



الإمارات للمطربات Emirates Refreshments

Detailed analysis of accumulated losses

Date: 04 - MARCH - 2021	
Listed Company Name:	Emirates Refreshment (PSC)
Define the period of the financial statements	Year 2020 (12 months)
Accumulated losses:	AED 11,357,066
Accumulated losses to capital ratio:	37.86%
The main reasons leading to these accumulated losses and their history:	-The losses were accumulated over last two years in 2018 and 2019 totaling to AED 18.05M majorly due to reduction in volumes year on year as well as reduction in the net selling price due to price competition. Introduction of toll tax by Sharjah Municipality, in Q4 2018 on transportation of goods from our manufacturing units resulted in further worsening of bottom line. Post approval by shareholders at AGM held on 22nd June'20, the Statutory and obligatory reserves were merged with the accumulated losses. Spread of Coronavirus pandemic caused disruption of economic and business activities across the geographies. Company too got effected significantly due to economic slowdown thereby resulted in decline in sales by 46% in the year 2020 vs 2019. Further, in compliance of IFRS 9, company had to take the provision for expected credit loss, resulting in increase in provision in current year.
Measures to be taken to address accumulated losses:	The cost saving initiatives taken in the last quarter of 2019 by way of optimizing and eliminating the fixed cost components, restructured and rationalized the distribution routes and fleets, restructured human resources and shutdown of one of the manufacturing facilities has resulted in sizeable reduction in the net loss in 2020. Overall, the net loss of year 2020 has reduced by 29% vs the loss of 2019. At the AGM held on 6th Dec'20, shareholders have approved to increase the authorized share capital to AED 600M.



Authorized Signatory

Nader Al Hammadi
Chairman

ص.ب. ٥٥٦٧، دبي، إ.ع.م. • هاتف: ٣٣٣٥٥٦٦ (+٩٧١ ٤) • فاكس: ٣٣٣٥٥٥٨ (+٩٧١ ٤)
البريد الإلكتروني: info@erc.ae • الموقع الإلكتروني: www.erc.ae

P.O. Box 5567, Dubai, U.A.E. • Tel: (+971 4) 3335566 • Fax: (+971 4) 3335558
Email: info@erc.ae • website: www.erc.ae

No. 9549