

Dubai Refreshment (P.J.S.C.)

**Reports and financial statements
for the year ended 31 December 2021**

Dubai Refreshment (P.J.S.C.)

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INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Dubai Refreshment (P.J.S.C.)
Dubai
United Arab Emirates**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Dubai Refreshment (P.J.S.C.)** (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, these matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Key audit matters (continued)

Key audit matter

How was the matter addressed in our audit

General IT Controls

We identified IT systems and controls over Dubai's Refreshment Company's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Company and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of a change to an application or underlying data.

Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems:

We obtained an understanding of the applications relevant to significant business processes, financial reporting and the infrastructure supporting these applications.

We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations.

We examined computer generated information used in financial reports from relevant applications and key controls over their report logics.

We performed testing on the key automated controls on significant IT systems relevant to business processes.

Other information

Other information consists of the information included in the Company's 2021 Annual Report other than the financial statements and our auditors' report thereon. We obtained the report of the Chairman's report prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Company's 2021 Annual Report after the date of our auditors' report. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dubai Refreshment (P.J.S.C.) (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- the Company has maintained proper books of account;
- we have obtained all the information we considered necessary for the purposes of our audit;
- the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015 (as amended);
- the financial information included in the Directors' report is consistent with the books of account of the Company;
- investments in shares and stocks during the year ended 31 December 2021 are disclosed in note 8 to the financial statements;
- note 19 reflects material related party transactions and the terms under which they were conducted;
- based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or in respect of the company, its Article of Association which would materially affect its activities or its financial position as at 31 December 2021; and
- note 24 reflects the social contributions made during the year.

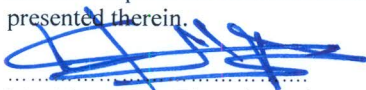
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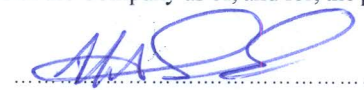
Musa Ramahi
Registration No. 872
21 February 2022
Dubai
United Arab Emirates

**Statement of financial position
as at 31 December 2021**

	Notes	2021 AED'000	2020 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	586,580	618,910
Right-of-use assets	6	97,589	107,511
Intangible assets	7	8,214	11,779
Investment securities	8	118,696	71,897
Total non-current assets		811,079	810,097
Current assets			
Inventories	9	76,960	50,859
Trade and other receivables	10	200,502	175,496
Cash and cash equivalents	11	155,816	132,646
Total current assets		433,278	359,001
Total Assets		1,244,357	1,169,098
EQUITY AND LIABILITIES			
Equity			
Share capital	12	90,000	90,000
Statutory reserve	13	45,000	45,000
General reserve	14	618,401	618,401
Fair value reserve	15	87,613	40,814
Cash flow hedge reserve		(179)	1,377
Retained earnings		102,073	72,477
Total equity		942,908	868,069
Non-current liabilities			
Provision for employees' end of service indemnity	17	28,077	26,141
Lease liabilities - non-current portion	21	91,897	100,391
Term loans - non-current portion	22	-	-
Total non-current liabilities		119,974	126,532
Current liabilities			
Trade and other payables	20	167,854	150,938
Lease liabilities - current portion	21	13,621	13,443
Term loans - current portion	22	-	10,116
Total current liabilities		181,475	174,497
Total Liabilities		301,449	301,029
Total Equity and Liabilities		1,244,357	1,169,098

To the best of our knowledge, the financial information included in these financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Company as of, and for, the periods presented therein.


Mr. Ahmad Bin Eisa Alserkal
Chairman


Mr. Abdulla Mohamed Rashed Al Huraiz
Director

**Statement of profit or loss
for the year ended 31 December 2021**

	Notes	2021 AED'000	2020 AED'000
Revenue	23	669,707	564,449
Cost of sales		(422,155)	(366,687)
Gross profit		247,552	197,762
Other operating income		7,548	7,723
Selling and distribution expenses		(98,311)	(93,516)
General and administrative expenses	24	(55,840)	(51,255)
Amortisation of intangible assets	7	(3,684)	(3,988)
Operating income		97,265	56,726
Finance income		708	555
Finance costs		(123)	(408)
Lease interest costs	21	(3,974)	(4,211)
Dividend income	19	3,372	3,389
Other (expense)/income		(452)	818
Profit for the year		96,796	56,869
Earnings per share in AED	18	1.03	0.59

The accompanying notes form an integral part of these financial statements.

**Statement of comprehensive income
for the year ended 31 December 2021**

	2021	2020
	AED'000	AED'000
Profit for the year	96,796	56,869
Other comprehensive income/(loss)		
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of investment securities measured at FVOCI, equity instruments (Note 8)	46,799	(9,494)
Change in fair value of cash flow hedges	(1,556)	1,791
Total other comprehensive income/(loss)	45,243	(7,703)
Total comprehensive income for the year	142,039	49,166

The accompanying notes form an integral part of these financial statements.

**Statement of changes in equity
for the year ended 31 December 2021**

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Cash flow hedge reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2020	90,000	45,000	618,401	50,308	(414)	82,808	886,103
Profit for the year	-	-	-	-	-	56,869	56,869
Other comprehensive (loss)/income	-	-	-	(9,494)	1,791	-	(7,703)
Total comprehensive (loss)/income for the year	-	-	-	(9,494)	1,791	56,869	49,166
Dividends paid (Note 16)	-	-	-	-	-	(63,000)	(63,000)
Directors' fees (Note 20)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2020	90,000	45,000	618,401	40,814	1,377	72,477	868,069
Profit for the year	-	-	-	-	-	96,796	96,796
Other comprehensive income/(loss)	-	-	-	46,799	(1,556)	-	45,243
Total comprehensive income/(loss) for the year	-	-	-	46,799	(1,556)	96,796	142,039
Dividends paid (Note 16)	-	-	-	-	-	(63,000)	(63,000)
Director fees (Note 20)	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2021	90,000	45,000	618,401	87,613	(179)	102,073	942,908

The accompanying notes form an integral part of these financial statements.

**Statement of cash flows
for the year ended 31 December 2021**

	2021 AED'000	2020 AED'000
Cash flows from operating activities		
Profit for the year	96,796	56,869
Adjustments for:		
Depreciation on property, plant and equipment (Note 5)	43,261	44,704
Amortisation of intangible assets (Note 7)	3,684	3,988
Depreciation on right-of-use assets (Note 6)	13,461	12,596
Finance income	(708)	(555)
Finance expense	123	408
Interest and other expense on lease (Note 6)	3,974	4,211
Loss/(gain) on sale of assets	1,901	(23)
Dividend income (Note 19)	(3,372)	(3,389)
Allowance for expected credit loss (Note 10)	1,453	993
Provision for employees' end of service benefits (Note 17)	2,955	3,038
Operating cash flows before changes in operating assets and liabilities	163,528	122,840
Increase in inventories	(26,101)	(196)
(Increase)/decrease in trade and other receivables	(26,459)	12,816
Increase/(decrease) in trade and other payables	15,360	(17,967)
Cash generated from operations	126,328	117,493
Employees' end of service indemnity paid (Note 17)	(1,020)	(1,241)
Net cash generated from operating activities	125,308	116,252
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 5)	(12,953)	(15,786)
Purchase of intangible assets (Note 7)	(42)	(35)
Proceeds from disposal of property, plant and equipment	44	228
Dividend income, net (Note 19)	3,372	3,389
Finance income, net	708	555
Net cash used in investing activities	(8,871)	(11,649)
Cash flows from financing activities		
Repayment of term loans (Note 22)	(10,116)	(10,283)
Director fees paid	(4,200)	(4,200)
Dividends paid (Note 16)	(63,000)	(63,000)
Finance expense, paid	(123)	(408)
Lease payments (Note 21)	(15,828)	(14,365)
Net cash used in financing activities	(93,267)	(92,256)
Net increase in cash and cash equivalents	23,170	12,347
Cash and cash equivalents at the beginning of the year	132,646	120,299
Cash and cash equivalents at the end of the year (Note 11)	155,816	132,646
Supplemental disclosure of non-cash investing activity		
Transfer of property, plant and equipment to intangible assets (Note 5 & 7)	77	-

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1. Legal status and activities

Dubai Refreshment (P.J.S.C) (the “Company”) was incorporated in Dubai in 1959 by a Decree issued by His Highness The Ruler of Dubai. The Company is listed on the Dubai Financial Market (“DFM”). The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates.

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorisation from Pepsi Cola International. The Company holds 7Up and Aquafina bottling and selling rights for the whole of the UAE.

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across globe, causing disruptions to businesses and economic activity. The unprecedented nature of the crisis, the lack of enough historical data, the low visibility and the high uncertainty related to its evolution, its duration and its impact on the economy in general and the business in particular, make the quantification of its adverse negative impact on the business difficult to assess accurately at this stage. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations, the availability of the network and the ability of the organisation to cope with the lock-down situation. Company did not shut down any of its production plants during the lock down period.

The Company will continue to monitor the situation and make the necessary judgements and estimates as may be required. The assumptions and estimates used by the Company will be revisited according to the evolution of the situation and the availability of data allowing better estimation.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

2. Application of new and revised Standards

2.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2021.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in these financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

2. Application of new and revised Standards (continued)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRS	Summary
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and Measurement</i> , IFRS 7 <i>Financial Instruments Disclosures</i> , IFRS 4 <i>Insurance Contracts</i> and IFRS 16 <i>Leases</i>)	The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.
Amendments to IFRS 16 <i>Leases relating to Covid-19-Related Rent Concessions beyond 30 June 2021</i>	The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2021.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 16 <i>Property, Plant and Equipment</i> relating to Proceeds before Intended Use The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards:	1 January 2022
<ul style="list-style-type: none"> • IFRS 1 <i>First-Time Adoption of International Financial Reporting Standards</i> – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. 	

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: (continued)	1 January 2022
<ul style="list-style-type: none"> • IFRS 9 <i>Financial Instruments</i> – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. • IFRS 16 <i>Leases</i> – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. 	
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> relating to Onerous Contracts - Cost of Fulfilling a Contract The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	1 January 2022
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	1 January 2023
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Classification of Liabilities as Current or Non-Current - Deferral of Effective Date The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1 January 2023

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

2. Application of new and revised Standards (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p>Amendments to IFRS 4 <i>Insurance Contracts</i> Extension of the Temporary Exemption from Applying IFRS 9</p> <p>The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.</p>	1 January 2023
<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2</p> <p>The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.</p>	1 January 2023
<p>Amendments to IAS 12 <i>Income Taxes</i> relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p> <p>The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p>	1 January 2023
<p>Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i></p> <p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.</p>	1 January 2023

The Company anticipates that these new standards, interpretations and amendments will be adopted in the Company’s financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of Company in the period of initial application.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****3. Summary of significant accounting policies****Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of UAE Federal Law No, (2) of 2015 (as amended), and the Articles of Association of the Company.

The financial statements have been presented in U.A.E. Dirhams, which is the functional and reporting currency of the Company, rounded to the nearest thousand (AED `000), except when otherwise indicated.

The Company's financial statements have been prepared under the historical cost basis except for the following:

- derivative financial instruments are measured at fair value and
- financial assets at fair value through other comprehensive income.

Revenue recognition

Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company does not have significant financing components.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

3. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Dividend income

Dividend income is recognised when the Company's right to receive the dividend payment is established.

