

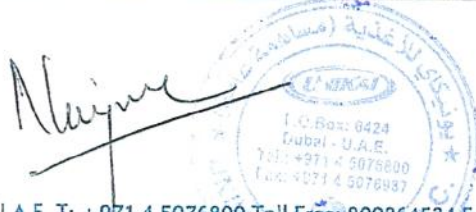


يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

Detailed analysis of accumulated losses

Date:	13-Sep-2020
Listed Company Name:	Unikai Foods PJSC
Define the period of the financial statements	Q1 2020
Accumulated losses:	AED 24,775
Accumulated losses to capital ratio:	76.5%
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. In 2019, the operating profit and net profits have improved and in 2020, these are further improving. Q1, 2020 has had the impact of seasonality and Covid-19 which resulted in an increase on the accumulated losses.
Measures to be taken to address accumulated losses:	In 2020 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 has taken various cost savings initiatives which includes focus on profitable volume growth, reduction in the discounts for most of our products, we discontinued the low margin products and loss-making customers, rationalized the routes and fleets to improve the efficiency and reduce the operational cost. These cost savings initiatives improved the gross margins and also resulted in savings in Admin, selling & distribution expenses in Q1 2020 by AED 3.4mIn as compared to Q1 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.

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