

MANAGEMENT DISCUSSION AND ANALYSIS



Ever Flow River Group Public Company Limited would like to release the Management Discussion and Analysis (“MD&A”) for the period ended 31st March 2022 (“HY 2021-22”). All currency amounts are expressed in Myanmar Kyats unless otherwise specified.

In this discussion, the comparison of financial information of the subsidiaries of the Group reflected in the consolidated financial statements of Half Financial Year 2022 (audited from 1st October 2021 to 31st March of 2022) and the same last period of the consolidated financial statements Half Financial Year 2021 (audited from 1st October 2020 to 31st March of 2021). Accordingly, Management Discussion and Analysis (“MD&A”) are provided as follows:

SUMMARY OF GROUP STATEMENT OF COMPREHENSIVE INCOME

DESCRIPTION	HY March 2021	HY March 2022	% Changes
	(Oct2020-Mar2021) (Audited)	(Oct2021-Mar2022) (Audited)	
Revenue	11,358,228,282	33,920,647,043	199%
Other Income	3,931,466	98,370,920	2402%
Total Income	11,362,159,748	34,019,017,963	199%
Cost of goods sold	(10,129,519,788)	(30,836,785,847)	204%
Gross profit	1,232,639,959	3,182,232,116	158%
<i>Gross profit Margin</i>	<i>10.85%</i>	<i>9.35%</i>	<i>-14%</i>
Administration expenses	(1,182,575,830)	(1,859,674,764)	57%
Profit before interest and tax	50,064,129	1,322,557,353	2542%
Share of associates profit / (loss)	(217,717,774)	(130,340,498)	-40%
Profit / (Loss) before tax	(167,653,646)	1,192,216,855	811%
Income tax expenses	(64,703,393)	(348,081,873)	438%
Profit after tax	(232,357,039)	844,134,982	463%
Profit for the year	(232,357,039)	844,134,982	463%
Other comprehensive income for the year	89,166,500	(124,672,618)	-240%
Total comprehensive income for the year	(143,190,539)	719,462,364	602%
Profit attributable to:			
Owners of the Parent	(232,521,516)	839,848,655	461%
Non-Controlling Interest (NCI)	164,478	4,286,327	2506%
Total profit of the year	(232,357,039)	844,134,982	463%
Total comprehensive income attributable to:			
Owners of the Parent	(143,355,016)	715,176,038	599%
Non-Controlling Interest (NCI)	164,478	4,286,327	2506%
Total Comprehensive income for the year	(143,190,539)	719,462,364	602%
Weighted no. of ordinary shares	19,977,223	19,977,223	
Earning Per Share	(11.6)	42.04	462%

Although The Gross Profit Margin has decreased from 10.85% in HY 2020-21 to 9.35% in HY 2021-22, the total gross profit increased by 158% from MMK 1,232,639,959 to MMK 3,182,232,116 respectively.

Profit After Tax (before taking consideration of profit and loss of associated companies) increased by 463% (which is over 46 times) in this HY 2021-22 than last year in the same period. Profit after tax (before associated companies' profit and loss) for HY 2021-22 was a gain of MMK 1,322,557,353, compared to a gain of MMK 50,064,129 in HY 2020-21. After considering associated units' loss of MMK (217,717,774) in HY 2020-21 and MMK (130,340,498) in HY 2021-22, it is found that the associate loss is 40% less in HY 2021-22. Profit for HY 2021-22 was MMK 844,134,983 and though there was a loss of MMK (232,357,039) in HY 2021-21. After considering unrealized currency translation gain and loss, the consolidated total comprehensive income for the year HY 2020-21 was loss of MMK (143,190,539); however for HY 2021-22 was a gain of MMK 719,462,364. We would like to highlight that with all the above situations, our group earning per share has increased by 602%, from MMK (11.6) per share in HY 2020-21 to MMK 42.04 per share in this HY 2021-22.

