

2020-21 INTERIM RESULT - MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of Ever Flow River Group Public Company Limited and with its subsidiaries (The Group) would like to release Company's unaudited interim financial statements for the six months ended 31st March 2021 (HY2021). 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 2020 (unaudited from 1st October 2019 to 31st March of 2020) and the consolidated financial statements Half Financial Year 2021 (unaudited from 1st October 2020 to 31st March of 2021). The Management Discussion and Analysis ("MD&A") are provided as follows:

SUMMARY OF GROUP STATEMENT OF COMPREHENSIVE INCOME			
DESCRIPTION	HY 2020	HY 2021	% CHANGE
	(Oct2019-Mar2020)	(Oct2020-Mar2021)	
	(Unaudited)	(Unaudited)	
Revenue	8,529,407,952	11,358,228,281	33%
Cost of goods sold	(6,950,254,607)	(10,129,519,788)	46%
Gross profit	1,579,153,345	1,228,708,492	-22%
Gross profit Margin	19%	11%	-42%
Administration expenses	(1,466,835,390)	(1,182,575,830)	-19%
Profit before interest and tax	112,317,955	46,132,662	-59%
Other income	21,061,827	3,931,466	-81%
Finance cost			
Profit before tax	133,379,782	50,064,129	-62%
Income tax expenses	(52,441,043)	(64,703,393)	23%
Profit after tax	80,938,739	(14,639,264)	-118%
Share of associates profit	(61,217,875)	(217,717,774)	256%
Profit for the year	19,720,864	(232,357,039)	-1278%
Other comprehensive income for the year	(64,552,916)	89,166,500	-238%
Total comprehensive income for the year	(44,832,052)	(143,190,539)	219%
Profit attributable to:			
Owners of the Parent	17,619,571	(232,521,516)	-1420%
Non-Controlling Interest (NCI)	2,101,293	164,478	-92%
Total profit of the year	19,720,864	(232,357,039)	-1278%
Total comprehensive income attributable to:			
Owners of the Parent	(46,933,345)	(143,355,016)	205%
Non-Controlling Interest (NCI)	2,101,293	164,478	-92%
Total Comprehensive income for the year	(44,832,052)	(143,190,539)	219%
Weighted no. of ordinary shares	19,977,223	19,977,223	0%
Earnings Per Share	(2)	(7)	219%

Final consolidated total comprehensive income for the year HY2021 was minus MMK 143,190,539 and for HY2020 was minus MMK 44,832,052, which changes was 219% because of pandemic COVID 19 effects and political changes in this period.



BREAKDOWN OF GROUP REVENUE					
	HY 2020		HY 2021		
DESCRIPTION	(Oct2019-Mar2020)	% OF TOTAL	(Oct2020-Mar2021)	% OF TOTAL	% CHANGE
	(Unaudited)		(Unaudited)		
EFR (Stand Alone)	189,000,000	2%	99,000,000	1%	-48%
MRTW Logistics	632,080,283	7%	1,150,218,319	10%	82%
MULTIPACK	-	0%	-	0%	
UCS	658,754,473	7%	236,469,429	2%	-64%
EFR GLE	1,294,973,939	15%	2,834,370,123	24%	119%
MRTW Manufacturing	779,086,993	9%	431,268,240	4%	-45%
Gold Shipping	460,215,865	5%	502,930,773	4%	9%
EFR Trading	4,069,807,233	46%	6,052,327,618	50%	49%
LDC Mandalay	733,116,900	8%	269,526,634	2%	-63%
A Logistics	-	0%	434,657,333	4%	
Total Revenue	8,817,035,687	100%	12,010,768,469	100%	36%
Intercompany transaction	(287,627,735)		(652,540,189)		
Total Revenue	8,529,407,952		11,358,228,281		33%

Even in COVID-19 critical time, our consolidated revenue for HY2021 was MMK 11,358,228,281, which was increased 33% from MMK 8,529,407,952 in HY2020. In which logistics sectors were performed by MRTW Logistics, EFR GLE and Gold Shipping with the changes, increment in HY2021 than last year, 82%, 119% and 9% respectively. Trading sector had contributed about 50% of revenue in total and the increment in HY2021 is 49% more than last HY2020.

