

Management Discussion and Analysis of TMH Telecom Public Company Limited

for the Year ended 30th September,2024 (HY 2024-25)

The following Management Discussion and Analysis (“MD&A”) is based on the financial Statements of TMH Telecom Public Company Limited for the year ended on 30th September 2024, HY 2024-25 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.

Results Summary

Summary of Income Statement (All amount in MMK'000)

	April '2024 to September'2024	April '2023 to September'2023	% change
Revenue	1,923,415	3,337,348	(42%)
Cost of Goods Sold	(1,785,949)	(2,278,742)	(22%)
Gross Profit	137,466	1,058,606	(87%)
Other Income	279,688	102,673	172%
Expenses	(1,058,764)	(994,792)	6%
Profit before Tax	(641,611)	166,487	(485%)
Tax Expense	-	(28,303)	(100%)
Net Profit after Tax	(641,611)	138,184	(564%)
Other Comprehensive Income for the Year	-	-	-
Fair value adjustment of Investments	(1,155)	10,395	(111%)
Total Comprehensive Income for the Year	(642,766)	148,579	(533%)
Earning Per Share (Basic EPS)	-	11	-

Due to the situations in Myanmar, some projects have been suspended for unexpected risks. Moreover, as of the instability of the region in Northern Shan State, the prepaid top-up card productions and distributions are temporarily suspended in that region. For these reasons, the company's total revenue for the half fiscal year ended on September 30, 2024, was MMK 1.92 billion, which represents a decrease compared to the revenue for the previous half fiscal year which ended September 30, 2023. Although the revenue from mobile projects increased by 21% compared to the previous half fiscal year, revenue from the production, sale, and distribution of mobile top-up card, as well as revenue from other project activities, decreased by 51% and 72%, respectively, which compared to the previous half fiscal year.

As of the decline in revenue for the current half fiscal year (2024-25), the cost of goods sold decreased by 22% compared to the previous half fiscal year. However, due to rising raw material costs and fluctuations in the exchange rate, the cost of goods sold increased to 93% of the current half fiscal year 's revenue. Consequently, the gross profit margin decreased to 7%, amounting to MMK 0.14 billion, which represents 87% decline compared to the previous half fiscal year.

During the current 6-month financial period, the company has more effectively controlled operating expenses, administrative and general expenses, as well as sales and marketing costs compared to previous fiscal year. Despite these efforts, the company incurred a total comprehensive loss of MMK 0.64 billion.

In determining the value of investments, the company has re-evaluated the shares purchased from First Myanmar Investment Co., Ltd (FMI) according to Myanmar Accounting Standards. The re-evaluation is based on the market price of the shares as reflected in the stock market at the time of the financial year-end on 30th September, 2024.

Summary of Balance Sheet (All amount in MMK'000)

	September 30,2024 Ks'000	September 30,2024 Ks'000	% Change
Assets			
Non-Current Assets	3,546,466	2,427,164	46%
Current Assets	11,680,373	12,783,519	(9%)
Total Assets	15,226,838	15,210,683	0%
Equity & Liabilities			
Equity	13,479,009	14,064,478	(4%)
Current Liabilities	1,747,829	1,146,205	52%
Total Equity & Liabilities	15,226,838	15,210,683	0%

The company's current assets as of September 30, 2024, at the end of this half fiscal year, amounted to MMK 11.68 billion. Compared to MMK 12.78 billion in the previous half fiscal year, this represents a decrease of 9%. The reason for this decline is due to the reduction in inventory, the reclassification of advance payments as expenses, and the transfer of certain items from the inventory of goods to the fixed assets list as usable business materials.

The non-current assets as of September 30, 2024, at the end of this half fiscal year, amounted to MMK 3.55 billion. Compared to MMK 2.43 billion in the previous half fiscal year, this represents an increase of 46%. The reason is due to the increase in profit from Myanmar GT Broadband Company Limited, a subsidiary of the company, as well as the transfer of certain items from the inventory of goods to the fixed assets list as usable business materials.

The current liabilities increased to 52% in this presented half fiscal year amounted to MMK 1.75 billion, which is compared to MMK 1.15 billion in the previous half fiscal year. The reason for this increase is due to the taxes and duties that are expected to be paid, as well as the advance payments that need to be reclassified as revenue once the related projects are completed.

As of the September 30, 2024, at the end of this half fiscal year, the company's equity has decreased by 4%. The reason is that the business incurred a loss of MMK 0.64 billion during this half fiscal year.

Review and Going Forward

The Management of the company would like to report that, as of the regional instabilities and current situations in Myanmar, we are facing a huge challenges of business uncertainties. However, we are trying our best to overcome these challenges through our business strategies for achieving positive outcomes for the business performance.

By order of the Board,

Thiha Lwin

Managing Director

27th December, 2024.