



الإمارات للمربطات Emirates Refreshments

Detailed analysis of accumulated losses

Date:	12-May-2022
Listed Company Name:	Emirates Refreshment (PSC)
Define the period of the financial statements	From 1 st January 2022 to 31 st March 2022
Accumulated losses:	AED 12,976,629
Accumulated losses to capital ratio:	43.25%
The main reasons leading to these accumulated losses and their history:	We are pleased to inform that the Company reported 66% rise in revenue during Q1 2022 Vs last year. Subsequently, reported a gross profit that have risen by nearly 45% (AED 0.84M) as compared to last year quarter as revenue climbed amid easing Covid-related restrictions. The company's Q1 2022 financial results demonstrate strong top line and bottom-line growth, underscored by sales increase and cost-savings. However, Constant and comparatively doubling of the fuel prices Vs previous years had eaten up margins being fuel as an important factor in business operations. Tough price competition with big market leaders has further impacted the business as retaining the private label customers is becoming a challenge. Due to recent Geo-Political issues (Ukraine War & Lockdown in China) has impacted global economy drastically. There is huge price increase impact in raw material prices, especially Resin and other plastic related materials, which has gone up by 20%-40%. Supplies have gone on backfoot and are preferring to store the material for future contingencies which created shortage of Raw Material and consequently price rise.
Measures to be taken to address accumulated losses:	While addressing the best option to address the liquidity and capital position of the company, in ERC's General Assembly Meeting the shareholders approved increasing the share capital of the company from AED 30M to a maximum amount of AED 330M upon the issuance and conversion of the mandatory convertible bonds (MCB) @ AED 1/MCB. The board and management are committed to turn the accumulated losses to positive retained earnings by end of 2022 through profits generation from operations and strategic investments.

Authorized Signatory

Nader Al Hammadi
Chairman

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