for our existing factories within Thilawa Special Economic Zone.

Thilawa Property Development Company Limited will have the most challenging time in the coming year. Local investment in commercial and residential real estate is a key factor for its success. Due to unfavorable crisis such as Covid Pandemic and economic constraints, planned further expansion in restaurant, food court and shopping areas are postponed for the moment.

MTSH itself is close to concluding investment approval from Myanmar Investment Commission for the Gyogone Housing Redevelopment housing project which was awarded on 5 March 2020 and groundbreaking ceremony held on 26 December 2020. This project will be done with a mid-term development view which will generate returns in the next 3 to 7 years.

MTSH shall continue to manage its existing business in the sustainability process. The projects on business expansion are carefully planned with the assessment of risk management factors such as reputational risk, financial risk, and pandemic overcome. MTSH is committed to follow the OECD guideline on Responsible Business Conduct (RBC).