BREAKDOWN OF GROUP REVENUE ONLY

DESCRIPTION	HY March 2021		HY March 2022		% Changes
	(Oct2020-Mar2021)	Of Total	(Oct2021-Mar2022)	Of Total	
	(Audited)		(Audited)		
EFR (Stand Alone)	99,000,000	1%	145,800,000	0%	47%
MRTW Logistics	1,150,218,319	10%	3,583,636,400	10%	212%
MULTIPACK	-	0%	14,899,640	0%	
UCS	236,469,429	2%	3,594,117,741	10%	1420%
EFR GLE	2,834,370,123	24%	7,368,038,764	21%	160%
MRTW Manufacturing	431,268,240	4%	443,331,238	1%	3%
Gold Shipping	502,930,773	4%	1,702,510,409	5%	239%
EFR Trading	6,052,327,619	50%	14,084,592,256	40%	133%
LDC Mandalay	269,526,634	2%	4,030,521,562	11%	1395%
A Logistics	434,657,333	4%	123,349,280	0%	-72%
Total Revenue	12,010,768,470	100%	35,090,797,290	100%	192%
Intercompany transaction	(652,540,188)		(1,170,150,246)		
Total Revenue	11,358,228,282		33,920,647,043		199%

Revenue of almost all business of EFR have significantly increased in FY 2021-22 with a growth of 199% (with an increase in revenue of almost three times last Half Year), from MMK 11,358,228,282 in HY 2020-21 to MMK 33,920,647,043 in HY 2021-22.

BREAKDOWN OF GROUP OTHER INCOME

DESCRIPTION	HY March 2021		HY March 2022		% Changes
	(Oct2020-Mar2021)	Of Total	(Oct2021-Mar2022)	Of Total	
	(Audited)		(Audited)		
EFR (Stand Alone)	1,553,294	40%	695,622	1%	-55%
MRTW Logistics	1,158	0%	9,410	0%	713%
MULTIPACK	262,524	7%	460,477	0%	75%
UCS	-	0%	25,045	0%	
EFR GLE	173,272	4%	1,258,514	1%	626%
MRTW Manufacturing	-	0%	4,653,078	5%	
Gold Shipping	1,539,700	39%	154,002	0%	-90%
EFR Trading	-	0%	89,854,256	91%	
LDC Mandalay	401,519	10%	993,516	1%	147%
A Logistics		0%	267,000	0%	
Total Revenue	3,931,466		98,370,920		2402%

We would like to disclose for the other income as revenue in HY 2021-22 which was increased 2402% than HY 2020-21. To be highlight that EFR Trading generated 91% of group total other income, which was from logistics supported services while doing trading in this year minibudget.

BREAKDOWN OF TOTAL REVENUE (Revenue + Other Income)

DESCRIPTION	HY March 2021		HY March 2022		% Changes
	(Oct2020-Mar2021)	Of Total	(Oct2021-Mar2022)	Of Total	
	(Audited)		(Audited)		
EFR (Stand Alone)	100,553,294	1%	146,495,622	0%	46%
MRTW Logistics	1,150,219,477	10%	3,583,645,809	10%	212%
MULTIPACK	262,524	0%	15,360,117	0%	5751%
UCS	236,469,429	2%	3,594,142,786	10%	1420%
EFR GLE	2,834,543,395	24%	7,369,297,278	21%	160%
MRTW Manufacturing	431,268,240	4%	447,984,316	1%	4%
Gold Shipping	504,470,473	4%	1,702,664,411	5%	238%
EFR Trading	6,052,327,619	50%	14,174,446,513	40%	134%
LDC Mandalay	269,928,153	2%	4,031,515,078	11%	1394%
A Logistics	434,657,333	4%	123,616,280	0%	-72%
Total Revenue	12,014,699,936		35,189,168,210		193%
Intercompany transaction	(652,540,188)		(1,170,150,246)		
Total Revenue	11,362,159,749		34,019,017,963		199%

Revenue from EFR Trading contributed 40% in group total revenue, all other logistics units of EFR contributed 60% of total group revenue in HY 2021-22. And LDC Mandalay unit generates revenue not only with its own assets but also from total logistics services along with 4PLS. The contribution of the LDC Mandalay unit



was 11% of total revenue. The revenue generated from LDC Mandalay in HY 2021-22 is 13.94 times more than last HY 2020-21. In HY 2021-22, not only did all logistics units' performance increase, but also EFR Trading volume increased which were 134% more than last year. The most significant revenue increase was found in UCS, which was contributed by contingency cargo handling in post covid time.