Value-added Tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables, amounts are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	3 to 30 years
Plant, machinery and equipment	2 to 20 years
Coolers and vending machines	5 to 7 years
Furniture and fixtures	2 years
Freezers	5 years

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****3. Summary of significant accounting policies (continued)****Property, plant and equipment (continued)**

Land and capital work-in-progress are not depreciated.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the statement of profit or loss as the expense is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss in the period the asset is derecognised.

Impairment of non-financial assets

At each reporting date the Company reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition, as follows:

- Raw materials - purchase cost on weighted average basis;
- Spares and consumables - purchase cost on weighted average basis;
- Finished goods - cost of direct materials plus an appropriate share of production overheads based on normal operating capacity and is determined on weighted average basis.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred on disposal.

Damaged and obsolete inventories are written off.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight line basis over the assets' estimated useful lives as follows:

Franchise and bottling rights	20 years
Lease rights	20 years
Software	5 years

Foreign exchange difference

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****3. Summary of significant accounting policies (continued)****Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, cash and cash equivalents, due from a related party and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iii) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement

The Company measures financial instruments, such as derivatives and investment securities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****3. Summary of significant accounting policies (continued)****Fair value measurement (continued)**

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature. Characteristics and risks of the assets or liabilities and the level of the fair value hierarchy, as explained above.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Notes to the financial statements for the year ended 31 December 2021 (continued)

3. Summary of significant accounting policies (continued)

Provision for end of service benefits

The Company provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****4. Critical accounting judgments and key sources of estimation uncertainty**

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). For calculation of IBR, the Company has taken the borrowing rate as on the transition date and the rate is adjusted for Company's specific risk, term risk and underlying asset risk.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Calculation of sales discount and volume rebates

For assessing the expected amount of rebates and discounts at year end, the management considers all the information that is reasonably available to them and shall identify a possible amount using the benchmarks mentioned in the sales contract.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

5. Property, plant and equipment

	Land AED'000	Buildings AED'000	Plant, machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixture AED'000	Freezer AED'000	Capital work-in progress AED'000	Total AED'000
Cost								
At 1 January 2020	38,041	481,524	362,265	74,353	9,281	1,166	14,232	980,862
Additions	-	161	1,420	3,270	377	-	10,558	15,786
Transfers during the year	-	17,004	4,282	12	-	-	(21,298)	-
Disposals	-	-	(8,073)	(1,271)	-	-	-	(9,344)
At 31 December 2020	38,041	498,689	359,894	76,364	9,658	1,166	3,492	987,304
Additions	-	1,563	3,032	6,488	202	-	1,668	12,953
Transfers during the year	-	32	2,803	-	-	-	(2,912)	(77)
Disposals	-	(6,795)	(1,050)	(1,075)	-	-	(568)	(9,488)
At 31 December 2021	38,041	493,489	364,679	81,777	9,860	1,166	1,680	990,692

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

5. Property, plant and equipment (continued)

	Land AED'000	Buildings AED'000	Plant, machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixture AED'000	Freezer AED'000	Capital work-in progress AED'000	Total AED'000
Accumulated depreciation								
At 1 January 2020	-	97,170	163,748	62,994	8,410	507	-	332,829
Charge for the year	-	16,760	22,074	4,977	663	230	-	44,704
Disposals	-	-	(7,893)	(1,246)	-	-	-	(9,139)
At 31 December 2020	-	113,930	177,929	66,725	9,073	737	-	368,394
Charge for the year (Note 24)	-	16,921	21,024	4,575	511	230	-	43,261
Disposals	-	(5,423)	(1,050)	(1,070)	-	-	-	(7,543)
At 31 December 2021	-	125,428	197,903	70,230	9,584	967	-	404,112
Carrying value								
At 31 December 2021	38,041	368,061	166,776	11,547	276	199	1,680	586,580
At 31 December 2020	38,041	384,759	181,965	9,639	585	429	3,492	618,910

The factory buildings at Al Quoz are constructed on land granted by H.H. The Ruler of Dubai. In 2014, the land was converted from granted status to owned status.

Capital work in progress primarily pertains to Post mix (AED 0.99 million), IT IB/Fortigate project (AED 0.32 million) and warehouse in Sharjah (AED 0.31 million). Plant and machinery at Dubai Investment Park (DIP) are mortgaged against a term loan (Note 22).

The fully depreciated assets still in use amounting to AED 209,687 thousand (2020: AED 152,254 thousand).

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

5. Property, plant and equipment (continued)

Depreciation charge for the year has been allocated as follows:

	2021 AED'000	2020 AED'000
Cost of sales (Note 24)	25,844	25,576
Selling and distribution expenses	10,787	11,984
General and administrative expenses	6,630	7,144
	43,261	44,704

6. Right-of-use asset

The Company leases several assets including land, motor vehicles and accommodation. The average lease term is 5 years.

	Land and building AED'000	Right-of-use assets		Total AED'000
		Equipment AED'000	Motor vehicles AED'000	
1 January 2020	87,303	280	32,524	120,107
Depreciation expense (Note 24)	(4,228)	(137)	(8,231)	(12,596)
31 December 2020	83,075	143	24,293	107,511
Additions	2,916	-	623	3,539
Depreciation expense (Note 24)	(5,210)	(116)	(8,135)	(13,461)
31 December 2021	80,781	27	16,781	97,589

Amounts recognised in profit or loss:

	2021 AED'000	2020 AED'000
Depreciation expense on right-of-use assets	13,461	12,596
Interest expense on lease liabilities (Note 21)	3,974	4,211
	17,435	16,807

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

7. Intangible assets

	Franchise and bottling rights AED'000	Lease rights AED'000	Software AED'000	Total AED'000
Cost				
At 1 January 2020	62,391	7,000	24,110	93,501
Additions	-	-	35	35
At 31 December 2020	62,391	7,000	24,145	93,536
Additions	-	-	42	42
Transfers	-	-	77	77
At 31 December 2021	62,391	7,000	24,264	93,655
Amortisation				
At 1 January 2020	52,254	2,304	23,211	77,769
Charge for the year	3,119	349	520	3,988
At 31 December 2020	55,373	2,653	23,731	81,757
Charge for the year	3,119	350	215	3,684
At 31 December 2021	58,492	3,003	23,946	85,441
Net book value				
At 31 December 2021	3,899	3,997	318	8,214
At 31 December 2020	7,018	4,347	414	11,779

8. Investment securities

	2021 AED'000	2020 AED'000
Balance at 1 January	71,897	81,391
Change in market fair value	46,799	(9,494)
Balance at 31 December	118,696	71,897

On adoption of IFRS 9, the Company has classified the equity investment securities as measured at FVOCI, and re-designated the related fair value reserve as at 1 January 2018 accordingly as not to be reclassified to profit and loss in subsequent periods (Note 27). The investment has been classified as Level 1 securities as per the requirement of IFRS 9.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

9. Inventories

	2021 AED'000	2020 AED'000
Raw material and consumables	47,413	25,869
Finished goods	24,216	20,072
Spare parts and supplies	7,076	6,663
	78,705	52,604
Less: Provision for slow moving spare parts and supplies	(1,745)	(1,745)
	76,960	50,859

Movements in the provision for slow moving spare parts and supplies inventories were as follows:

	2021 AED'000	2020 AED'000
At 1 January	1,745	1,745
At 31 December	1,745	1,745

During the year ended 31 December 2021, the carrying amount of raw material recognised as an expense and included as part of cost of goods sold in the statement of profit or loss amounts to AED 351.55 million (2020: AED 300.01 million),

10. Trade and other receivables

	2021 AED'000	2020 AED'000
Trade receivables	114,733	93,468
Less: allowance for expected credit loss	(1,995)	(2,162)
	112,738	91,306
Prepaid expenses	8,732	10,777
Advances to suppliers	6,769	4,165
Contract assets	8,432	8,011
Other receivables*	63,534	59,670
Positive fair value of derivatives (Note 28)	-	1,377
Due from a related party [Note 19 (c)]	297	190
	200,502	175,496

* Other receivables includes AED 20.8 million of disputed amounts relating to excise duty deposited with Federal Tax authority (Note 25).

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

10. Trade and other receivables (continued)

As at 31 December 2021, trade accounts receivable with a nominal value of AED 2 million (2020: AED 2.1 million) were impaired. Movements in the allowance for expected credit loss were as follows:

	2021 AED'000	2020 AED'000
At 1 January	2,162	3,826
Charge for the year	1,453	993
Write off during the year against receivable	(1,620)	(2,657)
At 31 December	<u>1,995</u>	<u>2,162</u>

As at 31 December, the ageing of trade receivables is as follows:

	Total AED'000	Past due and impaired AED'000	Neither past due nor impaired AED'000	Past due but not impaired			
				<30 days AED'000	30-60 days AED'000	60-90 days AED'000	>90 days AED'000
2021	<u>114,733</u>	<u>1,995</u>	<u>91,879</u>	<u>16,330</u>	<u>3,682</u>	<u>830</u>	<u>17</u>
2020	<u>93,468</u>	<u>2,162</u>	<u>71,208</u>	<u>11,802</u>	<u>2,713</u>	<u>1,655</u>	<u>3,928</u>

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable given the nature of the business. It is not the practice of the Company to obtain collateral over receivables and the vast majority are, therefore, unsecured.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 (Note 27):

	Collectively assessed AED'000	Individually assessed AED'000	Total AED'000
Balance as at 1 January 2020	1,130	2,696	3,826
Write off	(1,065)	(1,592)	(2,657)
Net re-measurement of loss allowance	197	796	993
Balance as at 1 January 2021	<u>262</u>	<u>1,900</u>	<u>2,162</u>
Write off	(315)	(1,305)	(1,620)
Net re-measurement of loss allowance	371	1,082	1,453
Balance as at 31 December 2021	<u>318</u>	<u>1,677</u>	<u>1,995</u>

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

11. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2021 AED'000	2020 AED'000
Cash at bank and on hand	50,363	72,514
Bank deposits	105,453	60,132
	<u>155,816</u>	<u>132,646</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Bank deposits are short-term in nature having a maturity of less than three months and carries interest at rates ranging from 0.20% p.a. to 1.75% p.a. (2020: 0.55% p.a. to 2.80% p.a.).

The Company has assessed that there is no material impairment, and hence have not recorded any loss allowances on these balances.

12. Share capital

	2021 AED'000	2020 AED'000
<i>Authorized issued and fully paid up:</i>		
90 million shares of AED 1 each	<u>90,000</u>	<u>90,000</u>

13. Statutory reserve

In accordance with Article 239 of Commercial Companies Law No. 2 of 2015 and the Company's articles of association, 10% of the annual profit of the Company is required to be transferred to a statutory reserve until the reserve equals 50% of the share capital. No transfer was made to the statutory reserve in 2020 as the reserve has already reached 50% of the share capital. This reserve is not available for distribution except as stipulated by the law.

14. General reserve

In accordance with Article 240 of the UAE Commercial Companies Law No. 2 of 2015 and the Company's articles of association, 10% of the Company's net profit may be transferred to a general reserve to be used only for the purposes stated in the Company's article of association.

In accordance with Clause 70 of the Company's article of association, 10% of the net profit for each year should be transferred to this reserve and such transfers may cease when the reserve equals 5% of the paid up share capital of the Company.

During the Board of Directors' meeting held on 21 February 2022, the Directors have approved not to transfer any amount from retained earnings to general reserve.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

15. Fair value reserve

On adoption of IFRS 9, the Company has classified the equity investment securities as measured at FVOCI and re-designated the related fair value reserve accordingly as not to be reclassified to profit and loss in subsequent periods and classified into the statement of other comprehensive income.

