

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (“MD&A”) is based on Amata Holding Public Company Limited (“Amata”) Consolidated Audited Financial Statements for the financial year ended 30th September 2021 (“FY2020-2021”) and should be read in conjunction with those financial statements and related notes thereto. All currency amounts in the MD&A are expressed in Myanmar Kyats unless otherwise specified.

1. Operating Results

The Group’s operating performance for the financial years ended 30 September 2020 and 2021 are shown below.

(Kyat)	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Operating Revenue			
Room Sales	311,018,290	3,353,840,272	-90.7%
Passenger Income (Balloon)	0	3,769,651,665	-100.0%
Food and Beverage	109,930,406	1,475,149,708	-92.5%
Other operating	26,531,966	633,157,585	-95.8%
Total	447,480,662	9,231,799,230	-95.2%
Cost of Sales			
Room and Balloon	166,826,976	2,556,922,650	-93.5%
Food and Beverage	127,042,288	1,070,987,402	-88.1%
Other operating	7,218,268	74,784,834	-90.3%
Total	301,087,532	3,702,694,886	-91.9%
Gross Profit	146,393,130	5,529,104,344	-97.4%
Other Income	2,000,439,778	1,230,197,624	62.6%
Other Expense	8,477,430,096	1,165,708,828	627.2%
EBITDA	(6,330,597,188)	5,593,593,140	-213.2%
EBIT	(8,438,791,712)	3,239,822,918	-360.5%
Interest Expense	1,611,671,310	1,533,485,255	5.1%
(Loss) / Profit before Tax	(10,050,463,022)	1,706,337,663	-689.0%
Total Comprehensive Income / (Loss)	(10,024,094,822)	1,524,852,145	-757.4%

The Group’s principal business activity is the management and operations of resort hotel and hot air ballooning business. Specifically, the revenue of the Group is derived from revenues generated from the subsidiaries, UIG which we own 99.99% and MB in which we have 51% interest. The revenues can be broken down into revenue from hotel and ballooning operations and revenue from food and beverage (F&B) and others (including spa operations, guest laundry, souvenir etc.). For the year ended September 30,

between FY 2019-2020 and FY 2020-2021, the total operating revenue decreased by 95.2%. This is contributed mainly from a 100% decrease in passenger income of hot air ballooning operations. Although the cost associated with these revenues also decreased by 91.9%, gross profit decreased by 97.4% in current year by comparing to the previous year. On the contrary, there was a 62.6% increase in other income in current year and it was primarily due to the write-off value of 2 billion Kyats payable to Amata International Company (AIC) by United International Group Limited (Subsidiary of Amata Holding Public Company Limited) for assets transfer of Inle hotel.

Adverse impact of COVID-19 pandemic and uncontrollable situations by us were significant and they severely affected our revenues and profitability is in decline. Group's business performance and profitability was worse in this year FY 2020-2021 compared to the previous year FY 2019-2020. As a result, there is a 627.2 % increase of other expenses in FY 2020-2021 compared to FY 2019-2020, especially due to the significant increase of foreign currency exchange loss even though Sales and Marketing, Administrative and General Expenses has significantly decreased in FY 2020-2021. The interest expense increased by 5.1% and it is mainly associated with the foreign currency loan's exchange rate. Similar to gross profit, total comprehensive income turns to loss of 10 billion Kyats in FY 2020-2021 compared to FY 2019-2020 profit of 1.5 billion Kyats for the same period.

Foreign Currency Exchange Gain/Loss

Since the Group operates mainly in the Hotel industry, the business almost always encounters the exchange rate risk in general. Nowadays due to the current unstable conditions of economic and uncontrollable situations by us, the dramatic increase of foreign currency exchange rate will lead to significant increase of foreign currency exchange loss for the Group by comparing to the previous year's financial statements which was operated in normal condition for six months without having adverse impact of COVID-19 and any other uncontrollable situations by us. As per below table extracted from the financial statements of the current period, unrealized exchange loss of 7.4 billion Kyats in the financial statements consists of mainly 6.3 billion Kyats from the foreign currency loan.

