



## الإمارات للمرطبات Emirates Refreshments

### Detailed analysis of accumulated losses

Date:	10 <sup>th</sup> August 2021
Listed Company Name:	Emirates Refreshment (PSC)
Define the period of the financial statements	Q2'2021 (for the period ended 30 <sup>th</sup> June 2021)
Accumulated losses:	AED 14,471,633
Accumulated losses to capital ratio:	48.24%
The main reasons leading to these accumulated losses and their history:	<p>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.</p> <p>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.</p> <p>Post approval by shareholders at AGM held on 22<sup>nd</sup> June'20, the Statutory and obligatory reserves were merged with the accumulated losses.</p> <p>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. Increase in the fuel prices and tough price competition with big market leaders has further impacted the business as retaining the private label customers is becoming a challenge.</p>
Measures to be taken to address accumulated losses:	<p>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.</p> <p>However, the company has done much better in Q2 Vs Q1 2021 and there is gradual improvement in volumes as well as in revenue has been projected. More focus is on to improve the sales and diversify the product range.</p> <p>At the AGM held on 6<sup>th</sup> Dec'20, shareholders have approved to increase the authorized share capital to AED600M, which shall be done within due course.</p>



Authorized Signatory

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