

MANAGEMENT DISCUSSION AND ANALYSIS

Ever Flow River Group Public Company Limited would like to release the Management Discussion and Analysis (“MD&A”) for the year ended 30 September 2021 (“FY September 2021”) in comparison with last year ended 30 September 2020. 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 for 30 September 2020 (covered twelve months ended 30 September 2020) and the financial information the consolidated financial statements for 30 September 2021 (covered twelve months ended 30 September 2021).

SUMMARY OF GROUP STATEMENT OF COMPREHENSIVE INCOME

DESCRIPTION	FY September 2020	FY September 2021	% CHANGE
	(Oct2019-Sep2020)	(Oct2020-Sep2021)	
	(Audited)	(Audited)	
Revenue	12,832,503,596	23,457,058,458	83%
Cost of goods sold	(10,692,069,949)	(20,334,783,240)	90%
Gross profit	2,140,433,647	3,122,275,218	46%
Gross profit Margin	16.7%	13.3%	-20%
Administration expenses	(2,707,995,313)	(2,014,454,594)	-26%
Profit before interest and tax	(567,561,666)	1,107,820,624	305%
Other income	351,479,430	131,727,144	-63%
Finance cost	(15,900,000)	-	100%
Profit before tax	(231,982,236)	1,239,547,768	634%
Income tax expenses	(60,101,870)	(345,071,186)	474%
Profit after tax	(292,084,106)	894,476,582	406%
Share of associates profit	(326,392,080)	(442,270,234)	36%
Profit for the year	(618,476,186)	452,206,348	173%
Other comprehensive income for the year	(114,479,353)	461,768,393	503%
Total comprehensive income for the year	(732,955,539)	913,974,741	225%
Profit attributable to:			
Owners of the Parent	(616,529,303)	425,989,243	169%
Non-Controlling Interest (NCI)	(1,946,883)	26,217,105	1447%
Total profit of the year	(618,476,186)	452,206,348	173%
Total comprehensive income attributable to:			
Owners of the Parent	(731,008,656)	887,757,636	221%
Non-Controlling Interest (NCI)	(1,946,883)	26,217,105	1447%
Total Comprehensive income for the year	(732,955,539)	913,974,741	225%
Weighted no. of ordinary shares	19,977,223	19,977,223	0%
Earnings Per Share	(30.86)	21.32	169%

Although the Gross Profit Margin has decreased from 16.7% in FY 2019-20 to 13.3% in FY 2020-21, the total gross profits increased by 46% from MMK 2,140,433,647 to MMK 3,122,275,218 respectively. Profit After Tax (before taking consideration of profit and loss of associated companies) increased by 406% (which is over four times) in this FY 2020-21.

Profit after tax (excluding associated companies’ profit and loss) for FY 2020-21 was a gain of MMK 894,476,582, compared to a loss of MMK (292,084,106) in FY 2019-20. After consideration associated units loss MMK (326,392,080) in FY 2019-20 and MMK 442,270,234 in FY 2020-21, total loss for FY 2019-20 was MMK (618,476,186) and total gain for FY 2020-21 was MMK 452,206,348.



After considering unrealized currency translation gain and loss, the consolidated total comprehensive income for FY 2019-20 was loss of MMK (732,955,539). However, for FY 2020-21 was a gain of MMK 913,974,741.

We would like to highlight that with all the above situations, our group earning per share has increased by 169%, from minus of MMK (30.86) per share in FY 2019-20 to MMK 21.32 per share in this FY 2020-21.

BREAKDOWN OF GROUP REVENUE ONLY

DESCRIPTION	FY September 2020	% OF TOTAL	FY September 2021	% OF TOTAL	% CHANGE
	(Oct2019-Sep2020)		(Oct2020-Sep2021)		
	(Audited)		(Audited)		
EFR (Stand Alone)	252,000,000	2%	198,000,000	1%	-21%
MRTW Logistics	1,027,630,914	8%	3,453,330,933	14%	236%
MULTIPACK	-	0%	-	0%	
UCS	950,258,027	7%	1,982,492,176	8%	109%
EFR GLE	2,361,465,754	18%	7,021,585,835	28%	197%
MRTW Manufacturing	1,130,913,016	9%	876,096,876	4%	-23%
Gold Shipping	813,343,499	6%	1,315,550,999	5%	62%
EFR Trading	6,358,618,834	49%	8,199,281,858	33%	29%
LDC Mandalay	-	0%	536,451,578	2%	
A Logistics	130,273,550	1%	1,440,909,784	6%	1006%
Total Revenue	13,024,503,596	100%	25,023,700,040	100%	92%
Intercompany transaction	(192,000,000)	1%	(1,566,641,582)	6%	325%
Total Revenue	12,832,503,596		23,457,058,458		83%

Revenue of almost all businesses of EFR has significantly increased in FY 2020-21 with the growth of 92%, from MMK 13,024,503,596 in FY 2019-20 to MMK 25,023,700,040 in FY 2020-21. The most significant revenue increase was found in A Logistic.

