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AUDITED FINANCIAL STATEMENTS AND MANAGEMENT DISCUSSION & ANALYSIS

Myanmar Agro Exchange Public Company Limited (the "Company") has demonstrated substantial growth and resilience in the fiscal year ending March 31, 2024. Despite challenging market conditions, the Company has managed to significantly increase its revenue, enhance its asset base, and maintain robust financial health. The Company's successful listing on the Yangon Stock Exchange on July 3, 2023, marks a significant milestone in its growth trajectory, enhancing its visibility and access to capital.

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 Discussion and Analysis ("MD&A") for the year ended 31st March 2024 ("FY2023-2024"). All currency amounts in the MD&A are express in Myanmar Kyats (MMK) unless otherwise specified.

The current reported fiscal year 2023-2024 is the twelve months period from 1st April 2023 to 31st March 2024 ("FY2023-2024). The preceding year also covered the twelve months period from 1st April 2022 to 31st March 2023 ("FY2022-2023").

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 21st June 2024. The discussion and analysis are provided below:

KEY HIGHLIGHTS

Summary of the Statements of Comprehensive Income

	FY2023-2024* (12 months) MMK'000	FY2022-2023** (12 months) MMK'000	% Change
Revenue - net	**24,395,753**	17,960,424	36%
Cost of sales	**(12,020,684)**	(11,684,317)	3%
Gross profit	**12,375,069**	6,276,107	97%

Other income	**261,675**	271,590	-4%
Expenses			
- General and administrative	**(2,805,958)**	(1,912,421)	47%
- Marketing	**(125,233)**	(18,945)	561%
- Finance charges	**(475,838)**	(10,709)	4343%
Profit before Share of profit to YCDC	**9,229,715**	4,605,622	100%
Share of profit to YCDC	**(2,309,013)**	(1,159,801)	99%
Profit before tax	**6,920,702**	3,445,821	101%
Income tax expense #	**(1,172,207)**	(758,081)	55%
Comprehensive income for the period	**5,748,495**	2,687,740	114%
Earnings per share (Kyat)	**241**	124	94%
Diluted earnings per share	**245**	124	98%

* April 2023 to March 2024

** April 2022 to March 2023

The total revenue for the reporting year is 24.396 billion kyats. This is a 35.8% increase from the total revenue of 17.960 billion kyats in the previous year ("2022-2023 fiscal year"). This growth was primarily driven by the sales of shop houses and medium wholesale units, which accounted for 77.3% of total revenue. Additionally, rental income from market buildings contributed substantially to the total revenue.

A breakdown income is set forth below:

	FY2023-2024* **(12 months)** **MMK'000**	**FY2022-2023**** **(12 months)** MMK'000	% Change
Revenues			
Income from Sales of Shop House	**13,820,477**	8,956,253	54%
Income from Sales of Medium Wholesales	**5,027,767**	0	N/A
Right of self-construction Shop House	**0**	4,333,333	N/A
Market Operating Income			
Rental Income from Market Buildings	**3,534,844**	3,340,729	6%
Cars, Trucks & Cycles Entrance	**1,174,969**	927,507	27%
Revenue from Cold Storage	**31,924**	0	N/A
Other Operation Income	**570,318**	351,339	62%
Total Market Operating Income	**5,312,055**	4,619,575	15%
Revenue from E Commerce	**235,454**	51,263	359%
Total Revenues	**24,395,753**	17,960,424	36%

During the reporting period, sales revenue for sixteen shop house and one rooms was about Kyat 13.82 billion kyat. Last year, twelve shop house and five rooms were sold with sales revenue of Kyat 8.96 billion kyats. Shop House sales have increased by 54% on reporting period compare to last year. Sales Revenue from medium wholesale rooms were Kyat 5.03 billion during the reporting period.

Revenues from the market operating income were 5.31 billion kyat but the previous year ("2022-2023") were 4.62 billion kyats. It is 15% more than last financial year. This growth is a testament to the company's effective property management and the high demand for market rental spaces.

Gross profit more than doubled to MMK 12.38 billion from MMK 6.28 billion in the prior year, reflecting a 97.2% increase. The gross profit margin improved significantly, rising from 34.9% to 50.7%, indicating better operational efficiency and cost control.

The net profit for the year was MMK 5.75 billion, up from MMK 2.69 billion in the previous year, marking a 114% increase. This impressive growth in net profit can be attributed to the increased revenue, controlled administrative expenses, and effective financial management. The net profit margin also showed considerable improvement, rising from 15.0% to 23.6%.

