

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 30th September 2022 (“HY 2022-23”). 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 the audited half-year consolidated financial statements of Financial Year 2022-23 (audited from 1st April 2022 to 30th September 2022) and the most recent audited half-year consolidated financial statements of Financial Year 2022 (audited from 1st October 2021 to 31st March 2022).

SUMMARY OF GROUP STATEMENT OF COMPREHENSIVE INCOME

DESCRIPTION	HY Mar 2022 (Oct2021-Mar2022) (Audited)	HY Sep 2022 (Apr2022-Sep2022) (Audited)	% Changes
Revenue	33,920,647,043	25,052,285,189	-26.14%
Other Income	98,370,920	273,723,249	178.26%
Total Income	34,019,017,963	25,326,008,438	-25.55%
Cost of goods sold	(30,836,785,847)	(22,195,753,582)	-28.02%
Gross profit	3,182,232,116	3,130,254,856	-1.63%
<i>Gross profit Margin</i>	<i>9.35%</i>	<i>12.36%</i>	<i>32.13%</i>
Administration expenses	(1,859,674,764)	(2,107,603,348)	13.33%
Profit before interest and tax	1,322,557,353	1,022,651,508	-22.68%
Share of associates profit / (loss)	(130,340,498)	(43,614,141)	-66.54%
Profit / (Loss) before tax	1,192,216,855	979,037,367	-17.88%
Income tax expenses	(348,081,873)	(281,143,991)	-19.23%
Profit after tax	844,134,982	697,893,375	-17.32%
Profit for the year	844,134,982	697,893,375	-17.32%
Other comprehensive income for the year	(124,672,618)	370,308,373	-397.02%
Total comprehensive income for the year	719,462,364	1,068,201,749	48.47%
Profit attributable to:			
Owners of the Parent	839,848,655	692,163,016	-17.58%
Non-Controlling Interest (NCI)	4,286,327	5,730,359	33.69%
Total profit of the year	844,134,982	697,893,375	-17.32%
Total comprehensive income attributable to:			
Owners of the Parent	715,176,038	1,062,471,390	48.56%
Non-Controlling Interest (NCI)	4,286,327	5,730,359	33.69%
Total Comprehensive income for the year	719,462,364	1,068,201,749	48.47%
Weighted no. of ordinary shares	19,977,223	19,977,223	0.00%
Earning Per Share	42.04	34.65	-17.58%

The Gross Profit Margin was 9.35% in the period of Oct2021-Mar2022. It has increased to 12.36% Apr2022-Sep2022 period, the total gross profit decreased by 1.63% from MMK 3,182,232,116 to MMK 3,130,254,856 respectively.

After considering associated units' loss of MMK (43,614,141) in the period of Apr2022-Sep2022, it is found that the associate loss is 66.54% less in last period of Oct2021-Mar2022, Profit for the period of Apr2022-Sep2022 was MMK 697,893,375.

After consideration of unrealized currency translation gain and loss, the consolidated total comprehensive income for the period of from Oct2021-Mar2022 was gain of MMK 719,462,364 for the period of from Apr2022-Sep2022 was still gain of MMK 1,068,201,749.

We would like to highlight that with all the above situations, our group earning per share has decreased by 17.58%, from MMK 42.04 per share in this period of Oct2021-Mar2022 to MMK 34.65 per share in the last period of Apr2022-Sep2022.