BREAKDOWN OF GROUP OTHER INCOME

DESCRIPTION	FY September 2020	FY September 2021	% OF TOTAL	% CHANGE
	(Oct2019-Sep2020)	(Oct2020-Sep2021)		
	(Audited)	(Audited)		
EFR (Stand Alone)	376,671,859	3,170,296	52%	-99%
MRTW Logistics	11,568,170	11,196	2%	-100%
MULTIPACK	945,477	1,264,883	0%	34%
UCS	-	173,971	0%	0%
EFR GLE	938,674	1,273,335	0%	36%
MRTW Manufacturing	-	-	0%	0%
Gold Shipping	553,718	2,331,839	0%	321%
EFR Trading	20,305,058	122,827,983	3%	505%
LDC Mandalay	313,867,441	673,641	43%	-100%
A Logistics	300,312	-	0%	-100%
Total Other Income (As Revenue)	725,150,710	131,727,144	100%	-82%
Intercompany transaction	(373,671,280)	-		-100%
Total Other Income (As Revenue)	351,479,430	131,727,144	100%	-63%



We would like to disclose the other income as revenue in FY 2020-21, which was decreased 82% than FY 2019-20. FY 2019-20 was not a commercial year for the LDC Mandalay unit; thus the income received from the LDC Mandalay unit in FY 2019-20 was recorded as other income. However, in FY 2020-21, the income of LDC Mandalay unit was recognized as revenue.

Regarding EFR Trading, other income, such as service income generated from logistics supported services while doing trading increased 5 times or 505 % in FY 2020-21. For the other income of Gold Shipping also increased 321% in FY2020-21 because local other service charges can generate more in higher volume handling.

BREAKDOWN OF TOTAL REVENUE (Revenue + Other Income)

DESCRIPTION	FY September 2020	% OF TOTAL	FY September 2021	% OF TOTAL	% CHANGE
	(Oct2019-Sep2020) (Audited)		(Oct2020-Sep2021) (Audited)		
EFR (Stand Alone)	628,671,859	5%	201,170,296	1%	-83%
MRTW Logistics	1,039,199,084	8%	3,453,342,129	14%	82%
MULTIPACK	945,477	0%	1,264,883	0%	-27%
UCS	950,258,027	7%	1,982,666,147	8%	14%
EFR GLE	2,362,404,428	17%	7,022,859,170	28%	62%
MRTW Manufacturing	1,130,913,016	8%	876,096,876	3%	-58%
Gold Shipping	813,897,218	6%	1,317,882,838	5%	-11%
EFR Trading	6,378,923,893	46%	8,322,109,841	33%	-29%
LDC Mandalay	313,867,441	2%	537,125,219	2%	-6%
A Logistics	130,573,863	1%	1,440,909,784	6%	503%
Total Revenue	13,749,654,305	100%	25,155,427,183	100%	83%
Intercompany transaction	(565,671,280)	-4%	(1,566,641,582)	-6%	51%
Total Revenue	13,183,983,025		23,588,785,601		79%

Our consolidated revenue for FY 2020-21 was MMK 23,588,785,601, which was an increase of 79%, from MMK 13,183,983,025 in FY 2019-20, mainly contributed by EFR Trading: 33% and Forwarding Business followed by EFR GLE: 28%, MRTW Logistics: 14%, Gold Shipping: 5% and one of the subsidiaries JV units A Logistics: 6% in FY 2020-21.

BREAKDOWN OF GROSS PROFIT

DESCRIPTION	FY September 2020	% OF TOTAL	FY September 2021	% OF TOTAL	% CHANGE
	(Oct2019-Sep2020) (Audited)		(Oct2020-Sep2021) (Audited)		
EFR (Stand Alone)	252,000,000	11%	198,000,000	6%	-21%
MRTW Logistics	134,424,945	6%	292,964,855	9%	118%
MULTIPACK	0	0%	0	0%	0%
UCS	165,721,049	7%	347,558,981	11%	110%
EFR GLE	589,969,595	25%	856,452,551	26%	45%
MRTW Manufacturing	440,866,713	19%	219,092,133	7%	-50%
Gold Shipping	449,149,157	19%	810,122,698	25%	80%
EFR Trading	294,337,998	13%	100,948,634	3%	-66%
LDC Mandalay	0	0%	289,875,755	9%	0%
A Logistics	7,860,057	0%	119,363,974	4%	1419%
Total Gross Profit	2,334,329,513	100%	3,234,379,579	100%	39%
Intercompany transaction	(193,895,867)		(112,104,361)		
Total Gross Profit	2,140,433,646		3,122,275,218		46%