16. Dividends

During the Board of Directors' meeting held on 21 February 2022, the Directors proposed a cash dividend of AED 0.70 per share totalling to AED 63 million relating to 2021 (2020: AED 0.70 per share totalling to AED 63 million). The dividend is subject to the approval of the shareholder in the Annual General Meeting.

During the year, the Company paid dividend of AED 63 million relating to 2020 (2020: paid dividend of AED 63 million relating to 2019).

17. Provision for employees' end of service indemnity

	2021	2020
	AED'000	AED'000
Balance at the beginning of the year	26,141	24,344
Charged during the year	2,956	3,038
Payments during the year	(1,020)	(1,241)
	<hr/>	<hr/>
Balance at the end of the year	28,077	26,141
	<hr/> <hr/>	<hr/> <hr/>

18. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Company, net of directors' fees, amounting to AED 92.6 million (2020: AED 52.67 million) by the weighted average number of shares outstanding during the year of 90 million shares (2020: 90 million shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

19. Related party transactions and balances

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and of the services received/rendered from/to related parties, as well as on any other charges, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

19. Related party transactions and balances (continued)

a. *Significant transactions with related parties included in the statement of profit or loss are as follows:*

	2021	2020
	AED'000	AED'000
Sales to a related party	1,821	1,717
Purchase from a related party	4,043	2,898
Dividend income	3,372	3,389
	<hr/>	<hr/>

b. *Compensation of key management personnel*

The remuneration of directors and other key members of management during the year was as follows:

	2021	2020
	AED'000	AED'000
Short-term benefits	11,264	11,140
Employees' end of service benefits	508	753
Director's sitting fee	230	170
	<hr/>	<hr/>
	12,002	12,063
	<hr/> <hr/>	<hr/> <hr/>

c. *Significant balances with related parties included in the statement of financial position:*

	2021	2020
	AED'000	AED'000
<i>Due from a related party</i>		
<i>Other related party (included in trade and other receivables)</i>		
Oman Refreshments Company Limited	297	190
	<hr/>	<hr/>
<i>Due to a related party</i>		
<i>Other related party (included in trade and other payables)</i>		
Oman Refreshments Company Limited	528	1,094
	<hr/>	<hr/>

Amounts due from and due to a related party is not offset as management has assessed that these financial assets and liabilities do not meet the offset criteria described in *IAS 32 - Financial Instruments: Presentation*. Amount due from related parties are interest free and payable on demand.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

20. Trade and other payables

	2021 AED'000	2020 AED'000
Trade payable	37,785	44,138
Accrued expenses	41,780	27,351
Accrual for staff costs	11,610	9,877
Contract liabilities	25,869	24,135
Advances from customers	3,526	2,890
Deferred income	9,619	10,731
Due to a related party (Note 19)	528	1,094
Other payables	36,958	30,722
Negative fair value of derivatives (Note 28)	179	-
	167,854	150,938

Other payables include Board of Directors' fees of AED 4.2 million (2020: AED 4.2 million) payable to the directors of the Company after obtaining the shareholders' approval in the Annual General Meeting. It also includes an excise duty payable amounting to AED 27.3 million (2020: AED 22.4 million).

21. Lease liabilities

	2021 AED'000	2020 AED'000
Balance as at 1 January	113,834	123,988
Accretion of interest	3,974	4,211
Additions	3,539	-
Payments	(15,829)	(14,365)
Balance as at 31 December	105,518	113,834
Current	13,621	13,443
Non-current	91,897	100,391
	105,518	113,834

The maturity analysis of lease liabilities is as follows:

	2021 AED'000	2020 AED'000
<i>Maturity analysis</i>		
Not later than 1 year	13,621	13,443
Later than 1 year and not later than 5 years	30,700	36,260
Later than 5 years	61,197	64,131
	105,518	113,834

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

22. Term loans

	Current portion AED'000	Non-current portion AED'000	Total AED'000
Balance at 31 December 2021	-	-	-
Loan 1 (a)	7,055	-	7,055
Loan 2 (a)	3,061	-	3,061
Balance at 31 December 2020	10,116	-	10,116

- (a) The Company obtained two term loans denominated in US Dollar to finance the acquisition of new plant and machinery (Note 5). The loans are repayable in 14 semi-annual instalments commenced from 15 January 2015 and carry interests at 6 months LIBOR plus margin as per market. Both the loans have been fully repaid during the current year.

Reconciliation of liabilities arising from financing activities is as follows:

	1 January 2021 AED'000	Financing cash flows AED'000	31 December 2021 AED'000
Term loans	10,116	(10,116)	-

23. Revenue

	2021 AED'000	2020 AED'000
Local		
Long term contracts	441,131	344,787
Transaction based contracts	140,493	142,714
	581,624	487,501
Export		
Long term contracts	39,912	33,888
Transaction based contracts	48,171	43,060
	88,083	76,948
Total	669,707	564,449

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

24. Profit for the year

The profit for the year is stated after charging:

	2021	2020
	AED'000	AED'000
Staff costs	92,393	88,224
Rental expenses - operating lease	5,147	6,143
Depreciation of property, plant and equipment (Note 5)	43,261	44,704
Depreciation of right of use asset (Note 6)	13,461	12,596
Gain on disposal of property, plant and equipment	1,901	(23)

Amount included in cost of sales:

	2021	2020
	AED'000	AED'000
Staff costs	20,350	19,401
Rental - operating lease	514	514
Depreciation expense (Note 5)	25,844	25,576

During the year ended 31 December 2021, social contributions made by the Company amounted to AED 32 thousand (2020: AED 27 thousand).

25. Contingencies and capital commitments

	2021	2020
	AED'000	AED'000
Bank guarantees	11,359	8,978

During the year ended 31 December 2018, the Company filed objections with regards to the excise duty levied by the Federal Tax Authority's ("Authority" or "FTA") on the inventory in hand of carbonated drinks as on 1 October 2017 being the effective date of the excise duty. The objections were filed with Tax Disputes Settlement Committee ("Committee") relating to excise duty for penalty amount of about AED 20.8 million recorded under "Trade and other receivables". In April 2019, the Committee awarded the decision to reduce the penalty to AED 8.8 million. The Company and the authority both have filed appeals against the decision before the Federal courts of UAE in accordance with the applicable laws and regulations. On 26 July 2020, the Court of First Instance has ruled to cancel all administrative penalties and ordered FTA to return such penalties to the Company. FTA appealed against the decision of Court of First Instance and it was rejected in November 2020 by the Abu Dhabi Court of Appeal who retained the verdict of the First Court of Instance.

The authority appealed in UAE's Federal Supreme Court against the judgement. The court has dismissed the appeal against taxes and administrative fines and penalties imposed by FTA against the Company, in connection with excise taxes on 3rd March 2021. The decision is final and executable as no further appeals can be made against the judgement of the UAE's Federal Supreme Court. Currently, the Company has filed an execution file before Abu Dhabi Courts on 20 May 2021. The case is still under execution till date.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)****26. Segment reporting**

The Company operates in a single reporting segment of canning, bottling, distribution and trading of soft drinks and related beverages products. All the relevant information relating to this reporting/operating segment is disclosed in the statement of financial position, statement of profit or loss and notes to the financial statements.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

Information about geographical segments

During the year ended 31 December 2021, revenue from customers located in the Company's country of domicile (UAE) is AED 582 million (2020: AED 487 million) and revenue from customers outside UAE (foreign customers) is AED 88 million (2020: AED 77 million).

Major customer

During the year ended 31 December 2021, there was one customer of the Company with revenue greater than 10% of the total revenue of the Company (2020: 10%).

27. Financial risk management

The Company's principal financial liabilities comprise borrowing, accounts payables and other liabilities. The main purpose of these financial liabilities is to manage Company's cash flows. The Company has various financial assets such as accounts and other receivables, cash and cash equivalents, which arise directly from operations.

The main risk arising from Company's financial instruments are liquidity risk, market risk, credit risk, interest rate risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include term loans, bank deposits, investment securities and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and term loans).

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the Company's result for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

There is no impact on the Company's equity.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

27. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

	Increase/ decrease in basis points	Effect on profit for the year AED'000
2021		
AED	+50	-
AED	-50	-
2020		
AED	+50	(51)
AED	-50	(50)

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates, The Company had the following significant net exposures denominated in foreign currencies in the form of bank balances and term loans.

	2021 AED'000 Equivalent	2020 AED'000 Equivalent
Net assets:		
Euro	41	45

The below analysis calculates the effect of a reasonably possible movement of the AED currency rate against the above mentioned currency, with all other variables held constant, on the income (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase/ decrease in exchange rate to the AED	Effect on profit for the year increase (decrease) AED'000	Effect on other comprehensive income for the year increase/ (decrease) AED'000
2021	+5%	2	-
	-5%	(2)	-
2020	+5%	2	-
	-5%	(2)	-

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

27. Financial risk management (continued)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Company's listed equity security is susceptible to market price risk arising from uncertainties about future values of the investment security. The effect on equity (fair value reserve) as a result of a change in the fair value of equity instrument quoted on Muscat Securities Market Oman and held as available-for-sale at 31 December 2021 and 31 December 2020, due to reasonably possible changes in the prices of these quoted shares held by the Company, with all other variables held constant, is as follows:

	2021		2020	
	Increase/ decrease in market prices %	Effect on equity (fair value reserve) AED'000	Increase/ decrease in market prices %	Effect on equity (fair value reserve) AED'000
Market index - Muscat Securities Market (Oman)	+10%	11,870	+10%	7,190
Impact of change in market prices	-10%	(11,870)	-10%	(7,190)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Company limits its credit risk with regard to bank deposits by only dealing with reputable banks. The Company also manages the risk through dealings with large diversified base of customers as well as local and foreign banks.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

With respect to credit risk arising from other financial assets of the Company, including bank balances, trade and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2021 AED'000	2020 AED'000
Bank balances and deposits (Note 11)	155,816	132,646
Trade receivables (Note 10)	114,733	93,468
Due from a related party (Note 19)	297	190
Other receivables (Note 10)	63,534	59,670
Positive fair value of derivatives	-	1,377
	334,380	287,351

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

27. Financial risk management (continued)

Credit risk (continued)

Bank balances

The Company limits its credit risk with regard to bank balances by dealing only with reputable banks. The credit risk is limited to the carrying values of the financial assets.

Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria. Outstanding trade receivables are regularly monitored. The requirement for an impairment is analysed at each reporting date on an individual basis for major clients.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries.

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate internally generated funds and bank facilities are available. The Company's terms of sales require amounts to be paid within 30 to 60 days from the date of sale, Trade payables are normally settled within 30 to 90 days from the date of purchase.

The table below summarises the maturities of the Company's discounted and undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	Total AED'000
2021				
Trade and other payables	97,598	-	-	97,598
Lease liability	7,055	6,566	91,897	105,518
Total	<u>104,653</u>	<u>6,566</u>	<u>91,897</u>	<u>203,116</u>

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

27. Financial risk management (continued)

Liquidity risk (continued)

Contractual maturities related to lease liabilities disclosed in Note 21.

	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	Total AED'000
2020				
Trade and other payables	88,176	-	-	88,176
Term loans	5,100	5,016	-	10,116
Lease liability	6,579	6,864	100,391	113,834
Total	<u>99,855</u>	<u>11,880</u>	<u>100,391</u>	<u>212,126</u>

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020. Capital comprises share capital, reserves and retained earnings and is measured at AED 943 million as at 31 December 2021 (2020: AED 868 million).