The summary of financial position of the Company for the year ended 31 March 2024 and previous fiscal year ended 31 March 2023 are compare as follows:

Summarized Statement of Financial Position as at 31st March 2024

	31-Mar-2024 MMK'000	31-Mar-2023 MMK'000	Change %
Assets			
Current assets	28,638,238	12,544,332	▲ **128%**
Non-current assets	28,787,520	24,036,488	▲ **20%**
Total assets	**57,425,758**	**36,580,820**	▲ **57%**
Less: Liabilities			
Current liabilities	21,999,458	7,872,141	▲ **179%**
Non-current liabilities	4,638,592	2,500,000	▲ **86%**
Total liabilities	**26,638,050**	10,372,141	▲ **157%**

Net Assets	**30,787,707**	26,208,679	▲	**17%**
Equity				
Issued Share Capital	**24,999,130**	21,753,001	▲	**15%**
Advance received for Right Issue		1,559,002	▼	**100%**
Retained Earnings	**5,788,578**	2,896,676	▲	**100%**
Total Equity	**30,787,707**	26,208,679	▲	**17%**

The Company's total assets grew to MMK 57.43 billion from MMK 36.58 billion, driven by increases in property, plant, and equipment, as well as trade and other receivables. This growth reflects the Company's strategic investments in infrastructure and expansion projects.

Non-current assets increased to MMK 28.79 billion from MMK 24.04 billion, primarily due to additions in property, plant, and equipment, which included significant investments in construction and market development projects.

Current assets surged to MMK 28.64 billion from MMK 12.54 billion, mainly due to higher trade receivables and advances and prepayments. The increase in current assets indicates improved liquidity and the ability to meet short-term obligations.

Total liabilities increased to MMK 26.64 billion from MMK 10.37 billion, primarily due to new borrowings and higher trade payables. The increase in liabilities is aligned with the Company's expansion activities and the need for additional funding to support growth.

Non-current liabilities rose to MMK 4.64 billion from MMK 2.50 billion, reflecting the long-term borrowings taken to finance the Company's infrastructure projects.

Current liabilities increased to MMK 22.00 billion from MMK 7.87 billion, due to higher trade payables and provisions. The increase in current liabilities indicates the Company's active engagement in its projects and the corresponding need for working capital.

Equity rose to MMK 30.79 billion from MMK 26.21 billion, reflecting retained earnings and additional share capital from the right issue. This increase in equity showcases the Company's ability to generate profits and reinvest them into the business, strengthening its capital base.

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

Summary Cash Flow Statement for the year ended 31st March 2024

	FY 2023-2024 Apr 2023 - Mar 2024	FY 2022-2023 Apr 2022 - Mar 2023
	MMK'000	MMK'000
Cash flows from operating activities		
Profit before tax	**6,920,702**	3,445,821
Adjustments for items not involving the movement of fund	**879,289**	658,177
Operating profit before working capital changes	**7,799,991**	4,103,998
Changes in working capital	**(2,456,142)**	(1,848,279)
Cash generated from operation	**5,343,849**	2,255,719
Interest received	**121,647**	100,109
Income tax paid	**(1,450,000)**	(520,617)
Net cash provided by operating activities	**4,015,496**	1,835,211
Net cash used in investing activities	**(5,766,441)**	(3,169,066)
Net cash used in financing activities	**1,047,481**	1,483,015
Net decrease in cash and cash equivalents	**(703,464)**	149,160
Cash and cash equivalents at beginning of period	**3,255,896**	3,106,736
Cash and cash equivalents at end of period	**2,552,432**	3,255,896

The net cash provided by operating activities was MMK 4.015 billion, indicating strong operational performance and effective working capital management. The positive cash flow from operations reflects the Company's ability to generate sufficient cash from its core activities to fund its operations and growth.

The Company invested MMK 5.766 billion in property, plant, and equipment, demonstrating its commitment to long-term growth and expansion. These investments were primarily directed towards the construction and development of market infrastructure, which is expected to generate future revenue streams.

Net cash provided by financing activities was MMK 1.047 billion, which included proceeds from borrowings and advances received for the right issue. The additional funding from financing activities supported the Company's expansion projects and working capital requirements.

Key Financial Ratios

Earnings per Share (EPS)

Basic EPS increased to MMK 241 from MMK 124, a 94.4% rise, and diluted EPS rose to MMK 245 from MMK 124, reflecting the strong profit growth. This increase in EPS demonstrates the Company's ability to generate higher earnings per share, enhancing shareholder value.

Return on Equity (ROE): ROE improved to 18.7% from 10.2%, reflecting the Company's ability to generate significant returns on shareholders' equity.

Return on Assets (ROA): ROA increased to 10.0% from 7.3%, indicating efficient utilization of the Company's assets to generate profit.

Gross Profit Margin: The gross profit margin improved to 50.7% from 34.9%, indicating better cost management and higher profitability on sales.

Net Profit Margin: The net profit margin increased to 23.6% from 15.0%, showcasing the Company's enhanced profitability.