Our group gross profit for FY 2020-21 was MMK 3,234,379,579, which was an increase of 39%, from MMK 2,334,329,513 in FY 2019-20, mainly contributed by MRTW Logistics, UCS, EFRGLE, and Gold Shipping of 118%, 110%, 45%, and 80% respectively. In FY 2020-21, most of the logistics service units could perform additional value-added services and catch up on opportunities even in the very critical time of the COVID pandemic.

It is highlighted that A Logistics unit's FY 2020-21 gross profit was a 1419% increase from FY 2019-20. It is noted that A logistic performance in FY 2019-20 was only two months' performance since the inception of JV in August 2019.

Our consolidated gross profit ("GP") growth was 46% from MMK 2,140,433,646 in FY 2019-20 to MMK 3,122,275,218 in FY 2020-21, mainly contributed by EFRGLE, Gold Shipping and UCS of 26%, 25% and 11% respectively.

BREAKDOWN OF GROSS PROFIT MARGIN CHANGES

GP MARGIN CHANGES DESCRIPTION	FY September 2020 (Oct2019-Sep2020)			FY September 2021 (Oct2020-Sep2021)			% CHANGE
	Gross Profits Total (Audited)	Revenue (Only) Total (Audited)	GP Margin	Gross Profits Total (Audited)	Revenue (Only) Total (Audited)	GP Margin	
EFR (Stand Alone)	252,000,000	252,000,000	100%	198,000,000	198,000,000	100%	0%
MRTW Logistics	134,424,945	1,027,630,914	13%	292,964,855	3,453,330,933	8%	-5%
MULTIPACK	0	0	0%	0	0	0%	0%
UCS	165,721,049	950,258,027	17%	347,558,981	1,982,492,176	18%	0%
EFR GLE	589,969,595	2,361,465,754	25%	856,452,551	7,021,585,835	12%	-13%
MRTW Manufacturing	440,866,713	1,130,913,016	39%	219,092,133	876,096,876	25%	-14%
Gold Shipping	449,149,157	813,343,499	55%	810,122,698	1,315,550,999	62%	6%
EFR Trading	294,337,998	6,358,618,834	5%	100,948,634	8,199,281,858	1%	-3%
LDC Mandalay	0	0	0%	289,875,755	536,451,578	54%	54%
A Logistics	7,860,057	130,273,550	6%	119,363,974	1,440,909,784	8%	2%
Total Gross Profit	2,334,329,513	13,024,503,595	18%	3,234,379,579	25,023,700,040	13%	-5%
Intercompany transaction	(193,895,867)	(192,000,000)	101%	(112,104,361)	(1,566,641,582)	7%	-94%
Total Gross Profit	2,140,433,646	12,832,503,595	17%	3,122,275,218	23,457,058,458	13%	-4%

In FY 2020-21, even though revenue has increased by 83% to MMK 23,457,058,458, the gross profit margin has decreased by 4% from 17% in FY 2019-20 to 13% in FY 2020-2 mainly due to an increase in logistic service operating costs.

BREAKDOWN OF ADMINISTRATIVE EXPENSES

DESCRIPTION	FY September 2020	FY September 2021	% CHANGE
	(Oct2019-Sep2020)	(Oct2020-Sep2021)	
	(Audited)	(Audited)	
EFR (Stand Alone)	(534,608,748)	(440,229,030)	-18%
MRTW Logistics	(271,177,506)	(4,480,422)	-98%
<i>Multipack</i>	(37,117,260)	(801,094)	-98%
UCS	(183,143,705)	(110,169,176)	-40%
EFR GLE	(565,927,391)	(299,633,403)	-47%
MRTW Manufacturing	(493,527,188)	(310,356,355)	-37%
Gold Shipping	(295,046,195)	(391,312,426)	33%
EFR Trading	(207,414,469)	(296,013,713)	43%
LDC Mandalay	(288,579,152)	(222,798,045)	-23%
A Logistics	(17,249,566)	(50,765,291)	194%
Total administration expenses	(2,893,791,180)	(2,126,588,955)	-27%
Intercompany transaction	169,895,867	112,104,361	-34%
	(2,723,895,313)	(2,014,454,594)	-26%

Our consolidated expenses have decreased by 26%, from MMK (2,723,895,313) in FY 2019-20 to MMK (2,014,454,594) in FY 2020-21. According to IFRS/MFRS, the unrealized currency exchanges gain and loss are included in consolidated expenses. Except for EFR Trading, Gold Shipping, and A Logistics, all other business units could reduce administration expenses. The administration cost of A Logistics was increased by 194% in FY 2020-21 due to the whole year administration expenses compared with only two months administrative expenses in FY 2019-20. The administration cost of EFR trading and Gold Shipping increased due to increased staff-related cost in volume handling and realized and unrealized exchange loss in FY 2020-21.