BREAKDOWN OF GROSS PROFIT

DESCRIPTION	HY March 2021		HY March 2022		Changes
	(Oct2020-Mar2021)	Of Total	(Oct2021-Mar2022)	Of Total	
	(Audited)		(Audited)		
EFR (Stand Alone)	100,553,294	8%	146,495,622	4%	46%
MRTW Logistics	95,164,409	7%	252,988,161	8%	166%
MULTIPACK	262,524	0%	3,984,617	0%	1418%
UCS	58,208,894	5%	241,843,068	7%	315%
EFR GLE	320,349,735	25%	529,840,875	16%	65%
MRTW Manufacturing	103,380,139	8%	176,848,258	5%	71%
Gold Shipping	307,106,816	24%	823,863,650	25%	168%
EFR Trading	148,673,447	12%	732,749,231	22%	393%
LDC Mandalay	107,465,923	8%	376,995,648	11%	251%
A Logistics	47,760,055	4%	42,422,986	1%	-11%
Total Gross Profit	1,288,925,235	100%	3,328,032,116	100%	158%
Intercompany transaction	(56,285,276)		(145,800,000)		
Total Gross Profit	1,232,639,959		3,182,232,116		158%

Our consolidated gross profit ("GP") growth was increased 158% from MMK 1,232,639,959 in HY 2020-21 to MMK 3,182,232,116 in HY 2021-22. Major contribution in GP growth was by Gold Shipping, EFR Trading and EFRGLE, 25%, 22% and 16% of total respectively.

In HY 2021-22, most logistics service units could accomplish additional value-added services and catch up with market demand for the whole period. It is highlighted that EFR Trading performance significantly increased 393% from HY 2020-21 since the trade volume of rubber exporting increased for the entire period. The performance of the UCS unit aggressively increased 315% compared to HY 2020-21 as the unit received high volume cargo in post covid for emergency cargo handling.

BREAKDOWN OF GROSS PROFIT MARGIN CHANGES

DESCRIPTION	HY March 2021 (Oct2020-Mar2021) (Audited)			HY March 2022 (Oct2021-Mar2022) (Audited)			% Changes
	Gross Profits	Revenue	GP Margin	Gross Profits	Revenue	GP Margin	
	EFR (Stand Alone)	100,553,294	100,553,294	100%	146,495,622	146,495,622	
MRTW Logistics	95,164,409	1,150,219,477	8%	252,988,161	3,583,645,809	7%	-15%
MULTIPACK	262,524	262,524		3,984,617	15,360,117		
UCS	58,208,894	236,469,429	25%	241,843,068	3,594,142,786	7%	-73%
EFR GLE	320,349,735	2,834,543,395	11%	529,840,875	7,369,297,278	7%	-36%
MRTW Manufacturing	103,380,139	431,268,240	24%	176,848,258	447,984,316	39%	65%
Gold Shipping	307,106,816	504,470,473	61%	823,863,650	1,702,664,411	48%	-21%
EFR Trading	148,673,447	6,052,327,619	2%	732,749,231	14,174,446,513	5%	110%
LDC Mandalay	107,465,923	269,928,153	40%	376,995,648	4,031,515,078	9%	-77%
A Logistics	47,760,055	434,657,333	11%	42,422,986	123,616,280	34%	212%
Total Gross Profit	1,288,925,235	12,014,699,936	11%	3,328,032,116	35,189,168,210	9%	-12%
Intercompany transaction	(56,285,276)	(652,540,189)	9%	(145,800,000)	(1,170,150,246)	12%	
Total Gross Profit	1,232,639,959	11,362,159,748	11%	3,182,232,116	34,019,017,963	9%	-14%

In HY 2021-22, the gross profit of MMK 11,362,159,748 with gross profit margin of 11% was attained. However, though gross profit amount has increased by 158% in HY 2021-22, the gross profit margin attained in HY 2021-22 was only 9%. GP margin attained in HY 2021-22 has decreased by 14% which is mainly due to increase in all logistic service operating costs.



BREAKDOWN OF ADMINISTRATIVE EXPENSES

DESCRIPTION	HY March 2021		HY March 2022		% Changes
	(Oct2020- Mar2021)	Of	(Oct2021- Mar2022)	Of	
	(Audited)	Total	(Audited)	Total	
EFR (Stand Alone)	272,561,835	22%	291,171,466	15%	7%
MRTW Logistics	69,578,419	6%	185,612,071	9%	167%
Multipack	58,515	0%	4,957,362	0%	8372%
UCS	43,665,526	4%	117,011,973	6%	168%
EFR GLE	208,399,040	17%	345,140,529	17%	66%
MRTW Manufacturing	178,300,835	14%	175,653,223	9%	-1%
Gold Shipping	132,610,816	11%	316,797,737	16%	139%
EFR Trading	174,959,745	14%	338,470,200	17%	93%
LDC Mandalay	112,852,163	9%	176,911,540	9%	57%
A Logistics	45,874,213	4%	53,748,663	3%	17%
Total administration expenses	1,238,861,106	100%	2,005,474,764	100%	62%
Intercompany transaction	(56,285,276)		(145,800,000)		
Total administration expenses	1,182,575,830		1,859,674,764		57%

Our consolidated expenses have increased by 57% as a group, from MMK 1,182,575,830 in HY 2020-21 to MMK 1,859,674,764 in HY 2021-22. Except for MRTW Manufacturing, administration expenses of all other business units were increased. Along with the increased cargo volume handling, related costs such as more staff cost as recruits, more fuel costs, rental costs, and documentation and stationary cost has increased in HY 2021-22.

