

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 September 2024 (“FY2024-2025”) 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 19 December 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 period ended 30 September 2024, MJTD achieved a net profit of USD 0.9 million. Retained Earnings were USD 57.8 million at the 30 September 2024. During the reporting period, three land sublease reservations were made for a total of 4.6 Hectares. Two of these subleases has already been signed in the post-reporting date. MJTD has installed solar systems since 2023, a capacity of 2 MW the solar energy project is commencing generation during the reporting period. The solar project is targeted to double its capacity to 4MW by the end of the year. There are further expansions of additional 3 MW capacity in the pipeline, therefore total targeted capacity is to be 7MW for the project. MJTD is getting benefits from additional revenue with its solar business during this financial year.

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 a profit of MMK 1.6 billion for the period ended 30 September 2024. Amidst the challenges of the global recession, local economic instability, and other difficulties, TPD remains committed to strategic growth and

resilience. As of 30 September 2024, the company had MMK 10.6 billion in Retained Earnings and Cash and bank equivalent MMK 5.4 billion, out of which 1.39 million were in USD currency.

TPD has installed a 47.5 KWp solar power project featuring on-grid system and became operational in September 2023.

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

Myanmar Thilawa SEZ Holdings Public Company Limited was incorporated on the 3rd of May 2013 in Myanmar under the Companies Act as a public limited company. On 20th 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 period ended 30 September 2024 is MMK 6.4 billion. Net profit increased from MMK 1.5 billion to MMK 6.4 billion mainly due to foreign currency revaluation impact during the financial period.

The increase in non-current assets is the impact of the share of profit from MJTD. As of 30 September 2024, there were MMK 73.2 billion total non-current assets out of which 65% were from the share of profit from MJTD.

As of 30 September 2024, the company had MMK 43.8 billion in Retained Earnings and MMK 12.5 billion in Cash and bank balance.

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

		Kyat in million	
	Changes	30-Sep-24	30-Sep-23
Revenue	▲	1,820	1,047
Cost of sales	▲	(671)	(440)
Gross profit	▲	1,149	607
Finance Costs	▲	(10)	(8)
Selling & administrative expenses	▲	(1,247)	(1,090)
Share of profit from associate	▼	1,243	1,715
Operating profit	▼	1,135	1,224
Income from non-operating activities	▼	59	87
Realised Foreign Exchange Gain	▼	-	(54)
Unrealized Foreign Exchange Gain/(Loss)	▲	6,967	-
Total profit before tax	▲	8,161	1,257
Income tax expense	▼	(76)	31
Net profit	▲	8,085	1,288
Gross profit margin	▲	63%	58%
Earning per share (Kyat)	▲	199	34

Revenue for the period ended 30 September 2024 is MMK 1.8 billion and increased MMK 0.8 billion compared to the previous. Mainly from the increased management fee and normal recurring income. The gross profit is MMK 1.1 billion and the gross profit margin has increased to 63% from 58%. Operating profit is MMK 1.1 billion and margin has decreased to 62% from 117% due to decrease in share of profit from associate in this period.

The share of the profit earned from investment in associate company MJTD is slightly decreased from MMK1.7 billion to MMK 1.2 billion.

Net profit for this financial year is MMK 8.1 billion Net profit is increased if compared with the previous year mainly due to foreign currency revaluation impact. The profit attributable to the equity shareholders of the company is MMK 7.8 billion.

Overall, the net impact of the above factors contributes to increase in consolidated EPS to MMK 199 per share for the period ended 30 September 2024 from MMK 34 per share for the period ended 30 September 2023.

Summarized Consolidated Statement of Financial Position as at 30 September 2024

	Changes	30-Sep-2024	31-Mar-2024
Assets			
Current assets	▲	44,617	38,390
Non-current assets	▲	55,394	53,930
Total assets	▲	100,011	92,320
Liabilities			
Current liabilities	▲	3,671	2,142
Non-current liabilities	▲	57	34
Total liabilities	▲	3,728	2,176
Net assets	▲	96,283	90,144
Equity			
Issued and paid up capital	-	38,929	38,929
Retained earnings	▲	49,241	43,430
Non-controlling interest	▲	8,113	7,785
Total equity	▲	96,283	90,144

The increase in current assets is the net impact of increasing cash and cash equivalent due to receiving increase management fee during this period. The group has cash and bank reserves equivalent to MMK 17.9 billion out of MMK 44.6 billion in current assets.

The rise in non-current assets is an increment of the investment amount in associate. The company has MMK 55.4 billion in non-current assets, out of which MMK 47.6 billion was a share of accumulated Retained Earnings of MJTD.

Total liabilities in the prior period has increased from MMK 2.1 billion to MMK 3.7 billion due to provision for dividend (FY2023-2024) and which was announced in 11th AGM at 20 September 2024.

Group's retained earnings is MMK 49.2 billion (increase from MMK 43.4 billion to MMK 49.2 billion) on 30 September 2024 and it had increase from MMK 49.2 billion in the period ended 30 September 2023 mainly due to gain from foreign currency revaluation during this period.

Future prospects

Future Outlook Strategic Growth in Residential and Commercial Areas: TPD's efforts in developing and operating residential and commercial areas within the Thilawa SEZ have yielded consistent profitability despite economic challenges. The ongoing solar power initiative enhances energy resilience and reflects an innovative approach to managing operational costs. Future strategies could include diversifying service offerings and leveraging partnerships to strengthen their market position.

Continued Investment in Infrastructure and Operational Efficiency: MTSH's increased non-current assets, driven by its share of MJTD's retained earnings, indicate a steady focus on infrastructure development. Strategic investments in industrial zones and modern infrastructure will likely improve leasing appeal and drive revenue growth.

Navigating Economic Challenges: Despite global and local economic headwinds, the company has demonstrated resilience. Its diversified revenue streams, coupled with prudent financial management, position it well to mitigate risks and capitalize on emerging opportunities in Myanmar's economic landscape.

Commitment to Sustainability and Innovation: The expansion of renewable energy projects across subsidiaries underscores MTSH's vision of integrating sustainability into its core operations. With growing emphasis on sustainable practices globally, these initiatives may enhance the company's reputation and stakeholder trust.

Strengthening Competitive Position in SEZ Development: MTSH's leadership in developing the Thilawa SEZ positions it as a key player in Myanmar's industrial and commercial development. By focusing on technological advancements, sustainability, and strategic partnerships, the company is set to reinforce its competitive edge in the market.

In conclusion, MTSH is well-positioned for future growth, leveraging its strong financial performance, innovative projects, and sustainable practices. By focusing on strategic investments and maintaining resilience against economic fluctuations, the company can continue to deliver long-term value to stakeholders.