BREAKDOWN OF NET PROFIT AND COMPREHENSIVE INCOME

DESCRIPTION	FY September 2020	FY September 2021	% CHANGE
	(Oct2019-Sep2020)	(Oct2020-Sep2021)	
	(Audited)	(Audited)	
EFR (Stand Alone)	93,563,111	(239,058,734)	-356%
MRTW Logistics	(125,184,391)	254,788,388	304%
<i>Multipack</i>	(36,171,783)	463,789	101%
UCS	(18,023,886)	176,907,237	1082%
EFR GLE	5,764,830	453,260,023	7763%
MRTW Manufacturing	(52,660,475)	(91,264,222)	73%
Gold Shipping	118,947,667	292,967,921	146%
EFR Trading	105,772,899	(61,396,584)	-158%
LDC Mandalay	22,668,397	48,198,778	113%
A Logistics	(9,089,196)	59,609,986	756%
Share of Profit from Associates	(326,392,080)	(442,270,234)	-36%
Total net income for the year	(220,804,907)	452,206,348	305%
Intercompany transaction	(397,671,297)	-	
Total net income for the year	(618,476,186)	452,206,348	173%
Foreign Currency Translation	(114,479,353)	461,768,393	
Total comprehensive income for the year	(732,955,539)	913,974,741	225%

Our group net income after offsetting intercompany transactions has increased significantly from the loss of MMK 618,476,186 in FY 2019-20 to MMK 452,206,348 in FY 2020-21, which is 173% times increase even in this difficult time. EFR GLE has achieved over 77 times (7,763%) in making profits which is because of its ability to catch the opportunity of logistics structure changes in the 2nd quarter of FY 2020-21. Similarly, UCS has attained a net income of MMK 176,907,237 in FY 2020-21, which is over 10 times (1,082%) more than net income in FY 2019-20.

However, the net income of EFR Trading has dropped significantly from profits of MMK 105,772,899 in FY 2019-20 to a loss of MMK 61,396,584 in FY 2020-21. The loss was because of the currency fluctuation effect in Rubber Trading. The net income of MRTW Manufacturing was still in a loss situation. The loss amount was MMK 52,660,475 in FY 2019-20 and MMK 91,264,222 in FY 2020-21. This unit loss was because of higher operating fixed costs and the impact of COVID this year. In addition, the factory was operating under government rules and regulation during the difficult time maintaining employees.

Taking into account the unrealized currency translation loss MMK (114,479,353) for FY 2019-20 and gain MMK 461,768,393 for FY 2020-21, our group's total comprehensive income is at a loss of MMK 732,955,539 in FY 2019-20 but a gain of MMK 913,974,741 in FY 2020-21.

SHARE OF PROFITS FROM ASSOCIATES

SHARE OF PROFIT FROM ASSOCIATES	FY September 2020	FY September 2021	% CHANGE
KEFR (30%)	(129,370,949)	(293,899,487)	127%
UTOC Multipack (40%)	(126,381,368)	(110,380,748)	-13%
HITLC (49%)	(70,639,763)	(37,989,999)	-46.0%
Share of Profit from Associates	(326,392,080)	(442,270,234)	35.50%

KEFR JV's, which is 30% owned by EFRGOCP, profit after tax contribution to our consolidated report for FY 2020-21 was minus MMK (293,899,487). The amount was increased by 127% from minus MMK (129,370,949) in FY 2019-20. The main reason for loss from KEFRJV is that all assets of KEFRJV were set for a shorter lifetime for the depreciation, which was not able to amend in IRD since last year due to difficult time in these two years.

40% of UTOC Multipack JV is owned by EFRGOCP, and the profit after tax of UTOC JV contributed to our consolidated report for FY 2020-21 was minus MMK 110,380,748. The loss was less 13% than in FY 2020-21. In FY 2019-20, it was a minus of MMK (126,381,368). Since UTOC JV was not able to operate profitably throughout all JV operating years, as a JV partner, EFR Group Public Company was taken necessary action at the end of this FY 2020-21. It will announce in the coming financial report.

49% of HITLC JV (Hlaing project) is owned by EFRGOCP and is still under construction.