BREAKDOWN OF NET PROFIT AND COMPREHENSIVE INCOME

DESCRIPTION	HY March 2021	HY March 2022	% Changes
	(Oct2020-Mar2021)	(Oct2021-Mar2022)	
	(Audited)	(Audited)	
EFR (Stand Alone)	(172,008,541)	(144,675,845)	-15.9%
MRTW Logistics	19,189,492	32,230,055	68.0%
Multipack	204,009	(972,745)	-576.8%
UCS	10,907,526	97,483,653	793.7%
EFR GLE	83,963,021	133,543,792	59.1%
MRTW Manufacturing	(74,920,695)	932,127	-101.2%
Gold Shipping	130,871,993	399,271,108	205.1%
EFR Trading	(8,874,210)	309,091,987	3383.0%
LDC Mandalay	(5,386,240)	156,065,604	2797.5%
A Logistics	1,414,382	(8,494,258)	-700.6%
Share of Profit / (Loss) from Associates	(217,717,774)	(130,340,498)	-40.1%
Total net Income for the year	(232,357,039)	844,134,982	263.3%
Intercompany transaction	-	-	
Total net Income for the year	(232,357,039)	844,134,982	263.3%
Foreign Currency Translation	89,166,500	(124,672,618)	-239.8%
Total comprehensive Income for the year	(143,190,539)	719,462,364	402.5%

Our group net income after offsetting intercompany transactions has increased significantly from the loss of MMK (232,357,039) in HY 2020-21 to MMK 844,134,982 in HY 2021-22, which is 263% increase. LDC Mandalay and EFR Trading have achieved over 33.83 & 27.97 times increase in net profit respectively, as these units were able to grasp time-to-time changes in market demands and market opportunities. Gold Shipping could also perform 205% more in net income than last period as it could leverage its strength of operating shipping line to grasp changing market demand and opportunity. Similarly, UCS MRTW Logistics and EFR GLE have attained net income over 7.94 times, 0.68 time and 0.59 times respectively in HY 2021-22 than HY 2020-21.

Taking into account of the unrealized currency translation gain MMK 89,166,500 for HY 2020-21, our group's total comprehensive income was still loss MMK (143,190,539) in HY 2020-21. But in HY 2021-22, even the unrealized currency translation loss MMK (124,672,618) was included, our group's total comprehensive income was still a profit of MMK 719,462,364.

SHARE OF PROFIT / (LOSS) FROM ASSOCIATES

Shares of Profit / (Loss) from Associates	HY March 2021	HY March 2022	% Changes
	(Oct2020-Mar2021)	(Oct2021-Mar2022)	
	(Audited)	(Audited)	
KEFR (30%)	(129,496,531)	(117,992,791)	-9%
HITLC (49%)	(23,345,216)	(12,347,707)	-47%
UTOC Multipack (40%)	(64,876,027)		-100%
Shares of Profit / (Loss) from Associates	(217,717,774)	(130,340,498)	-40%

All associated units' profit after tax contribution to our consolidated report for HY 2021-22 was minus MMK (130,340,498). The amount was decreased by 40% from minus MMK (217,717,774) in HY 2020-21. The main reason for a decreased share of loss contribution derived from the corrective action taken with UTOC Multipack unit. 60% of UTOC Multipack JV unit's shares were bought back by EFRGOCP in HY 2021-22, specifically in December 2021. Starting from 1st January 2022 UTOC Multipack was wholly owned by MES. The operation of UTOC Multipack JV business was returned to MES, and the JV unit will be liquidated, and liquidation was under progression. KEFR JV's is 30% owned by EFRGOCP. All depreciable assets of KEFRJV were set for a shorter life time for the depreciation, which still affects the profit and loss of the JV, similar to last year. 49% of HITLC JV (Hlaing project) is owned by EFRGOCP and is still under construction. According to the difficult situation, this project's developments were slightly slow even to complete project phase 1.