BREAKDOWN OF GROUP REVENUE

DESCRIPTION	HY Mar 2022		HY Sep 2022		% Changes
	(Oct2021- (Audited)	Of Total	(Apr2022-Sep2022) (Audited)	Of Total	
EFR (Stand Alone)	145,800,000	0.42%	278,308,008	1.09%	90.88%
MRTW Logistics	3,583,636,400	10.21%	4,009,870,448	15.76%	11.89%
MULTIPACK	14,899,640	0.04%	83,275,568	0.33%	458.91%
UCS	3,594,117,741	10.24%	3,386,855,112	13.31%	-5.77%
EFR GLE	7,368,038,764	21.00%	8,503,563,189	33.42%	15.41%
MRTW Manufacturing	443,331,238	1.26%	455,576,134	1.79%	2.76%
Gold Shipping	1,702,510,409	4.85%	1,924,725,879	7.56%	13.05%
EFR Trading	14,084,592,256	40.14%	3,173,612,198	12.47%	-77.47%
LDC Mandalay	4,030,521,562	11.49%	3,265,041,760	12.83%	-18.99%
A Logistics	123,349,280	0.35%	364,422,395	1.43%	195.44%
Total Revenue	35,090,797,290		25,445,250,690		-27.49%
Intercompany transaction	(1,170,150,246)		(392,965,501)		
Total Revenue	33,920,647,043		25,052,285,189		-26.14%

Revenue of MRTW Logistics, EFR GLE, and Gold Shipping have significantly increased in this period of Apr2022-Sep2022, 11.89%, 15.41%, 13.05%, respectively. MRTW Logistics and EFR GLE are mainly on 3PL/4PL freight forwarding and were able to secure substantial export shipments volume in S.E.A and air shipments. Along with the increasing shipment demand to U.S and EU, Gold Shipping was also able to grasp the opening opportunity.

Though the income contribution of Multipack and A Logistics towards total revenue are not significant, the revenue of Multipack and A Logistics have increased by 458.91% and 195.44%, respectively. This increase is because they are also catching up with opening opportunities. However, EFR trading revenue has dropped due not able to trade since raw materials cost are higher than selling prices, that makes total revenue of Apr2022-Sep2022 less than the previous period.

BREAKDOWN OF OTHER INCOME

DESCRIPTION	(Oct2021-Mar2022) (Audited)	Of Total	(Apr2022-Sep2022) (Audited)	Of Total	% Changes
EFR (Stand Alone)	695,622	0.71%	5,329,775	1.95%	666.19%
MRTW Logistics	9,410	0.01%	823,471	0.30%	8651.28%
MULTIPACK	460,477	0.47%	490,705	0.18%	6.56%
UCS	25,045	0.03%	703,401	0.26%	2708.50%
EFR GLE	1,258,514	1.28%	11,738,139	4.29%	832.70%
MRTW Manufacturing	4,653,078	4.73%	8,465,952	3.09%	81.94%
Gold Shipping	154,002	0.16%	86,357	0.03%	-43.92%
EFR Trading	89,854,256	91.34%	218,530,384	79.84%	143.21%
LDC Mandalay	993,516	1.01%	1,173,545	0.43%	18.12%
A Logistics	267,000	0.27%	26,381,520	9.64%	9780.72%
Total Revenue	98,370,920		273,723,249		178.26%

In the other income contribution, EFR Trading was significantly increased from MMK 89,854,256 to MMK 218,530,384 which changes was 143.21 % comparing last period of Oct21-Mar22 to this period of Apr22-Sep22. There were also contributed in other income by EFR GLE and A Logistics, 4.29% and 9.64% in total accordingly.

BREAKDOWN OF GROSS PROFIT

DESCRIPTION	HY Mar 2022		HY Sep 2022		% Changes
	(Oct2021-Mar2022)	Of Total	(Apr2022-Sep2022)	Of Total	
	(Audited)		(Audited)		
EFR (Stand Alone)	146,495,622	4.40%	283,637,783	8.32%	93.62%
MRTW Logistics	252,988,161	7.60%	166,483,600	4.88%	-34.19%
MULTIPACK	3,984,617	0.12%	30,141,773	0.88%	656.45%
UCS	241,843,068	7.27%	217,234,201	6.37%	-10.18%
EFR GLE	529,840,875	15.92%	823,454,668	24.16%	55.42%
MRTW Manufacturing	176,848,258	5.31%	112,268,714	3.29%	-36.52%
Gold Shipping	823,863,650	24.76%	918,947,652	26.96%	11.54%
EFR Trading	732,749,231	22.02%	413,343,083	12.13%	-43.59%
LDC Mandalay	376,995,648	11.33%	367,981,166	10.80%	-2.39%
A Logistics	42,422,986	1.27%	75,070,224	2.20%	76.96%
Total Gross Profit	3,328,032,116		3,408,562,864		2.42%
Intercompany transaction	(145,800,000)		(278,308,008)		
Total Gross Profit	3,182,232,116		3,130,254,856		-1.63%