However, its earnings cannot contribute yet to EFRGOCP until completion of the project phase 1, in FY 2020-21, the project's operation cost has reduced, and the loss is 46% less than last year.

FINANCIAL CONDITION SUMMARY GROUP BALANCE SHEET

DESCRIPTION	As of 30th	As of 30th	% CHANGE
	September, 2020 (Audited)	September, 2021 (Audited)	
ASSETS			
Total Non-Current Assets	5,464,943,694	5,257,273,394	-4%
Total Current Assets	12,862,913,705	17,158,803,745	33%
Total Assets	18,327,857,399	22,416,077,140	22%
LIABILITIES			
Total Non-Current Liabilities	Nil	0	
Total Current Liabilities	2,985,632,112	6,159,877,111	106%
Total Liabilities	2,985,632,112	6,159,877,111	106%
EQUITY			
Total Equity	15,342,225,287	16,256,200,028	6%
Total Equity and Liabilities	18,327,857,399	22,416,077,140	22%

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 30th September 2021 slightly decreased by 4% from MMK 5,464,943,694. to MMK 5,257,273,394 that was mainly from changes in the project under development.

Current Assets

Our current assets are composed of cash and cash equivalents, trade and other receivables, prepaid, advance tax and deposits. Our current assets raised by 33% from MMK 12,862,913,705 to MMK 17,158,803,745. To be highlight that current receivable in FY September 2020 was MMK 9,734,288,603 and in FY September 2021 was MMK 13,945,402,073. The main reason was the increase in trade receivables which was in line with greater volume handling in all business.

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 106% from MMK 2,985,632,112 to MMK 6,159,877,111. The main reason for this increase is due to an increase in the provision for Tax payable of last years and accordingly to higher volume handling in this FY 2020-21.

Equity Attributable to Equity Holders

Our group equity has increased by 6% in FY September 2020 from MMK 15,342,225,287 to in FY September 2021 MMK 16,256,200,028 as our retained earnings have increased from MMK 1,280,971,502 in FY September 2020 to MMK 1,706,960,745 in FY September 2021.

REVIEW AND FUTURE PROSPECT OF EFR

1. A review of the Actual Performance of our Company, Ever Flow River Group Public Company Limited, shows 173% rise in the profits during the financial year 2020-2021 when compared with that of the financial year 2019-2020.
2. In our view, the achievements that are not less than the previous ones are the result of the timely implementation of the following priority tasks after the adoption of an appropriate strategy during the time ruled by many uncertainties and crises Covid-19 global pandemic and health restrictions have generated.
 - The provision of superior value-added services for clients after reducing unnecessary expenditures of the Company and undergoing restructuring.
 - The extension of logistics markets through better services in the time of Covid-19 crisis.
 - The production of better-than-expected results through the ongoing process of introducing new and effective management programs coupled with the harmonious individual efforts of all staff members including the executives.
3. The Company in implementing the above mentioned strategy with greater efforts during the Covid-19 crisis will maintain its better-than-expected results under its new goal for future prosperity.
4. With the determination to extend and grab newly explored opportunities of the Logistics Infrastructure Project more than the set goal, the company designated October, November, December of 2021 as a Transition Period and made preparations for the following programs:
 - To conduct multiplier courses for staff capacity building with the aim of turning the Company into the leading logistics service provider not only in Myanmar, but also in the region through the individual ability of all EFR staff.
 - To reach the “Total Logistics Service Provider and Solution Level” after fulfilling the gaps in the system that occurred during the previous month



- To assess other financial matters
 - To review and adjust the unfinished logistics projects and to adopt programs with greater accuracy
 - To make systematic preparations for opening a new Logistics and Distribution Center in MawLaMyine
5. The Company will adopt the Defense to Attack Strategy at the start of 2022 in accordance with its policy:
- EFR must be the leading company of Myanmar's Logistics Sector.
 - To service the interest of the clients of EFR with utmost efforts.
 - To establish a partnership in the form of Strategic Alliance that ensures long-term mutual interest rather than risk sharing because of the uncertainties triggered by the pandemic in promoting the Myanmar's businesses internationally.
6. All the staff including executives of the Company are doing their best for the improvement of services and to increase profits. So, we would like to inform our current shareholders and would-be shareholders that brighter prospects are on the horizon.

By Order of the Board

Daw Khin Sone
Finance Director
31/12/2021

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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 Ltd.	Multipack Engineering Services Co., Ltd.
UCS	Unison Choice Services Co., Ltd.
UTOC Multipack	UTOC Multipack Myanmar Co., Ltd.
A L	A Logistics Co., Ltd.