28. Fair value of derivatives

Cash flow hedges

The Company also uses forward commodity contracts to manage some of its financing transaction exposures, highly probable transactions and commitment. The hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transaction is accounted for as a cash flow hedge.

The cash flow hedges were assessed to be effective and as at 31 December 2021, a net unrealised loss of AED 1.56 million (2020: net unrealised gain of AED 1.79 million) was included in other comprehensive income in respect of these contracts.

The table below shows the positive and negative fair values of derivative financial instruments including cash flow hedges, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured, the notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

28. Fair value of derivatives (continued)

Cash flow hedges (continued)

	(Negative)/ Positive fair value	Notional amount AED'000	Within 1 year AED'000
Derivatives			
31 December 2021			
Designated as cash flow hedge	(179)	12,948	12,948
31 December 2020			
Designated as cash flow hedge	1,377	6,847	6,847

The fair value of derivatives is presented in the statement of financial position as.

	2021 AED'000	2020 AED'000
Positive fair value of derivatives - current assets (Note 10)	-	1,377
Negative fair value of derivatives - current liabilities (Note 20)	179	-

29. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, receivables, contract assets, derivatives and investment securities. Financial liabilities consist of bank borrowings, payables, contract liabilities and derivatives.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at reporting date, the Company held the following financial instruments measured at fair value:

**Notes to the financial statements
for the year ended 31 December 2021 (continued)**

29. Fair values of financial instruments (continued)

Assets measured at fair value

	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
2021				
<i>Investment securities</i>				
Quoted equity shares consumer products sector (Note 8)	118,696	118,696	-	-
Negative fair value of derivatives - held as cash flow hedge (Note 20)	179	-	179	-
2020				
<i>Investment securities</i>				
Quoted equity shares consumer products sector (Note 8)	71,897	71,897	-	-
Positive fair value of derivatives - held as cash flow hedge (Note 20)	1,377	-	1,377	-

30. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 21 February 2022.



CHAIRMAN'S REPORT

Dear Shareholders,

It is once again our pleasure to share with you the business highlights of Dubai Refreshment PJSC (DRC) for the year 2021.

The year 2021 was mostly defined by the strong recovery from Covid-19 impact of 2020. It is a year that most of all reflects the great success of the United Arab Emirates government in managing the Epidemic. The strategy adopted by the UAE for fighting Covid-19 proved effective and has helped companies like Dubai Refreshment in making a strong recovery from the challenging year of 2020.

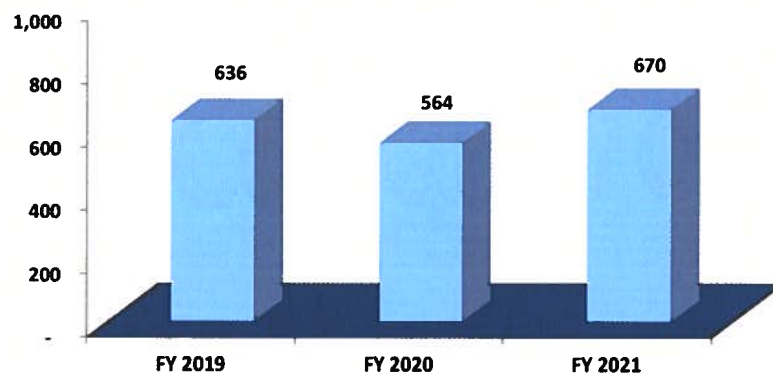
As you may recall from my 2020 message, DRC was able to restructure its cost base during the downturn caused by Covid-19 while continuing to develop its brands and business relationships in anticipation of future opportunities. I can proudly say that the foundation we put in place in 2020 helped DRC take advantage of the economic recovery of 2021 and helped the company deliver a strong performance across the board.

A combination of positive market share results on established brands with strong performance on exports and newly launched products helped DRC grow revenues and profit higher than we were expecting. The start of Dubai Expo 2020 in October 2021 coupled with the launch of Aquafina water in cans further contributed to top and bottom line growth to end the year with very strong momentum. In addition, our relationships with our strategic partners are going from strength to strength.

Revenues

DRC achieved total net revenues of AED 670 million vs. AED 564 million in 2020 which represents an increase of 19%. Most of this growth has come due to strong recoveries in travel, restaurant and hotel sectors further supported by strong performance in new products such as Aquafina cans, Gatorade, Lipton and Teisseire. Exports were also strong growing in double digits in 2021. Most channels revenues are now exceeding 2019 figures.

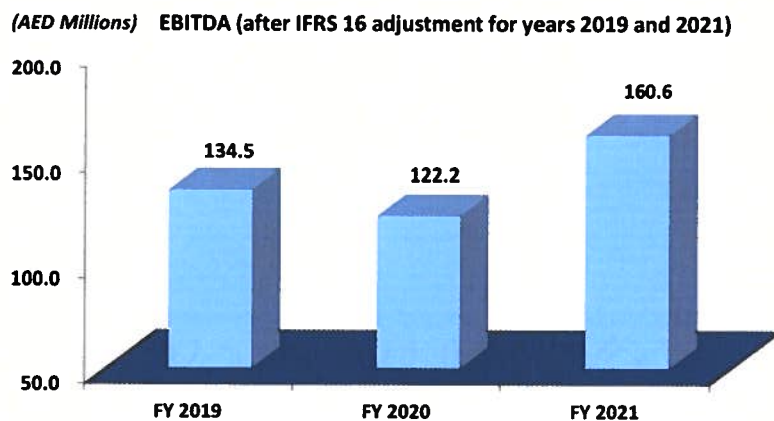
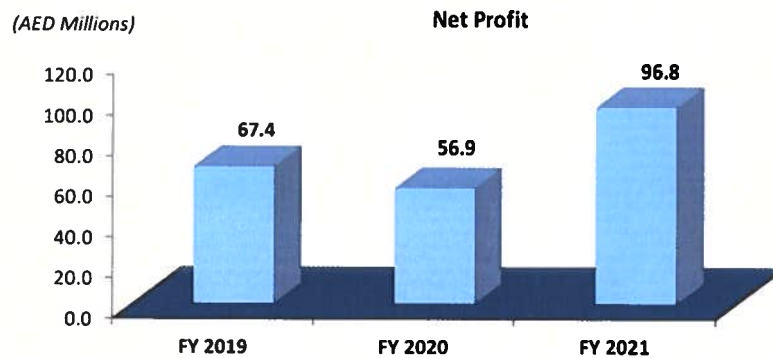
(AED Millions) Net Revenue (after IFRS 15 adjustment for years 2019 and 2021)





Profitability

Total net profit for 2021 grew 70% to reach AED 96.8 million or 14.4% of net revenue versus AED 56.9 million or 10.1% of net revenue in 2020. EBITDA margin remained strong at 24% of net revenues in 2021 vs. 22% in 2020. Profitability was helped by higher than expected revenue growth coupled with continued control over discretionary cost items and favorable forward buying contract on sugar, aluminum cans and PET resin. However, going forward we expect substantial increase in cost in line with global increases in commodities and transportation prices. The Company has already initiated several steps to recover some of these cost increases through further cost savings and some necessary increases in consumer pricing. We will continue to monitor this situation and we will continue to initiate actions as necessary to deal with this rising risk.



Cash Flow

In 2021, DRC generated AED 125.3 million from operations, and paid AED 63 million in dividends to shareholders and repaid AED 10.2 million in loans. DRC held AED 155.82 million in cash and cash equivalents at the end of 2021 and has no outstanding loans.





دبي للمطربات (ش.م.ع.)
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Future Growth

The Company continues to look into opportunities to drive growth. We are constantly engaging with our business partners to take advantage of growth opportunities through our existing portfolio, and, or, through new products initiatives. We have also engaged in discussions to explore ways to expand using alternative or new business arrangements and we are hopeful that some of these initiatives will help us further expand our business for the benefit of all stakeholders.

We enter 2022 with strong business momentum and we look forward to keep going. Our full organization and our partners are optimistic and motivated to further expand in 2022. Our biggest challenge will remain how to navigate around the substantial cost increases facing us while maintaining the business momentum. We are confident in our own capabilities, and most of all we are confident in the UAE government's strategy and actions to grow the economy which is the main driver behind growing DRC's business.

On behalf of the Board of Directors, I would like to express my gratitude and appreciation to the leaders of the UAE, His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE and Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and ruler of Dubai and their brothers, members of Federal Supreme Council for providing us with the business environment and the policies that are necessary to build strong and prosperous nation where we can all thrive.

In addition, I would like to thank all the people who continue to provide their support and demonstrate their commitment and dedication towards achieving our objectives. Our employees, shareholders, customers, suppliers, and business partners are all equally important to us in our efforts to seek a better future for all.

Finally, I would like to thank in particular His Excellency Mohamed bin Hadi Al Hussaini for his contributions to the DRC Board of Directors over the last 12 years. His leadership, his experience and his energy on the Board of DRC have greatly contributed to our success. We will miss him on our Board knowing fully well that his contributions in his new position as Minister of State for Financial Affairs will have a great positive impact for the Citizens and residents of the UAE. May God provide him with strength, success and good fortune.

Thank you.

On behalf of the Board of Directors,



Mr. Ahmad Bin Eisa Alserkal
Chairman of Board of Director





Corporate Governance Report for the Year 2021

Since its establishment in 1959 by an Emiri Decree issued by Late His Highness Sheikh Rashid bin Saeed Al Maktoum (Governor of Dubai at that time), Dubai Refreshment (P.J.S.C.) has been founded on an integrated system of values, ethics, professional and institutional integrity and leading applicable practices which has enabled it to expand, prosper, and be the leading company in the United Arab Emirates in the field of bottling and distributing soft drinks, non-carbonated drinks, and drinking water. The Company has also committed in its performance to the highest standards of governance, where transparency, equity, disclosure, and accountability have been the basis of the Company, the Board of Directors, and the management. In fact, the commitment of Dubai Refreshment (P.J.S.C.) to exercise sound governance has been consistent with the laws and the decisions issued by the Securities and Commodities Authority ("The Authority") so that:

1. Statement of the Measures Taken to Complete the Corporate Governance System during 2021, and the Manner of Implementation thereof.

By implementing the Chairman of Authority's Board of Directors' Decision no. (3/RM) of 2020 concerning Approval of Joint Stock Companies Governance Guide, Dubai Refreshment (P.J.S.C.) has taken the following procedures:

- A. Amending the company's Articles of Association so that it conforms to the rules of corporate governance and the companies law.
- B. The Audit Committee has been appointed by the Board of Directors
- C. The Nomination and Bonuses Committee has been appointed by the Board of Directors
- D. The Risk Committee has been appointed and its frameworks have been set by the Board of Directors.
- E. The Board of Directors has appointed an internal control company and a compliance officer, in addition to their work on updating the company's internal control system.
- F. Appointment of an investor relations officer
- G. Appointment of a risk management officer
- H. Formation of a follow-up and supervision committee on insider transactions, stating its terms of reference and the tasks entrusted thereto.
- I. Periodical update of the electronic databases on the company's website in order to provide the maximum degree of transparency required to provide a sound environment for investors and shareholders to follow developments in the company.
- J. Periodical disclosure of the company's financial statements, the Board of Director, and the General Assembly meetings, in addition to adherence to all the regulatory rules in this field
- K. In addition, the Company continues to review its internal systems to introduce the procedures required by the aforementioned resolution for full and continuous compliance with the circulars issued by the Securities and Commodities Authority in terms of corporate governance rules.