FINANCIAL CONDITION SUMMARY

Description	As of	As of	% Change
	31st March, 2021	31st March, 2022	
	Audited	Audited	
ASSETS			
Total Non-Current Assets	5,425,351,732	5,469,010,523	1%
Total Current Assets	13,650,877,145	21,746,302,864	59%
Total Assets	19,076,228,877	27,215,313,387	43%
LIABILITIES			
Total Non-Current Liabilities	-	155,135,241.39	0%
Total Current Liabilities	3,877,194,128	10,084,515,753	160%
Total Liabilities	3,877,194,128	10,239,650,994	164%
EQUITY			
Total Equity	15,199,034,749	16,975,662,393	12%
Total Equity and Liabilities	19,076,228,877	27,215,313,387	43%



Non-Current Assets

Our non-current assets consist of Properties, Plant and Equipment, Intangible Assets, Investments, and Project Under development. Total non-current assets as of 31st March 2022 slightly increased by 1% from MMK 5,425,351,732 to MMK 5,469,010,523, a small investment amount adding in a project under development.

Current Assets

Our current assets are cash and cash equivalents, trade and other receivables, prepaid, advance tax, and deposits. Our current assets have increased by 59% from MMK 13,650,877,145 to MMK 21,746,302,864. To be highlighted, trade and other receivable in March 2022 was MMK 18,938,266,985. The increase in receivable was in line with increase in trade volume especially offering credit terms to core customers with large cargo handling in this HY 2021-22.

Current Liabilities

Our current liabilities consist mainly of trade and other payables, tax provisions, advanced received, and accruals. There was double increased in total current liabilities by 164% from MMK 3,877,194,128 to MMK 10,239,650,994. The main reason for this increase is due to the provision for tax payable of last year and accordingly to higher volume handling in this HY 2021-22.

Equity Attributable to Equity Holders

Our group equity has increased by 43% in 31st March 2021 from MMK 19,076,228,877 to MMK 27,215,313,387 in 31st March 2022 since our retained earnings have increased to MMK 2,546,809,401 in 31st March 2022.



REVIEW AND FUTURE PROSPECT OF EFR

A review of the accomplishments of our Parent Company, Ever Flow River Group Public Company Limited, and all the related subsidiary Companies shows that a 602% rise in profits for financial year 2021-2022 when compared with that of financial year 2020-2021.

- The rise in the profits is due to the following endeavors that were made amidst the challenges brought forward by Covid-19 global pandemic and uncertainties all over the world
- To overcome the possible direct and indirect threats against our trade and logistics services sectors
- We systematically adopted and implemented strategies and tactics that are appropriate with the time and situation

In this regard, we assume that we achieved success that is not lesser than that of the past.

With the goal of maintaining the success and increasing the benefits we will continue implementing the following logistics-related infrastructure projects under the leadership and guidance of our Risk Management Committee in accordance with the changing situation.

The projects are as follows:

- ✓ Yangon
- ✓ Muse
- ✓ Kyauk Phyu
- ✓ Myawaddy

Although a lot of hardships still exist, depending on the value of our shares, we will try our best to reduce risk to the most possible degree, and we hope that we will be able to distribute the expected benefits we will receive due to our efforts as dividends for the coming financial year. We would like to inform our shareholders that we promise strenuous efforts to maintain our success and increase our profits as we see brighter prospects for our company.

By Order of the Board

Daw Khin Sone
Finance Director
30.06.2022

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ABBREVIATIONS

EFR	Ever Flow River Group Public Company Limited.
EFR GLE	EFR G-Link Express Services Co., Ltd.
EFR Trading	Ever Flow River Trading Co., Ltd.
Gold Shipping	Gold Shipping Agency Services Co., Ltd.
HITLC	Hlaing Inland Terminal and Logistics Co., Ltd.
KEFR	Kamigumi-EFR Logistics (Myanmar) Co., Ltd.
LDC Mandalay	Ever Flow River Logistics & Distribution Center (Mandalay) Co., Ltd.
MRTW Logistics	Myanmar Round the World Logistics Co., Ltd.
MRTW Manufacturing	MRTW Manufacturing & Inspection Co., Ltd.
Multipack	Multipack Engineering Services Co., Ltd.
UCS	Unison Choice Services Co., Ltd.
UTOC Multipack	UTOC Multipack Myanmar Co., Ltd.
A L	A Logistics Co., Ltd.