Our consolidated gross profit (“GP”) was slightly decreased by 1.63%, as can be seen. Significant contribution in GP was by Gold Shipping, EFRGLE, EFR Trading, and EFR LDC 26.96%, 24.16%, 12.13%, and 10.80% of total gross profit, respectively.

In this period of Apr22-Sep22, most logistics service units could accomplish additional value-added services and catch up with market demand for the whole period. Still, the direct operating costs were higher than the last period, so the gross profit slightly decreased.

BREAKDOWN OF GROSS PROFIT MARGIN CHANGES

DESCRIPTION	HY Mar 2022 (Oct2021-Mar2022) (Audited)			HY Sep 2022 (Apr2022-Sep2022) (Audited)			% Changes
	Gross Profits	Revenue	GP Margin	Gross Profits	Revenue	GP Margin	
	EFR (Stand Alone)	146,495,622	146,495,622	100.00%	283,637,783	283,637,783	
MRTW Logistics	252,988,161	3,583,645,809	7.06%	166,483,600	4,010,693,919	4.15%	-41.20%
MULTIPACK	3,984,617	15,360,117	25.94%	30,141,773	83,766,273	35.98%	38.71%
UCS	241,843,068	3,594,142,786	6.73%	217,234,201	3,387,558,513	6.41%	-4.70%
EFR GLE	529,840,875	7,369,297,278	7.19%	823,454,668	8,515,301,328	9.67%	34.50%
MRTW Manufacturing	176,848,258	447,984,316	39.48%	112,268,714	464,042,086	24.19%	-38.71%
Gold Shipping	823,863,650	1,702,664,411	48.39%	918,947,652	1,924,812,236	47.74%	-1.33%
EFR Trading	732,749,231	14,174,446,513	5.17%	413,343,083	3,392,142,581	12.19%	135.72%
LDC Mandalay	376,995,648	4,031,515,078	9.35%	367,981,166	3,266,215,305	11.27%	20.48%
A Logistics	42,422,986	123,616,280	34.32%	75,070,224	390,803,915	19.21%	-44.03%
Total Gross Profit	3,328,032,116	35,189,168,210	9.46%	3,408,562,864	25,718,973,939	13.25%	40.13%
Intercompany transa	(145,800,000)	(1,170,150,246)	12.46%	(278,308,008)	(392,965,501)	70.82%	468.40%
Total Gross Profit	3,182,232,116	34,019,017,963	9.35%	3,130,254,856	25,326,008,438	12.36%	40.13%

In this period of Apr 22-Sep 22, the gross profit of MMK 3,130,254,856 with a gross profit margin of 12.36% was attained; however, gross profit was slightly decreased. The gross profit margin in EFR GLE, EFR Trading, and LDC Mandalay increased 34.50%, 135.72%, and 20.48%, i.e. changes compared with the last period.