2. Statement of ownership and transactions of Board of Directors members and their spouses, their children in the Company securities during 2020:

#	Name	Position / relationship	shares owned as at 31/12/2020	Total Sales process	Total purchases transactions
	Mr. Ahmad bin Eisa Al Serkal	Chairman of Board of Directors	None	None	None
	Mr. Ali Bin Humaid Al Owais	Vice Chairman of the Board	318,861	None	161,725
	Mr. Ibrahim Abdulrazzak Ustadi	Board member	None	None	None
	Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Board member	None	None	None
	Mr. Mohamed Abdulaziz Al Owais	Board member	13,704	None	None
	Mrs. Eman Mahmood Abdulrazzaq	Board member	None	None	None
	Mr. Buti Obaid Buti Almulla	Board member	None	None	None
	Mr. Abdulla Mohamed Rashid Al-Huraiz	Board member	None	None	None
	Mrs. Hana Obaid Buti Al-Mulla	The wife of a Board member Mr. Abdulla Muhammad Rashid Al Huraiz	283,050	None	None

3. Formation of the Board of Directors:

A. Statement of Formation of the Current Board of Directors according to the following table:

The Board of Directors of Dubai Refreshment (P.J.S.C.) consists of (7) seven members who have experience in the field of the Company's activity, as well as their experience in accounting, financial matters, banking operations, and business management. They also have the required experience to take wise decisions.

The Company's Board of Directors is composed of non-executive members and independent members. An appropriate balance between members shall be considered in the formation of the Board of Directors.





Name	Position	Type of Membership	Experience	Qualifications	Period Spent as a Member in the Company's Board of Directors as of the Date of First Election
Mr. Ahmad Bin Eisa Al Serkal	Chairman of the Board of Directors	Non-Executive/Independent Member	General Trading Real Estate	Bachelor of Administrative Sciences, Business Administration	20
Mr. Ali Bin Humaid Al Owais	Deputy Chairman of the Board of Directors	Non-Executive/Independent Member	General Maintenance, Property Management	Bachelor of Business Administration	14
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini *	Member of the Board of Directors	Non-Executive/Independent Member	Banks, Business Administration	Master of International Business Administration	11
Mrs. Eman Mahmood Abdulrazzaq **	Member of the Board of Directors	Non-Executive/Independent Member	Banks, Human Resources Management	Bachelor of Business Administration	0
Mr. Mohamed Abdulaziz Al Owais	Member of the Board of Directors	Non-Executive/Independent Member	Financial Analysis Business Administration	Bachelor of Communications Engineering Financial Analyst	11
Mr. Abdulla Mohamed Rashid Al Huraiz	Member of the Board of Directors	Non-Executive/Independent Member	Accounting and Business Administration	Bachelor of Accounting	8
Mr. Ibrahim Abdulrazzak Ustadi	Member of the Board of Directors	Non-Executive/Independent Member	Business Administration Financial Controller	Diploma in Accounting	17
Mr. Buti Obaid Buti Almulla	Member of the Board of Directors	Non-Executive/Dependent Member	Business Administration	Diploma in Business Administration	2

*: Mr. Mohamed Al Hussaini has remained a member of the Board of Directors until 27th September 2021 (he has submitted his resignation for personal reasons).

** : Mrs. Eman Mahmood Abdulrazzaq has been appointed as a director in the Board of Directors on 7th December 2021.





دبي للمرطبات (ش.م.ع.)
DUBAI REFRESHMENT (P.J.S.C)[®]

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Name	Membership in Other Joint Stock Companies	Their Positions in Other Important Regulatory, Governmental, or Commercial Authorities
Mr. Ahmad Bin Eisa Al Serkal	<ul style="list-style-type: none">Dubai Insurance Company (P.J.S.C) – Member of the Board of Directors	None
Mr. Ali Bin Humaid Al Owais	<ul style="list-style-type: none">United Foods Company (P.J.S.C) - Chairman of the Board of DirectorsEmirates NBD - Member of the Board of DirectorsEmirates Islamic Bank - Member of the Board of Directors	None
Mr. Ibrahim Abdulrazzak Ustadi	None	None
Mr. Mohamed Abdulaziz Al Owais	<ul style="list-style-type: none">United Foods Company (P.J.S.C) Member of the Board of Directors	None
Mr. Abdulla Mohamed Rashid Al Huraiz	<ul style="list-style-type: none">Dubai Insurance Company (P.J.S.C) – Member of the Board of DirectorsUnited Foods Company (P.J.S.C) Member of the Board of Directors	<ul style="list-style-type: none">Deputy General Manager - Financial Supervisory Authority of Government of Dubai
Mr. Buti Obaid Buti Almulla	<ul style="list-style-type: none">Dubai Insurance Company (P.J.S.C) – Chairman of the Board of DirectorsEmirates Islamic Bank - Board MemberEmirates Investment Bank - Vice Chairman of the BoardEmirates NBD Bank - Member of the Board of DirectorsEmaar Properties PJSC – Board member	None
Mrs. Eman Mahmood Abdulrazzak	<ul style="list-style-type: none">Emaar Properties PJSC – Board member	None





B. Statement of the Percentage of Female Representation in the Board of Directors for the year 2021:

On 7th December 2021, Mrs. Eman Mahmood Abdulrazzaq was appointed as an independent member of the Board of Directors.

C. Statement with the following:

1. Total remunerations of the Board of Director members paid for the year 2020: AED 4,200,000 (four million and two hundred thousand Emirati Dirhams)
2. Total remunerations of the Board of Director members proposed for the year 2021, which will be presented at the annual meeting of the General Assembly to be approved: AED 4,200,000 (four million and two hundred thousand Emirati Dirhams)
3. There are no additional fees, allowances or salaries paid to any member of the Board of Directors, other than the allowances for attending committees.
4. A statement of the detailed allowances for attending sessions of the committees emanating from the Board of Directors that were received by the members of the Board of Directors for the fiscal year 2021, according to the following table:

Name	Allowances for Attending Sessions of the Committees Emanating from the Board of Directors		
	Committee Name	Value of the Allowance	Number of Meetings
Mr. Ibrahim Abdulrazzak Ustadi	Nomination and Bonuses Committee	10,000	1
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Nomination and Bonuses Committee	10,000	1
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Audit Committee	30,000	3
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Risks Committee	10,000	1
Mr. Mohamed Abdulaziz Al Owais	Audit Committee	40,000	4
Mr. Abdulla Mohamed Rashid Al Huraiz	Audit Committee	40,000	4
Mr. Abdulla Mohamed Rashid Al Huraiz	Nomination and Bonuses Committee	10,000	1
Mr. Abdulla Mohamed Rashid Al Huraiz	Risks Committee	20,000	2
Mr. Buti Obaid Buti Almulla	Risks Committee	30,000	3
Mr. Ali Bin Humaid Al Owais	Risks Committee	30,000	3



- D. The number of board meetings held during the fiscal year 2021 with a statement of their dates, number of times of personal attendance of all members, with a statement of the members represented by others.**

S	Meeting Date	Number of Attendees	Attendees by Representatives	Name of Non-Attendant Members
	22 February 2021	7	0	
	24 March 2021	7	0	
	06 May 2021	7	0	
	13 September 2021	7	0	
	07 December 2021	7	0	

- E. The Board of Directors has not taken any decision by circulation during the year 2021**

- F. A statement of the tasks and competencies of the Board of Directors carried out by a member of the Board or the Executive Management during the year 2021 based on a delegation from the Board:**

The Board of Directors collectively exercised its powers in managing the company directly through the periodic follow-up of the company's activity in the meetings of the Board, and the Board of Directors did not delegate any of its powers to any of its members or to the executive management during the year 2021.

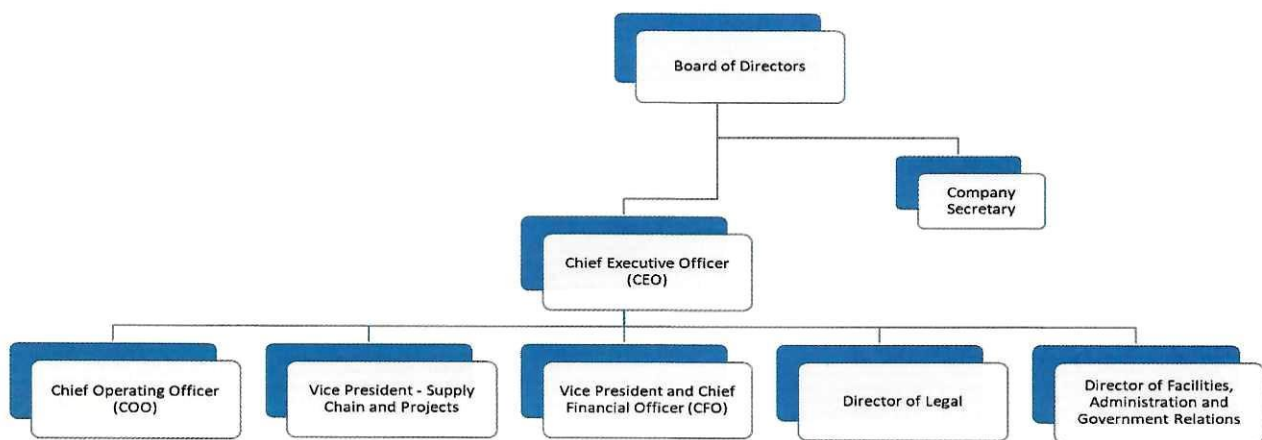
- G. A statement of the details of the transactions that took place with related parties during the year 2021, provided that it includes a statement of the related parties with an explanation of the nature of the relationship, the type of transaction and the volume of dealing during the year for each of those parties.**

S	Statement of the Competent Party	Type of Relationship	Type of Transaction	Value of Transaction
	Oman Refreshments Company (Sultanate of Oman)	Business operations within the normal scope of dealing	Supplying products from Oman Refreshments Company for the Company	AED 2,898,000
	Oman Refreshments Company (Sultanate of Oman)	Business operations within the normal scope of dealing	Sales of the Company's products for Oman Refreshments Company	AED 1,717,000



Taking in account that the commercial operations mentioned above fall within the scope of normal business at the market prices and without any preferential conditions of any kind.

H. The organizational structure of the Company to include the first and second lines as a minimum, provided that it shall include the managing director and/or the general manager and/or the CEO and the managers working in the company such as the financial manager:



I. A detailed statement of the senior executives in the first and second grades, according to what is stated in the company's organizational structure (according to 3-d), their jobs and dates of appointment, with a statement of the total salaries and bonuses paid to them, according to the following table:

Position	Appointment Date	Total Salaries and Allowances Paid for the Year 2021 (AED)	Total Bonuses Paid for 2021 (AED)	Any In-kind/ Cash Rewards for the Year 2021 or Due in the Future
Chief Executive Officer	01/08/2008	1,705,572	1,701,000	None
Vice President – CFO	03/01/2016	1,229,100	273,966	None
Vice President - Supply Chain and Projects	01/11/2001	931,999	200,039	None
Vice President – COO	01/07/2012	1,164,660	463,858	None
Director of the Department of Facilities and Administrative and Government Relations	10/12/2012	716,334	93,778	None
Director of Legal and Company Secretary	08/10/2013	505,524	82,923	None





4. External Auditor:

A. **A Brief Introduction about the Company's Auditor to the Shareholders:**

By doing its works in the Middle East region, today, Deloitte in the United Arab Emirates has five training offices in Dubai, Abu Dhabi, Fujairah, Ras Al Khaimah and Sharjah, with 20 partners, 25 directors/ managers, and over 400 auditing experts. Deloitte is a full-service company in the United Arab Emirates, with cutting-edge practices serving leading companies and institutions in banking and financial services, real estate, entertainment and hospitality, construction, public sector activities, trading, manufacturing, telecommunications, aviation, retail, and energy sources.

