الإمـــارات للمرطبـــات
Emirates Refreshments

Detailed analysis of accumulated losses

Date:	
Listed Company Name:	Emirates Refreshment (PSC)
Define the period of the financial statements	Q1'2021 (for the period ended 31st March 2021)
Accumulated losses:	AED 14,568,146
Accumulated losses to capital ratio:	48.56%
The main reasons leading to these accumulated losses and their history:	The losses of two years in 2018 and 2019 totaled 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. In year 2020 company managed to reduce losses to AED7.2M (reduced by 29% vs loss of 2019) through various cost reduction measures by way of restructured human resources, shutdown of one of the manufacturing facilities, better pricing of procured material and reduction in overheads. However, the Spread of Coronavirus pandemic caused disruption of sales and business activities significantly due to economic slowdown thereby resulted in decline in sales by 46% in last three quarters of year 2020 vs same period previous year. Further in compliance of IFRS 9, company had to take the provision for expected credit loss, resulting in increase in provision. Additionally, the local transportation cost further increased due to addition of toll at RAK while transporting the goods from manufacturing facility.

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Measures to be taken to address accumulated losses:	During first quarter of year 2021, the company witnessed a drop in demand from food service, exports and contract manufacturing as still the recovery from COVID 19 impact is slower. Focus is on to improve the sales and diversify the product range. The first quarter of year 2021 at the AGM held on 6th Dec'20, shareholders have approved to increase the authorized share capital to AED600M, which shall be done within due course.

Authorized Signatory

Nader Al Hammadi

Chairman

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