BREAKDOWN OF ADMINISTRATIVE EXPENSES

DESCRIPTION	HY Mar 2022 (Oct2021-Mar2022) (Audited)		Of Total	HY Sep 2022 (Apr2022-Sep2022) (Audited)		% Changes
	EFR (Stand Alone)	291,171,466		14.52%	523,875,946	
MRTW Logistics	185,612,071	9.26%	169,619,977	7.11%	-8.62%	
Multipack	4,957,362	0.25%	25,724,362	1.08%	418.91%	
UCS	117,011,973	5.83%	146,760,733	6.15%	25.42%	
EFR GLE	345,140,529	17.21%	333,157,950	13.96%	-3.47%	
MRTW Manufacturing	175,653,223	8.76%	80,865,809	3.39%	-53.96%	
Gold Shipping	316,797,737	15.80%	467,742,610	19.60%	47.65%	
EFR Trading	338,470,200	16.88%	330,009,227	13.83%	-2.50%	
LDC Mandalay	176,911,540	8.82%	235,094,010	9.85%	32.89%	
A Logistics	53,748,663	2.68%	73,060,734	3.06%	35.93%	
Total administration expenses	2,005,474,764		2,385,911,356		18.97%	
Intercompany transaction	(145,800,000)		(278,308,008)			
Total administration expenses	1,859,674,764		2,107,603,348		13.33%	

Our consolidated expenses have increased by 13.33% as a group, from MMK 1,859,674,764 in the last period of Oct21-Mar22 to MMK 2,107,603,348 in this period of Apr22-Sep22. MRTW Logistics, EFR GLE and EFR Trading could maintain administration expenses even though these units' revenue were increased by more cargo handling. The rest units of administration expenses were increased along with the increased cargo volume handling, related costs according to increasement of all utilities in the market.

BREAKDOWN OF NET PROFIT AND COMPREHENSIVE INCOME

DESCRIPTION	HY Mar 2022	HY Sep 2022	% Changes
	(Oct2021-Mar2022)	(Apr2022-Sep2022)	
	(Audited)	(Audited)	
EFR (Stand Alone)	(144,675,845)	(240,238,163)	66.05%
MRTW Logistics	32,230,055	(2,446,374)	-107.59%
Multipack	(972,745)	2,141,373	-320.14%
UCS	97,483,653	54,969,279	-43.61%
EFR GLE	133,543,792	369,336,539	176.57%
MRTW Manufacturing	932,127	24,494,266	2527.78%
Gold Shipping	399,271,108	351,939,910	-11.85%
EFR Trading	309,091,987	76,091,305	-75.38%
LDC Mandalay	156,065,604	103,651,982	-33.58%
A Logistics	(8,494,258)	1,567,402	-118.45%
Share of Profit / (Loss) from Associates	(130,340,498)	(43,614,141)	-66.54%
Total net income for the year	844,134,982	697,893,375	-17.32%
Intercompany transaction	-	-	
Total net income for the year	844,134,982	697,893,375	-17.32%
Foreign Currency Translation	(124,672,618)	370,308,373	
Total comprehensive income for the year	719,462,364	1,068,201,749	48.47%

Our group net income after offsetting intercompany transactions has decreased slightly from MMK 844,134,982 in last period of Oct21-Mar22 to MMK 697,893,375 in this period of Apr22-Sep22, which was 17.32% decreased. EFR GLE and MRTW Manufacturing have achieved changes than last period 176.57% and 2527.78% in net profit respectively. In which EFRGLE could effort time-to-time changes in market demands and market opportunities. MRTW Manufacturing could manage in line with market situation and labors usage for direct cost, in which getting revenue and cost are balance that can make not to loss in this period and also can attain profit. The rest all units' profits were decreased because of increasing operations cost significantly.

Taking into account of the unrealized currency translation gain MMK 370,308,373 for this period of Apr22-Sep22, our group's total comprehensive income was increased to MMK 1,068,201,749. Comparing with last period of Oct21-Mar22, the changes was 48.47% increased.