"We understand the region's rich cultural diversity and the variability of its languages and customs. Consequently, we are an approved Company by many governments and major institutions. We easily turn the industrial concerns into unbiased professional advice. Our clients constitute many of the largest entities and clients in the United Arab Emirates, operating in the field of energy and resources, financial services institutions, real estate, construction, aviation, general trading and manufacturing, and government sectors, as well as having references with well-established practices. Dubai also hosts our regional leadership for international tax services, risk consultations, and corporate finance advisory practice serving clients all over the Middle East."

B. **Statement of the Auditing Fees and Costs or the Services Provided by the External Auditor, according to the following table:**

Name of the auditing office and name of the partner auditor	Deloitte & Touche (Middle East) - Partner Auditor: Julia Kassab
Number of years spent as an external auditor for the Company	3
Number of years spent by the partner auditor in auditing the Company's accounts	3
Total fees for auditing and reviewing the financial statements (interim and annual) for the year 2021 (AED) – the amounts shall be stated in detail	AED 275,000 (two hundred and seventy-five thousand Emirati Dirhams)
Fees and costs of other special services other than auditing the financial statements for the year 2021 (AED), if any and in the absence of any other fees, this shall be explicitly mentioned	0





Details and nature of the other services provided (if any) and in the absence of other services, this shall be explicitly mentioned	None
Statement of the other services provided by any other external auditor other than the Company's auditor during 2021 (if any). In the absence of another external auditor, this shall be explicitly mentioned	None

C. Statement of the qualified opinion of the company's external auditor: the external auditor did not have any reservation in their qualified opinions in any of the interim or the annual financial statements in 2021

5. **Audit Committee**

A. **An acknowledgment by the Chairman of the Audit Committee of his responsibility for the Committee's system in the Company and his review of its work mechanism and verification of its effectiveness.**

"Mr. Abdulla Al Huraiz, Chairman of the Audit Committee, hereby acknowledges his responsibility for the committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."

B. **Names of the members of the Audit Committee, its terms of reference and the tasks entrusted thereto:**

Name	Position	Type of Membership
Mr. Abdulla Mohamed Rashid Al Huraiz	Chairman of the Committee	Non-executive/ Independent
Mr. Mohamed Hadi Al Hussaini *	Committee Member	Non-executive/ Independent
Mr. Mohamed Abdulaziz Al Owais	Committee Member	Non-executive/ Independent

*: Mr. Mohamed Al Hussaini has remained a member of the Board of Directors until 27th September 2021 (he has submitted his resignation for personal reasons).

The main task of the Audit Committee is to review the company's financial control and risk management system, develop and implement the contracting policy with the external auditor, submit the necessary reports to the Board of Directors specifying the issues it deems important to act on, follow up and monitor the independence and objectivity of the external auditor, and monitor the integrity of The company's financial statements and its interim and annual reports.

The task of the Oversight Committee also includes ensuring compliance with the disclosure requirements of the Dubai Financial Market and the Securities and





Commodities Authority, discussing internal control systems with management, and ensuring that it performs its duties in establishing an effective system of internal control. The Committee also provides assistance and assistance to the Board of Directors in carrying out its oversight responsibilities in order to ensure the independence of the financial results and the independence and qualifications of the independent external auditor.

The committee also has the power to access any of the company's departments, records, and properties in order to carry out its responsibilities, in addition to all the authorities and powers according to the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.

C. The number and dates of meetings held by the Audit Committee during the year 2021 to discuss issues related to the financial statements and any other matters, and an indication of the number of times of personal attendance of members in the meetings held:

Name	22/02/2021	06/05/2021	05/08/2021	08/11/2021
Mr. Abdulla Mohamed Rashid Al Huraiz	√	√	√	√
Mr. Mohamed Hadi Al Hussaini *	√	√	√	
Mr. Mohamed Abdulaziz Al Owais	√	√	√	√

6. Nomination and Bonuses Committee:

A. An acknowledgment by the Chairman of the Nomination and Bonuses Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.

"Mr. Ibrahim Abdulrazzak Ustadi, Chairman of the Nomination and Bonuses Committee, hereby acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."





B. Names of the members of the Nomination and Bonuses Committee, and statement of its terms of reference and the tasks entrusted thereto:

Name	Position	Type of Membership
Mr. Ibrahim Abdulrazzak Ustadi	Chairman of the Committee	Non-executive/ Independent
Mr. Mohamed Hadi Al Hussaini *	Committee Member	Non-executive/ Independent
Mr. Abdulla Mohamed Rashid Al Huraiz	Committee Member	Non-executive/ Independent

*: Mr. Mohamed Al Hussaini has remained a Committee member until 27th September 2021 (he has submitted his resignation for personal reasons).

Duties of the Nomination and Bonuses Committee are as follows:

1. Continuously ensuring the independence of the independent members, preparing the policy of granting remunerations, benefits, incentives, and salaries to members of the Company's Board of Directors and employees, and reviewing it annually.
2. Verifying that the remunerations and the benefits granted to the Company's senior executive management are reasonable and conform with the Company's performance.
3. Determining the Company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
4. Preparing the Company's human resources and training policy, monitoring implementation thereof and reviewing it annually, organizing and following up the procedures of nomination for membership of the Board of Directors in accordance with the applicable laws and regulations.

C. Statement of the number of meetings held by the Committee during 2021 and the dates of their convening, with an indication of the number of times of personal attendance of all Committee members:

Name	22/02/2021
Mr. Ibrahim Abdulrazzak Ustadi	√
Mr. Mohamed Hadi Al Hussaini	√
Mr. Abdulla Mohamed Rashid Al Huraiz	√





7. Committee of Follow up and supervision on the insiders' transactions

A. The Company's Board of Directors has formed a committee to follow up and supervise insiders' transactions, which has been formed from the Chief Executive Officer, with the membership of the Director of Legal Affairs, the Board Secretary, according to the applicable rules based on the decision of the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.

B. **An acknowledgment by the Chairman of Committee of Follow up and Supervising Transactions of Prospective Persons with his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.**

"Mr. Tarek El Sakka, Chairman of the Committee of Follow up and Supervising Transactions of Prospective Persons, hereby acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness."

8. Risk Committee

A. **An acknowledgment by the Chairman of the Risk Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness.**

"Mr. Abdulla Al-Huraiz, Chairman of the Risk Committee acknowledges his responsibility for the Risk Committee's system within the Company, as well as for his inspection of the committee's work mechanism and effectiveness."

B. The Board of Directors approved the establishment of a risk committee in accordance with the regulatory frameworks set forth under the Chairman of the Board of Directors of the Securities and Commodities Commission Resolution No. 3 of 2020, under which the aforementioned committee shall carry out its responsibilities and submit reports to the Board of Directors for information.

C. **The committee's members are listed below, along with the dates of the committee's meetings in 2021:**

Name	Position	Type of Membership
Mr. Abdulla Mohamed Rashid Al Huraiz	Committee Chairman	Non-executive/independent
Mr. Mohamed Hadi Al-Hussaini*	Member	Non-executive/independent
Mr. Ali Bin Humaid Al Owais	Member	Non-executive/independent
Mr. Buti Obaid Al Mulla	Member	Non-executive / Non-independent





The Committee held its meetings on the following occasions in 2021:

Name	6/05/2021	5/08/2021	7/12/2021
Mr. Buti Obaid Al Mulla	√	√	√
Mr. Mohamed Hadi Al-Hussaini*	√		
Mr. Ali Bin Humaid Al Owais	√	√	√
Mr. Abdulla Mohamed Rashid Al Huraiz		√	√

*: Mr. Mohamed Al-Hussaini remained as a Member of BOD till 27th of September 2021 (He resigned for personal reasons).

9. During the year 2021, no further affiliated committees of the Board of Directors were appointed.

10. Internal Control System:

- Dubai Refreshments' Board of Directors recognizes its accountability for the Company's internal control system, its assessment, and its performance.
The internal control department's primary responsibility is to manage risks within the Company and to properly apply governance rules to ensure compliance with applicable laws and regulations, as well as with the requirements of the Dubai Financial Market, the Securities and Commodities Authority.
- PricewaterhouseCoopers (PwC) has been retained by the Company to execute internal audit tasks.
- Additionally, the Board of Directors has nominated Mr. Karem Mahmoud as a Compliance Officer effective 10/8/2013. He is a specialist lawyer accredited by the Beirut Bar Association in Lebanon and currently serves as the Company's Director of Legal Affairs.
- PwC issued six periodic reports to the Audit Committee in 2021, each of which included a summary of its audit work in the Company's various departments, concluding that there were no issues or violations. The internal audit reports detail the Company's efforts to update its work policies and systems, as well as some technological issues that have been handled.
The Company's daily operations and administrative and operational procedures that are compliant with all applicable laws and regulations have resulted in the absence of any significant issues that require the internal control department to address.
- Mr. Karem Mahmoud has been named Head of Risk Management, effective December 7, 2021, and is responsible for reporting to the Risk Committee in compliance with applicable regulations.





11. Details of the violations Committed in 2021, their Reasons, and how they shall be Addressed and Prevented in the Future:

In 2021, the Company was fined AED 3000 for failing to publish the amendment to the Company's Memorandum of Association within a month of the general assembly's date, due to the fact that the Company had addressed the Dubai Economy to follow up on any action required by them to publish the Memorandum of Association amendment, which resulted in exceeding the deadline granted by the Authority.

12. A Statement of the Company's Monetary and In-Kind Contributions to the Growth of the Local Community and the Protection of the Environment in 2021:

During 2021 as in previous years, the Company fulfilled its social responsibilities to the local communities in Dubai and the Northern Emirates by participating in a variety of human, social, and environmental activities, believing in the value of the human being and the importance of contributing to his or her well-being and quality of life. The following are some of the activities that the Company shall organize or contribute to in 2021:

The Activity	Nature of Contribution (monetary or in-kind)
Distributing water bottles as part of ENOC's Ramadan meals distribution initiative for employees at its gasoline stations.	20,000 water bottles
Distributing water bottles to Al Shafar Contracting Company employees as part of the Company's participation to a project.	50 water boxes
Contribution in providing a wheelchair through the West Asian Paralympic Federation	AED 3,675
Support for Al-Tariq Association for Rehabilitation and Autism's activities	AED 3,000
Supporting Emirati women through the Emirati Business Women Council's projects	AED 5,000
'Employee of the Year' award (11 beneficiaries)	AED 55,000
"Employee of the Month" award	AED 5,500
Sales Team of the Year Award (18 beneficiaries)	AED 30,000
Special Award for MEM Maintenance Team	AED 17,000





(25 beneficiaries)	
Prizes awarded in-kind on the Company's "Annual Employee Day"	AED 10,000

13. General Information:

A. A Statement of the Market Price of the Company's Share (Closing Price, Highest and Lowest Prices) at the Conclusion of Each Month during Fiscal Year 2021:

Month	High Month	Low Month	Closing Month
Jan 2021	11.000	10.350	11
Feb 2021	12.500	11.000	12.5
Mar 2021	15.000	12.500	15
Apr 2021	19.000	14.200	19
May 2021	No trade	No trade	19
Jun 2021	19.000	17.500	19
Jul 2021	19.000	19.000	19
Aug 2021	19.200	19.200	19.2
Sep 2021	18.800	16.200	16.2
Oct 2021	18.200	13.950	16
Nov 2021	16.000	14.000	16
Dec 2021	15.500	15.500	15.5

B. A statement of the Company's comparative performance with the general market index and the sector index to which the Company belongs during 2021.