Current Ratio: The current ratio decreased to 1.30 from 1.59, indicating a robust liquidity position. This ratio demonstrates the Company's ability to meet its short-term obligations with its current assets.

Debt to Equity Ratio: The debt to equity ratio increased to 0.15 from 0.10, reflecting the Company's strategic use of debt to finance its growth. Despite the increase, the ratio remains at a manageable level, indicating prudent financial management.

Quick Ratio: The quick ratio stands at 1.30, down from 1.33, indicating that the Company has maintained sufficient liquid assets to cover its current liabilities, excluding inventories.

Interest Coverage Ratio: The interest coverage ratio was 13.61, demonstrating the Company’s ability to meet its interest obligations comfortably from its operating earnings.

Operating Cash Flow Ratio: The operating cash flow ratio slightly decreased to 0.18 from 0.23, reflecting better cash flow generation from operations relative to current liabilities.

Asset Turnover Ratio: The asset turnover ratio although slightly decreased to 0.42 from 0.49, indicating the efficiency with which the Company uses its assets to generate revenue.

These ratios highlight the Company’s strong liquidity position, efficient asset utilization, and effective cash flow management, underscoring its robust financial health.

Key Audit Matters

Revenue Recognition

The audit focused on the revenue from the sale of buildings, given its significance to the financial statements. The auditors reviewed the Company's accounting policies, contracts, and internal controls to ensure compliance with Myanmar Financial Reporting Standards (MFRSs). They performed analytical procedures, evaluated the percentage of completion method used for revenue recognition, and recalculated the revenue amounts.

Trade Debtors

The significant increase in trade debtors was identified as a key audit matter. The auditors performed extensive procedures, including confirmations and impairment assessments, to verify the accuracy and recoverability of receivables. They reviewed the contracts, internal controls, and allowance for doubtful receivables to ensure accurate recording and adequate provision.

Risk Management - Financial Risks

The Company has implemented robust policies to manage financial risks, including foreign exchange, credit, market, and liquidity risks. The focus has been on maintaining sufficient cash balances and ensuring access to financial resources to support business operations. The Company actively monitors these risks and takes appropriate measures to mitigate them.

Forward Outlook

The Company remains optimistic about its future growth prospects. The successful completion of the Danyingone Wholesale Market and the listing on the Yangon Stock Exchange provide a solid foundation for future expansion. The Company plans to continue its focus on enhancing operational efficiency, expanding its market presence, and delivering value to its shareholders.

Strategic Initiatives

Market Expansion: The Company aims to expand its market footprint by developing new wholesale markets and upgrading existing facilities. This will enhance the Company's revenue base and market share.

Technology Integration: The Company plans to integrate advanced technology solutions to improve operational efficiency, enhance customer experience, and streamline processes.

Investments in e-commerce platforms and digital marketing are expected to drive growth in online sales.

Sustainability: The Company is committed to sustainable business practices and plans to incorporate environmental, social, and governance (ESG) principles into its operations. This includes adopting green building practices, promoting energy efficiency, and supporting community development initiatives.

YCDC Involvement and Payment

As part of its commitment to fostering strong relationships with local authorities and contributing to the community's economic development, the Company has a significant arrangement with Yangon City Development Committee (YCDC). Under the agreement, YCDC receives 25% of the Company's net profit before tax from rents and sales of shop houses and medium wholesale. For the fiscal year ended March 31, 2024, the Company paid MMK 2,309 million to YCDC, reflecting the Company's robust profitability and its dedication to fulfilling its obligations.

This partnership not only supports the Company's operations but also contributes to the development of local infrastructure and community services, thereby benefiting both the Company and the broader community.

Conclusion

The fiscal year 2023-2024 was a transformative period for Myanmar Agro Exchange Public Company Limited, marked by significant financial growth, strategic investments, and a successful public listing. The management remains committed to sustaining this momentum and achieving long-term success. The Company's robust financial performance, strategic initiatives, and effective risk management practices position it well for future growth and value creation.

This comprehensive management discussion and analysis provide a transparent view of the Company's financial health and strategic direction, ensuring that shareholders are well-informed about the Company's performance and future prospects. The Company remains dedicated to enhancing shareholder value through prudent financial management, strategic growth initiatives, and a strong commitment to corporate governance.

The active collaboration with YCDC not only underscores the Company's strategic alignment with local government initiatives but also reinforces its role in the socio-economic development of the region. This mutually beneficial partnership highlights the Company’s commitment to sustainable development and community support, fostering a positive impact on both the business environment and the wider community.

This Management Discussion and Analysis provides a detailed insight into the Company's financial performance, strategic initiatives, and future outlook, ensuring transparency and fostering trust among shareholders and stakeholders.