



# يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

## Detailed analysis of accumulated losses

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| Date:                                                                   | 31-Dec-2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Listed Company Name:                                                    | Unikai Foods PJSC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Define the period of the financial statements                           | Year end 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Accumulated losses:                                                     | AED 19,129                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Accumulated losses to capital ratio:                                    | 59.1%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| The main reasons leading to these accumulated losses and their history: | The accumulated losses carried in the financials mainly belongs to the year 2018 which had occurred as a result of general slowdown, additional discounts given to compete in the market, regulations of IFRS-9 on expected credit losses and other legislations introduced in 2018. The company has been able to improve its profitability in the current year 2019 from a loss of AED 20.4 million to a profit of AED 0.5 million and expects to further improve its profitability in the coming years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Measures to be taken to address accumulated losses:                     | In 2019 and years ahead, the company has taken significant measures to improve the profitability and reduce the accumulated losses which will ensure sustainability of both revenue and profits for the coming years. As a part of strategic plan, the management rationalized and discontinued the low margin products and loss making customers which helped in improving the gross margins from 28% in 2018 to 34 % in 2019. Operationally, the company has significantly improved its efficiency with better utilization of resources in terms of production recipe optimization, increased fleet throughputs and effective cost saving measures across all the departments improving our net operating profits from a loss of AED 28.9 million in 2018 to profit of AED 4.7 million in 2019. The company's plan is to keep the same strategy of increasing the market share on profitable products and customer and cost savings measures in place for the coming years to turn the accumulated losses into positive retained earnings. |

**Mana Mohamed Saeed Al Mulla**  
Executive Vice-chairman of the Board