C. A statement of the shares distribution as of 31/12/2021 (individuals, companies, governments) classified as follows: local, GCC and foreign

Category of Shareholder	Percentage of owned shares			
	Individual	Companies	Government	Total
Local	64,9531	32,9254	0	97,8785
Arab	2,0646	0,0544	0	2,119
Foreigner	0,0025	0	0	0,0025
Total	70,6949	29,3052	0	100

D. A statement indicating the shareholders who own 5% or more of the Company's capital as on 31/12/2021 according to the following table:

Name	Number of Shares held 31/12/2021	The Percentage of Shares held from Company's Capital
Sheikh Ahmed bin Rashid bin Saeed Al Maktoum	17,999,550	19,9995
Mohamed & Obaid Al Mulla LLC	9,163,550	10,1817
Ghobash Trading and Investment Co. Ltd.	6,080,076	6,7556
Juma Al Majid Abdulla Muhairi	4,785,500	5,3172



E. statement of shares distribution pursuant volume as on 31/12/2021 according to the following table (Source: Dubai Financial Market):

S.No	Shares Ownership (share)	Number of Shareholders	Number of owned Shares	The Percentage of shares owned from company's capital
1	less than 50,000	92	1,016,328	1,129
2	50,000 to less than 500,000	79	13,256,463	14,729
3	From 500,000 to less than 5,000,000	23	42,484,0333	47,205
4	More than 5,000,000	3	33,243,176	36,937
		197	90,000,000	100,000

F. In execution of the Authority's decisions, the Company has complied with the Authority's procedures in general, as a dedicated email address has been designated for investors to communicate with the Company regarding any inquiries. Investor Relations Officer has been assigned to Mr. Karem Mahmoud, Director of Legal Affairs and Board Secretary.

He can be reached through email at karem.mahmoud@pepsidrc.ae, by phone at +97148025000, +971501356949, or by fax at +97148025098. Regarding the electronic link to the investor relations page, the Company is currently updating it as part of its overall website update, and the link is as follows:

<http://www.pepsidrc.com/investors/index.htm>

G. The Company's annual general meeting for the year 2021 was conducted on 24/03/2021 via video conference technology and at the Company's headquarters at Dubai's second Dubai Investment Park. The following resolutions were adopted:

1. Reviewing the Board of Directors' report on the Company's operations and financial status for the fiscal year ending on December 31, 2020, and the aforementioned item received 99.3188 percent of the votes.
2. Considering and approving the auditors' report for the fiscal year ending December 31, 2020. The preceding item received 99.3188 percent of the vote.
3. Discussing and approving the Company's budget for the fiscal year ending on December 31, 2020, as well as the profit and loss account. The preceding item received 99.3188 percent of the vote.
4. Appointing Deloitte & Touche (Middle East) as the Company's auditor for the fiscal year 2021 and to set their fees at AED 275,000. The Assembly approved the motion with 99.3185 percent of the votes.





5. Reviewing the Board of Directors' recommendation to distribute earnings for 2020 at a rate of 70% of the Company's capital, or AED 63 Million, due on 05/04/2021. The preceding item was accepted with 99.3185 percent of the vote.
6. Reviewing the Board of Directors' suggestions for rewarding members of the Board of Directors in the amount of AED 4,200,000 for the year 2020. The preceding item received 99.3185 percent of the vote.
7. Releasing members of the Board of Directors from liability for the fiscal year ending on December 31, 2020. The aforementioned item was accepted 99.3185 percent of the votes.
8. Releasing the auditors from liability for the fiscal year ending on December 31, 2020. The aforementioned item was accepted with 99.3188 percent of the vote.
9. Authorizing the Board of Directors to appoint shareholders' representatives and set their compensation in accordance with the requirements of Clause (4) of Article No. (40) of the Guide to Public Shareholding Company Governance issued pursuant to Chairman of the Board of Directors Decision No. (3/T.M) for the year 2020. The preceding item was accepted with 68.5205 percent of the votes.
10. Topics requiring a special decision include amending the Company's articles of association to conform to the requirements of Decree-Law No. 26/2020 after approval by the competent authority (Amendment to Paragraph 6, Definitions: 8-9-10-13-14-15-18-19-24 Article 21, Article 23, Article 39, Article 44, Article 46, Article 50, Article 51, Article 52, Article 53, Article 60, Article 61, and Article 63) and any other articles as requested by the competent authority.

The suggested adjustments were presented and passed with a vote of 99.3188 percent.

The Company has complied with applicable regulations in terms of sharing earnings decided at the general assembly meeting via the Dubai Financial Market, as well as dispersing the salary of the Board of Directors members.

H. **Board Secretary**

Mr. Karem Mahmoud serves as the Company's Board Secretary. He was appointed to this position on 03/10/2013, in addition to serving as the Company's Director of Legal Affairs and Compliance Officer. The board Secretary has experience in legal, regulatory, and compliance matters and is a graduate of Beirut Arab University's Faculty of Law and a member of the Beirut Bar Association.

The Board Secretary responsibilities in year 2020 were administering the arrangement, organizing meetings and minutes of meetings of the Board of Directors, and the committees emanating from the Board, And finalizing the necessary disclosures for the Board meetings, quarterly and annual financial statements.





In addition, The Board Secretary prepared the Corporate Governance Report for the year 2020 in coordination with the internal departments of the Company and obtained the approval of the Authority and publish the report duly, in addition to preparing, arranging and following up the annual General Assembly for the year 2020 in terms of logistical, administrative, organizational and procedural aspects, and the completing of the necessary disclosures and coordination with The Company's departments in order to distribute the dividends within the legal timelines.

Furthermore, the Board of Directors will take the necessary measures to ensure compliance with the requirements of the Authority's Board Chairman Decision No. (03 / R.M.) of 2020 regarding the independence of the position of the Board's Reporter.

I. A Detailed Description of the Significant Events and Disclosures taken place during the Fiscal Year 2021:

The Company delivered a solid performance in 2021, highlighted by a considerable growth in revenue and healthy operating margins. The overall improvement in the economy felt throughout the country, as well as the Expo 2020 event, were the key drivers of revenue growth. On a related note, the cost base remained efficient in 2021, contributing to the Company's increased profitability.

J. A Statement of the Company's Transactions conducted in 2021 equivalent to 5% or more of the Company's Capital.

The Company has concluded the essential agreements for the supply of raw materials and services required for its operations, and each of them falls within the framework of standard commercial transactions at market pricing without any preferential terms.

K. A Statement of the Company's Emiratization Percentage by the end of 2021.

the Company is committed to developing the local community in Dubai and the Emirates where it operates, whether through the Company's social responsibility or through development of the Emirati human resources in accordance with UAE labor law and other applicable laws, decisions, and circulars issued by competent authorities.

Additionally, the Company has an established policy of employing capable Emiratis in addition to encouraging Emiratis students to be part of our internships opportunities. The percentage of Emiratization in administrative jobs (excluding workers) reached 2.1 percent at the end of 2021, noting that the Company's organization has a large number of unskilled labor.





To highlight the Company's commitment to employing Emiratis talent, the percentage of Emiratis on a senior level reached 5.7 percent at the end of 2021, and the Company is prioritizing the employment of Emiratis in the available jobs.

L. A Statement of the Creative Projects and Initiatives Conducted by the Company or Under Development during the year 2021.

The company implemented many innovative projects during the year 2021 in addition to several initiatives as part of the company's policy to promote innovation and the company's awareness of its social, environmental, and cultural commitments.

Furthermore, the company has produced and distributed many new cans for Aquafina (aluminum and glass containers, and Aquafina carbonated water), in addition to the new Lifewater water product and Rockstar energy drinks product.

In addition to that, the company obtained during the year 2021 the ISO 450001 certificate for the safety management system, in addition to activating the fuel filling system for trucks in the company, which led to savings in fuel and the time needed to fill trucks with fuel.

The Company Official Seal

Chairman of the Board of Directors

Signature

Chairman of the Nomination and Bonuses Committee

Signature

Chairman of the Audit committee

Signature

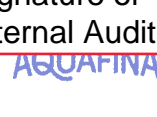
Chairman of the Risks Committee

Signature



Signature of
Internal Audit

AGUAFINA





Dubai Refreshment PJSC

ESG Report 2021



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About this Report

It gives us great pride to launch our annual ESG Report for the year 2021. This comprehensive report covers a broad range of policies, initiatives and partnerships deployed to integrate environmental, social and governance (ESG) standards and best practices into all areas of our business.

Through this report, we at Dubai Refreshment PJSC (hereinafter referred to as DRC) report on both qualitative and quantitative disclosures concerning our non-financial performance, sustainability impact and socially inclusive endeavours conducted during the year while creating short-term and long-term value for our stakeholders. The report is aimed at transparently communicating to our stakeholders our business progress as well as reflecting our ongoing efforts to assess our most significant ESG impacts, risks and opportunities to further enhance our practices in the future.

This ESG report is in accordance with the Dubai Financial Market (DFM) ESG disclosure guidelines; 32 ESG indicators that are essential to reporting in alignment with the recommendations of the Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges (WFE).

About Dubai Refreshment PJSC

Who We Are

Dubai Refreshment Company PJSC is one of UAE's leading food and beverage manufacturing and distribution companies operating in the lower gulf region. We nurture leading brands across the water, carbonated, non-carbonated, confectionery and ice-cream categories.

It is humbling and a matter of pride to have performed with exceeding results for almost 60 years since the inception of the Pepsi range of products in the UAE. The business began as a limited liability company by Decree of His Highness, The Ruler of Dubai, and in July 1994, it amended its status as a Public Shareholding company. In 1962, DRC was appointed as the sole bottler and distributor for PepsiCo in Dubai and northern emirates. We are fortunate to have a proud legacy built on the strong values of trust, integrity, and respect for others.

Above all, we remain focused and determined to champion the F&B industry in the lower gulf region through our people and processes while working towards building a better tomorrow.

What We Do

Our diversified portfolio of trusted brands that have become the icon of excellence:



Where We Operate

As UAE's leading homegrown company and partners of the world's most prominent brands, to meet the increasing and evolving needs of our consumers, we shifted to a remarkably larger manufacturing facility located in Dubai Investment Park 2.

The new facility, also serving as DRC's Headquarters, boasts an area of 1.5 million square feet and an investment of AED 650 million. The state of the art facility aims at creating a distribution network that ensures our products are readily available to customers all over the UAE and many parts of the world. The facility also champions renewable energy through solar panels covering an area of 50,000 square metres.





Our Approach to ESG

For us at DRC, it is critical that besides our strong financial performance and much-loved products, we remain a good company. Our care and concern for the environment, society and belief in transparent governance have prompted us to apply the holistic ESG lens to assess our value drivers.

Our ESG approach integrates the social, environmental, and economic impact of our business. We strive to validate the trust of stakeholders, led by the value drivers of our people, planet and profit while fostering ethics and integrity as the strongest pillars of our purpose. At the heart of it all is our talented team; we take much pride in cultivating an inspiring workplace with an agile and high-performance culture.

We also have robust internal processes and procedures for effective control systems that allow us to identify, manage and communicate risks regularly with the Board and senior management. We seek to mitigate environmental risks in operations by identifying critical environmental risks related to operations, air quality, water consumption, discharge of effluents and waste management. We believe that the management of ESG risks is key to creating shared value for all our stakeholders.