BREAKDOWN OF GROSS PROFIT					
	HY 2020		HY 2021		
DESCRIPTION	(Oct2019-Mar2020)	% OF TOTAL	(Oct2020-Mar2021)	% OF TOTAL	% CHANGE
	(Unaudited)		(Unaudited)		
EFR (Stand Alone)	189,000,000	6%	99,000,000	8%	-48%
MRTW Logistics	114,250,534	6%	95,163,251	7%	-17%
MULTIPACK	-	0%	-	0%	
UCS	103,758,950	4%	58,208,894	5%	-44%
EFR GLE	346,235,039	20%	320,176,463	25%	-8%
MRTW Manufacturing	263,437,223	7%	103,380,139	8%	-61%
Gold Shipping	223,164,948	19%	305,567,116	24%	37%
EFR Trading	174,404,360	9%	148,673,447	12%	-15%
LDC Mandalay	164,902,290	7%	107,064,404	8%	-35%
A Logistics	-	3%	47,760,055	4%	
Total Gross Profit	1,579,153,345	81%	1,284,993,768	100%	-19%
Intercompany transaction	-		(56,285,276)		
Total Gross Profit	1,579,153,345		1,228,708,492		-22%

Our consolidated gross profit (“GP”) growth is decreased by 19% from MMK 1,579,153,345 in HY2020 to MMK 1,228,708,492 in HY2021.



Cost of goods sold was also increased from MMK 6,950,254,607 in HY2020 to MMK 10,129,519,788 in HY2021 which changes was 46% more than last year, because trading purchase amount is significantly increased and operating cost for logistics are higher than last year in this cost of revenue. Except Gold Shipping, all units operation cost are increased. Based on higher COGS even can effort more revenue, gross profits margin was decreased from 19 % to 11 % which was changes less about 42% in HY2021.

BREAKDOWN OF ADMINISTRATIVE EXPENSES			
DESCRIPTION	HY 2020	HY 2021	% CHANGE
	(Oct2019-Mar2020)	(Oct2020-Mar2021)	
	(Unaudited)	(Unaudited)	
EFR (Stand Alone)	(261,430,410)	(272,561,835)	4%
MRTW Logistics	(138,256,557)	(69,578,419)	-50%
<i>Multipack</i>	(1,004,663)	(58,515)	-94%
UCS	(105,928,881)	(43,665,526)	-59%
EFR GLE	(304,959,887)	(208,399,040)	-32%
MRTW Manufacturing	(242,915,442)	(178,300,835)	-27%
Gold Shipping	(141,557,332)	(132,610,816)	-6%
EFR Trading	(132,684,726)	(174,959,745)	32%
LDC Mandalay	(138,097,491)	(112,852,163)	-18%
A Logistics	-	(45,874,213)	
Total administration expenses	(1,466,835,390)	(1,238,861,106)	-16%
Intercompany transaction		56,285,276	
Total administration expenses	(1,466,835,390)	(1,182,575,830)	-19%

Our consolidated expenses before offsetting intercompany transaction has decreased by 16%, from MMK 1,466,835,390 in HY2020 to MMK 1,238,861,106 in HY2021. Except EFR Trading, the rest all logistics and other sectors can reduce administration expenses in this difficult time. The administration cost of EFR Trading was increased by 32% in HY2021 because of operation volume was higher than last year and higher administration cost especially for staff related expenses.



BREAKDOWN OF NET PROFIT AND COMPREHENSIVE INCOME			
	HY 2020	HY 2021	% CHANGE
DESCRIPTION	(Oct2019-Mar2020)	(Oct2020-Mar2021)	
	(Unaudited)	(Unaudited)	
EFR (Stand Alone)	110,187,823	(172,008,541)	-256%
MRTW Logistics	(6,587,534)	19,189,492	-391%
Multipack	(838,513)	204,009	-124%
UCS	(3,592,990)	10,907,526	-404%
EFR GLE	25,433,508	83,963,021	230%
MRTW Manufacturing	18,373,343	(74,920,695)	-508%
Gold Shipping	61,210,219	130,871,993	114%
EFR Trading	31,289,726	(8,874,210)	-128%
LDC Mandalay	28,017,237	(5,386,240)	-119%
A Logistics	-	1,414,382	
Share of Profit from Associates	(61,217,875)	(217,717,774)	256%
Total net income for the year	202,274,944	(232,357,039)	-215%
Intercompany transaction	(182,554,080)	-	
Total net income for the year	19,720,864	(232,357,039)	-1278%
Foreign Currency Translation	(64,552,916)	89,166,500	
Total comprehensive income for the year	(44,832,052)	(143,190,539)	219%