SHARE OF PROFIT / (LOSS) FROM ASSOCIATES

Shares of Profit / (Loss) from Associates	HY Mar 2022	HY Sep 2022	% Changes
	(Oct2021-Mar2022) (Audited)	(Apr2022-Sep2022) (Audited)	
KEFR (30%)	(117,992,791)	(26,766,082)	-77.32%
HITLC (49%)	(12,347,707)	(16,848,060)	36.45%
UTOC Multipack (40%)			
Shares of Profit / (Loss) from Associates	(130,340,498)	(43,614,141)	-66.54%

All associated units' profit after tax contribution to our consolidated report for this period of Apr 22-Sep 22 was minus MMK (43,614,141). The amount was decreased by 66.54% from minus MMK (130,340,498) from Oct 21-Mar 22. A reduced share of loss contribution is mainly derived from KEFR JV. KEFR JV is 30% owned by EFRGOCP, and its depreciable assets were set for a shorter lifetime. Specifically, these significant depreciation expenses put KEFR JV at a loss for many years. Though in this period, most of the assets are fully depreciated, KEFR JV is still struggling to get profit. However, its loss has drawn down by 77.32%. 49% of HITLC JV (Hlaing project) is owned by EFRGOCP and is still under construction. HITLC project's developments are approaching to completion of project phase 1 soon.

FINANCIAL CONDITION SUMMARY

Description	As of 31st Mar 2022 (Audited)	As of 30th Sep 2022 (Audited)	% Change
ASSETS			
Total Non-Current Assets	5,469,010,523	5,469,877,056	0.02%
Total Current Assets	21,746,302,864	22,203,547,129	2.10%
Total Assets	27,215,313,387	27,673,424,185	1.68%
LIABILITIES			
Total Non-Current Liabilities	155,135,241	130,042,580	-16.17%
Total Current Liabilities	10,084,515,753	9,459,517,464	-6.20%
Total Liabilities	10,239,650,994	9,589,560,044	-6.35%
EQUITY			
Total Equity	16,975,662,393	18,083,864,141	6.53%
Total Equity and Liabilities	27,215,313,387	27,673,424,185	1.68%

Assets

A small investment amount added in a project under development makes total non-current assets as of 30th September 2022 slightly increased by 0.02% from MMK 5,469,010,523 to MMK 5,469,877,056. Our total current assets also have slightly increased by 2.1% from MMK 21,746,302,864 to MMK 22,203,547,129.

Liabilities

Total non-current liabilities as of 30th September 2022 decreased by 16.17% from MMK 155,135,241 to MMK 130,042,580. There was a slightly decreased in total current liabilities by 6.20% from MMK 10,084,515,753 to MMK 9,459,517,464 due to a decrease in the provision for tax payable of some units.

Equity Attributable to Equity Holders

Our group equity has increased as of 30th September 22 as period net income has added as retained earnings. The total Equity of our group for this period is MMK 18,083,864,141 which was increased from MMK 16,975,662,393 in last period.

REVIEW AND FUTURE PROSPECT OF EFR

In the financial period of Apr22-Sep22, Ever Flow River Group Public Company Limited and its subsidiaries have made a 48.47% rise in net profits compared to Oct21-Mar22. In addition, our group made the following remarkable achievements.

- We could maintain our efforts at all times by enhancing in line with our setting strategy.
- We could overcome direct and indirect pressures on the trade and logistics services sectors.
- We systematically adopted and implemented appropriate strategies and tactics to the time and situation.

In this regard, we are confident that our achievements in this financial period are not less than that of the past.

In maintaining success and increasing the wealth of all the stakeholders, we are continuously implementing logistics-related infrastructure projects in Yangon, Muse, and Myawaddy, as well as an extension of the Mandalay Project. All projects are carefully implemented under the leadership and guidance of our Risk Management Committee following the changing situation.

Although many challenges still exist, on the value of our shares, we will try our best to reduce risk by all means. We hope that we will be able to distribute the benefits derived from our efforts as dividends for the coming financial year. We want to inform our shareholders that with all our energetic efforts, we promise to maintain success and increase wealth as we see brighter prospects for our company.

By Order of the Board

Daw Khin Sone
Finance Director

30.12.2022

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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.