(Kyat) Exchange Rate Differential	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Ex rate differential - realized	(4,465)	(38,763,736)	-100.0%
Ex rate differential - unrealized	7,414,962,518	(1,823,468,385)	-506.6%
Total	7,414,958,053	(1,862,232,121)	-498.2%

2. Financial Condition

Non-Current Assets

The Group's major non-current assets comprise of properties, plant and equipment for hotel and hot air ballooning services. A 4.11% decrease in non-current assets is primarily attributable to depreciation and amortization of tangible assets and intangible assets of hotel and hot air ballooning.

(Kyat)	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Non-current Assets	49,280,952,903	51,393,298,056	-4.11%

Current Assets

The current assets comprise of inventory, account receivables, prepayment and advance, amount due from related parties, and cash and cash equivalents. For the year ended FY 2020-2021 and FY 2019-2020, a 10.6 % decrease in current assets is mainly due to a 21.2% decrease in inventory and a 41.7% decrease in prepayment and advance.

(Kyat)	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Current Assets	3,597,069,270	4,022,760,546	-10.6%

Current Liabilities

The Group's major current liabilities include current portion of long-term borrowings, accounts payable, accrued expenses, tax payable, provision and deposit, and other liabilities, which consist of commission and other miscellaneous. A 90.5% increase in current liabilities for the year ended FY 2020-2021 vs. FY 2019-2020 is mainly due to an increase by 2.5 billion Kyats of account payable and 2.6 billion Kyats of interest payable for the foreign currency loan.

(Kyat)	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Current Liabilities	12,117,196,735	6,362,021,321	90.5%

Non-Current Liabilities

The Non-Current Liabilities comprise of long-term borrowings, other non-current liabilities and finance lease obligation. As at year ended 30 September 2021, we have outstanding long-term borrowings of 16.98 billion equivalent Kyats from the foreign currency loan. A 10.85% increase in non-current liabilities for the year ended FY 2020-2021 vs. FY 2019-2020 is mainly due to an increase by 3.8 billion Kyats for the foreign currency loan and decreased by write-off 2 billion Kyats payable to Amata International Company (AIC) by United International Group Limited (Subsidiary of Amata Holding Public Company Limited) for assets transfer of Inle hotel.

(Kyat)	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Non-current Liabilities	17,682,221,610	15,951,422,631	10.85%

Total Equity

The total equity consists of share capital, retained earnings and non-controlling interest (NCI). For the year ended 30 September 2021, FY 2020-2021, the total equity is down by 30.28% compared to FY 2019-2020 which is mainly due to a decrease by 9.9 billion Kyats of retained earnings for making loss in current period.

(Kyat)	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020	% Change
Total Equity	23,078,603,828	33,102,614,650	-30.28%

3. Liquidity

The following table shows the key ratios indicating the financial liquidity of the Group.

	Financial Year ended 30 September 2021	Financial Year ended 30 September 2020
Quick Ratio	0.29	0.61
Debt to Equity Ratio	1.29	0.67
Debt to Asset Ratio	0.56	0.40

Due to the adverse impact of COVID-19 outbreak in late 2019 and any other uncontrollable situations by us which reduced demand for Myanmar Tourism Market and also reduced our revenues and profitability, the liquidity ratio of the Group seems weaker compared to the same period of the previous year, FY 2019-2020.

The Group has adequate capital resources for its expansion and growth, financing mainly from shareholders' equity. The Group has some foreign currency loan for debt financing to expand the hotel business, however, that is a long term loan and the Group has reached an agreement with the loan provider for a revised loan repayment schedule. As at the latest practicable date, the Group's management believes that the Group has the ability to pay its short and long term debt according to its schedule based on the business plan.

On Behalf of the Board of Directors,



U Win Aung

Chairman