SECTOR WISE NET INCOME			
	HY 2020	HY 2021	% CHANGE
DESCRIPTION	(Oct2019-Mar2020)	(Oct2020-Mar2021)	
	(Unaudited)	(Unaudited)	
Logistics Sector	104,480,441	240,960,173	131%
Trading Sector	31,289,726	(8,874,210)	-128%
Other Sector	17,534,830	(74,716,686)	-526%
Total net income for the year	153,304,996	157,369,276	3%



Our group net income after offsetting intercompany transaction declined from the loss of MMK 44,832,052 in HY2020 to loss of 143,190,539 in HY2021 which is 219% more than last year.

The profit after tax of Logistics sectors were increased and could perform positive profits in HY2021. In which MRTW Logistics, UCS, EFRGLE, and Gold Shipping net profits were increased 391%, 404%, 230% and 114% respectively. However, LDC Mandalay's loss of MMK 5,386,240 in HY2021 comparing with last year HY2020, the changes was 119% more loss. Considered in Logistics sectors (EFRGLE, Gold Shipping, UCS, MRTW Logistics, LDC Mandalay) total income for HY2021 was MMK 240,960,173 which was increased 131% more than last year HY2020 amount in MMK 104,480,441.

The profit after tax of MRTW Manufacturing was seriously infected the loss in HY2021, minus MMK74,920,695 which was because of COVID 19 pandemic. Comparing with last year HY2020, which was 508% decreased. It was more administrative expenses during COVID 19 time and also the job are very limited in these period (factory was closed during serious time of COVID 19 and also effected by political changes).

The profit after tax of Trading sector, EFR Trading was declined minus 128% than last year. For HY2020 could effort MMK 31,289,726 but in HY2021 was only minus MMK 8,874,210 which was because of mainly effect currency fluctuation in trading business.

Taking into account of the unrealized currency translation gain MMK 89,166,500 in HY 2021 and which was effected to less loss on our group's total comprehensive income minus MMK 143,190,539 in HY 2021. As for the last year HY2020, the unrealized currency translation is lost about MMK 64,552,916 which could make more loss to our group's total comprehensive income to be minus MMK 44,832,052 for HY 2020.

Share of Profit from Associates	HY 2020 Unaudited	HY 2021 Unaudited	% CHANGE
KEFR (30%)	38,843,014	(129,496,531)	-433%
HITLC (49%)	(39,088,100)	(23,345,216)	-40%
UTOC Multipack (40%)	(60,972,789)	(64,876,027)	6%
Share of Profit from Associates	(61,217,875)	(217,717,774)	256%

KEFR JV's which is 30% owned by EFRGOCP, profit after tax contribution to our consolidated report for HY2021 was minus MMK 129,496,531. The amount was increased by 433% from MMK 38,843,014 in FY 2020. The main reason of loss from KEFRJV is that all assets of KEFRJV were set for shorter life time for the depreciation. KEFR JV try to correct for the pattern of depreciation, but in this year HY2021, there have difficult to manage for those changes not only Japan side (KEFR JV's partner) but also difficult to submit to IRD Myanmar Tax office. Even though KEFR JV can perform profits before tax as profits, their financial report will be as stated as minus in our associated units.

40% of UTOC Multipack JV is owned by EFRGOCP, and the profit after tax of UTOC JV contribute to our consolidated report for FY2021 was minus MMK 64,876,027. The loss was 6% more in HY 2021. In HY 2020 and HY 2021, for a year UTOC JV was not able to operate profitably and the JV expense can reduce because of no significant work can perform. Being lack of management throughout all JV operating years, EFRGOCP will take necessary action in this year FY 2021.

HITLC (Hlaing) projects was still in under construction, thus it cannot contribute earnings to EFRGOCP until completion of at least phase one of the project.



FINANCIAL CONDITION			
SUMMARY GROUP BALANCE SHEET			
MMK	As of 31st	As of 31st	% CHANGE
	March, 2020	March, 2021	
	Unaudited	Unaudited	
ASSETS			
Total Non-Current Assets	9,811,607,045	5,425,351,732	-45%
Total Current Assets	9,689,809,309	13,650,877,145	41%
Total Assets	19,501,416,354	19,076,228,877	-2%
LIABILITIES			
Total Non-Current Liabilities	Nil	Nil	
Total Current Liabilities	3,511,067,581	3,877,194,128	10%
Total Liabilities	3,511,067,581	3,877,194,128	10%
EQUITY			
Total Equity	15,990,348,774	15,199,034,749	-5%
Total Equity and Liabilities	19,501,416,354	19,076,228,877	-2%

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 2021 decreased by 45% from MMK 9,811,607,045 to MMK 5,425,351,732 to that was mainly from changes in project under development.

In project units financial statement, it is shown as payable to mother unit and not capitalized in this period so that those amount are shown in our consolidated statement as project under development as receivable.

Current Assets

Our current assets are composed of cash and cash equivalents, trade and other receivables, prepaid, advance tax and deposits. Our current assets increased 41% from MMK 9,689,809,309 as of 31st March 2020 to MMK 13,650,177,145 as of 31st March 2021. The main reason was the increment in trade receivables which all are subsequent events transitions.

Current Liabilities

Our current liabilities consist mainly of trade and other payables, tax provisions, advanced received and accruals. There was a rise in total current liabilities by 10% from MMK 3,511,067,581 as of 31st March 2020 to MMK 3,877,194,128 as of 31st March 2021. The main reason for this increase is due to increase in the provision for Tax payable from 2year (2019 and 2020). Most of units Tax assessment is under the arrangement of IRD that make in group consolidated payable high.

Equity Attributable to Equity Holders

Our group equity has slightly declined by 5% from MMK 15,990,348,774 as of 31st March 2020 to MMK 15,199,034,749 as of 31st March 2021. The main reason of our group equity changes is our retained earnings have declined because of annual lost in year 2019-20.



REVIEW AND FUTURE PROSPECT OF EFR

Ever Flow River Group Public Company Limited (“EFRGOCP”) was listed at Yangon Stock Exchange on 28th May, 2020. During one year old of Public listed company, we faced many difficulties and challenges in the last year. In this period, domestic and international activities were reduced by COVID-19 and also political events. Current global pandemic crisis and uncertainty have been significantly impacted many industries over the year till to date, logistics industry are also impacted directly and indirectly.

In this situation, EFR can be strategically expanded our businesses and service lines into a wide range business from domestic to international freight forwarding services by Land Sea Air instead of normal routine providing total logistics solutions to our clients. Not only maximize effort but also cost reduce system were implements in our group. Every member of EFR allocates ourselves for the organization to become one of the leading total logistics service providers locally and globally.

Based on our long-term group vision, we will apply and diversify synergistic combination and formation of total logistics solution services and carefully design our services in consideration of the welfare of our client and promoting Myanmar businesses to the international market. EFR management is tackling to mediate and mitigate this rapidly changing situation by simultaneously adapting current business model as well seeking for new opportunities, like IT and e-commerce, Commercial intelligence related with our logistics industry.

To be highlighted that Logistics sectors (units are MRTW Logistics, UCS, EFRGLE and Gold Shipping) could performed normal routine as well as value added services for logistics through during the Covid-19 difficult time which contributed good earning in HY2021. As a one-stop logistic company, EFR LDC (Ever Flow River Logistics and Distribution (Mandalay) Co., Ltd.) could effort for not only dry port business in middle of Myanmar but also for total logistics package shipment handling via Land Sea trade, from Yangon to Mandalay and Myawaddy by land and then by sea from Thailand port. In this routine (as a new strategy) arrangement was getting benefits for both side (customer as well as our service providers).

Beside EFR will extend more contribution for Trading business since that can be own cargo management in total logistics which can be advantages for logistics sectors for a long term. Not only current ongoing business are to generate profit, but also all developing projects under EFR are taken care closely to be finished on time. We are taking care of our staffs, our clients and all of our partners and stakeholders in these critical time for not only getting business but also for all of health safety.

Being essential role for all business sectors, logistics business will be in making headway of all other industries, we believe that there is a good potential of our logistic businesses for long term and also we can distribute dividend to all shareholders in near future.

By Order of the Board

Daw Khin Sone

Executive Director

15th July 2021

Ever Flow River Group Public Company Limited
YSX Code 00006
Level 11, No. 62, Room 1104,
Mahabandoola Complex B,
Tarwataintha Street, Pazundaung Township,
Yangon, Republic of the Union of Myanmar
www.efrgroupmyanmar.com



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.