Environmental Stewardship

The damaging effects of climate change and nature loss are becoming more evident each year. As a leading F&B company, we understand that we have an opportunity not just to reduce our impact on the environment but also to have a more positive one. Minimising environmental footprint while delivering responsible growth is key to our business.

We believe in implementing energy efficiency measures and transitioning to renewable sources leading to the reduction of our direct and indirect GHG emission footprint. This year we improved our energy savings through increased solar power generation. We effectively replaced 1,371 light fittings with LED panels, saving 260,620 kWh of electricity per year. We also improved efficiency by installing new Active Harmonic Filters at MDB panels to avoid stray currents and safeguard our equipment.

As we implement our continuous efforts in the upcoming years, we aim to bring into action our feasibility studies on enabling solar energy to power the AC units of our sales trucks, using Hybrid Trucks, and installing a solar PV plant in the Fujairah warehouse depot. We also intend on replacing our diesel forklifts with electrical forklifts in the production plants to reduce our GHG emissions intensity.

DRC is committed to operating all facilities in accordance with the company's environmental policies and all applicable legal requirements. The top management monitors the corporation's sustainability, environmental, and corporate social responsibility activities. We are strictly committed to the following:

1. The conservation of natural resources through careful planning and efficient use of water, energy and raw materials.
2. The minimisation of waste through source reduction, reuse and recycling.
3. The handling and disposal of waste through safe and environmentally sustainable methods.
4. The prevention of pollution through the unintended release of substances that could cause harm to air, water or land.
5. Conducting regular environmental assessments at our facilities and making recommendations for improvement.

Energy Consumption and Greenhouse Gas Emissions

Energy Source	2020	2021
Petrol consumption used by company-owned or leased vehicles and machinery (GJ)	29,340	29,810



Diesel consumption used by company-owned or leased vehicles and machinery (GJ)	89,489	102,037
Electricity Purchased from Dubai Electricity and Water Authority (GJ)	51,374	55,822
Total Energy Intensity (MJ per Litre of production)	0.732 MJ/Litre of Production	0.613 MJ/Litre of Production

Based on the energy consumption numbers reported above, we have calculated our GHG Emissions.

- GHG emissions for Scope 1 were calculated using the carbon conversion factors published in the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.
- GHG emissions for Scope 2 are reported following the location-based method, which uses grid average emission factors. Conversion factors relevant to UAE come from the electricity generation emission factors published by the Dubai Electricity and Water Authority for 2020.

Energy Mix	2020	2021
Fuel (Petrol & Diesel)	62%	63%
Purchased Electricity	27%	27%
Solar Energy	11%	10%

GHG Emissions - Tonne of CO ₂ e	2020	2021
Scope 1 – Direct Emissions	8,793	9,768
Scope 2 – Indirect Emissions	6,076*	6,602
Total GHG Emissions Intensity (KG of CO₂e per Litre of production)	0.067 KG of CO ₂ e/Litre of Production	0.060 KG of CO ₂ e/Litre of Production

* Upon revision, we learned that the figure disclosed for Scope 2 Emissions for the year 2020 in the previous year's report was misaligned. We have rectified the error in this year's report with the correct figure.

Solar Energy

Our new facility, with a size of 1.5 million square feet, has more than 50,000 square metres covered by solar panels, generating approximately 28% of the annual electricity consumption.



Solar Energy - Renewable Energy Production (GJ)	21,604
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Water Consumption

Water is crucial to our business and day-to-day operations. Its non-availability will lead to operational disruptions and impact production plans and product delivery. We at DRC strive to focus on water efficiency and conservation measures. Our Water Management approach concentrates on water conservation during the process and production of our products by following the below measures:

- Water consumption is recorded in different areas with the help of water meters to monitor our water usage.
- After the required filtration process, all our clean process wastewater is collected and recycled in our utility equipment.
- Wastewater is treated and used in irrigation & utility equipment use.
- Our Water Usage Ratio (Litre of water per Litre of Beverage) is one of our leading Key Performance Indicators (KPI), and is monitored weekly, monthly and annually. We focus on continuous improvement on these targets, which we have proven records of in the past five years.

This year we increased the total amount of water reclaimed by 54%. We aim to improve our Litre to Litre beverage production ratio further by increasing the re-use of wastewater treated in the plant utility equipment per day.

Water Consumption	2020	2021
Utility Water Consumption Purchased from Dubai Electricity and Water Authority	413,410 cubic meters	465,620 cubic meters
Total amount of water reclaimed Recycled or reused water at the company	78,772 cubic meters	121,393 cubic meters

Waste Management



As part of our overall endeavour to mitigate environmental risks, DRC is committed to minimising waste generation across all operations. We also aim to create awareness and educate our consumers and community on the collection, segregation and safe disposal of plastic waste.

We at DRC are committed to collecting and recycling the equivalent of 100% of Aquafina packaging produced in the UAE via local implementation partners. In 2021, we developed strategic partnerships, collaborations and innovation-led programmes to drive recycling and the enhanced use of recycled plastics. We worked with local partners like Dulsco, Bee'ah and Veolia to activate mass collection schemes and targeted pilot projects. We supported the upscaling of household door-to-door recyclables via the collection app and increased collection capacity across the UAE for PET plastic through the installation of key infrastructures, such as recycling bins and RVMs, to promote segregation at the source.

Through close monitoring and reporting of waste-related data, we strive to positively influence the planet by reducing waste generated.



Social Performance

At DRC, we believe that our people are our greatest asset and the pivotal determinant of our growth, triumph and resilience.

People are at the centre of everything we do, from our employees to our customers to those who live in our communities. As a purpose-driven company, we are conscious of our responsibility towards society and of the need to continue to embed sustainability even more profoundly in the way we do business.

Our People

Our culture starts with our people. We aim to create the space and opportunities to help our people make a difference and always do the right thing. At DRC, our people are provided with numerous opportunities for competency building, career growth and personal development.

We truly believe that cultures of diversity, equity and inclusion are essential to ensure our future resilience as an organisation. DRC supports employees from all backgrounds, genders and age groups, offering them various growth and employment opportunities. While most of our people are male, we believe both genders should have equal opportunities and access to career prospects across all our business operations. We achieved a participation rate of 0.76 this year.

We at DRC align with the UAE's national priority of gender balance, but the reality that we are reconciling with is that female professionals in the UAE, where we operate, have yet to enter a manufacturing industry such as ours. With restrictions removed on women working in the category of jobs deemed hazardous/arduous or morally/socially inappropriate and on women working in the manufacturing sector, we aspire to overcome this gender gap by implementing recruitment practices that welcome more women into our workforce to achieve a gender-balanced workspace. This can already be seen through the 25% increase in female full-time employees over the past year along with the improvement of our female representation in the mid and senior management levels.

We understand that this is not an overnight transformation, but we continually strive to achieve equal representation of both genders with our commitments and strategies.

(Note for designer: Below data to be presented with infographics/charts and not as a table)

Workforce Overview	2020	2021
Total Full-Time Employees	995	1033



Total Male		87%	62%
Total Female		13%	38%
Turn-Over Rate		9.6%	12%
Entry Level	Male	87%	92%
	Female	13%	8%
Mid-Level	Male	88%	85%
	Female	12%	15%
Senior Level	Male	89%	87%
	Female	11%	13%
Executives	Male	75%	81%
	Female	25%	19%
Nationals	Total HR	0.8%	0.6%
	Entry Level	4%	2%
	Mid Level	0%	0%
	Senior Level	6%	5%
	Executives	8%	6%

HR Policies and Procedures

Respect for human rights and their protection is at the foundation of our business and ingrained in our culture, guiding our interactions with each of our employees, suppliers, customers and other stakeholders. Protecting the rights of everybody involved in DRC is at the heart of our business and Human Rights policy – and we’re working to embed human rights within all of our business activities.



We adhere to all the UAE labour laws and ensure implementation of human rights, safe and secure workplace along with 100% adherence to ethical standards of work. Our HR procedures specify rules of conduct within the organisation while our HR policy outlines the commitments of both employees and employers, protecting the rights of our workers along with the welfare of our employees.

Remuneration and Pay Ratio

With regards to our employees' compensation, at DRC, we equally pay women and men that are on the same level of employment. The minor gap between the median of male and female salaries in 2021 can be attributed to the lack of women working in blue-collar jobs, as women at DRC take more administrative and management related job roles.

Compensation Indicators	2021
Pay Ratio Median Male: Female	0.41:1
Pay Ratio Median Employees: CEO	68.5:1

Occupational Health and Safety

Safety and health at workplace are critical aspects of driving operational excellence at DRC. We strive to reduce operational risks and mitigate workplace hazards to safeguard lives.

Our OH&S policy and program equip our facility personnel with measurable, easily implementable, and pragmatic knowledge to demonstrate safe workplace behaviour, enabling them to thoroughly implement the occupational health and safety assessment series standard OH&S management system ISO 45001.

This policy aims at eradicating hazards, diminishing health and safety risks and fostering awareness on safety among our employees, contractors, visitors, and other stakeholders who may be affected



by our business-related activities with the aspiration to provide and maintain a healthy and safe working environment.

With regards to Health and Safety, we reported **three (3) Lost Time Injury Frequency Rate (LTIFR) across all our operations in 2021**. However, we strive to be safe through improving our efforts in the coming years towards achieving better results, aiming to achieve zero accidents and zero unsafe acts.

As per our strict OH&S policies, we at DRC are committed to the following:

- Prevention of injury and ill health by complying with all the OHS pertinent legal requirements, including local regulations and federal legislation.
- Sustenance and improvement of our business by providing the framework for setting and reviewing OHS Objectives and Targets while upholding alignment to the International Standard.
- Communication to all persons working under the control of DRC and made available to all interested parties.
- Periodic review of our OH&S policies to ensure they're updated, relevant and appropriate to DRC.
- Identification of Hazards & Risks to establish suitable risk control measures.
- Investigation and the correction of non-conformities to prevent re-occurrence.
- Assignment of Roles & Responsibilities to ensure that is OH&S management system is effectively implemented.
- Appointment of competent staff.
- Provision of adequate resources, information, instructions, and training to all employees.
- Communication and consultation with employees and other interested parties.

Community Support

Being a value-driven organisation and a brand with a purpose, we have been working relentlessly for the upliftment of community members. We believe that long-term economic value can be generated only through the creation of lasting social value. In pursuing this purpose, we act responsibly towards society and partner with our stakeholders.

Our Corporate Social Responsibility (CSR) initiatives are approved by our Board of Directors and are compliant with the laws and regulations of the government. Our programmes fall within the purview of health and empowerment, guiding the activities we undertake to create a significant positive impact on our identified stakeholders. The total value of assistance this year amounted to over AED 159 thousand towards the members of our communities.



With efforts to create an impact in the lives of our community members, we engaged with the: Khorfakkan Club for the Disabled to support an Umrah trip for a patient of the club, West Asia Para Federation for the provision of a wheelchair to a disabled member and Al Tarek Rehabilitation & Autism Centre to enable the provision of motor skillset to a patient in need.

In light of our aim to empower women, we celebrated Emirati women through our partnership with the Emirates Businesswomen Council. In partnership with Al Shafar Contracting Company, we delivered our products to on-site workers building the new upcoming hotel beside Jumeirah Beach Hotel through our Water for Workers initiative. In partnership with ENOC, we also distributed 20,000 Aquafina cans to labourers in the holy month of Ramadan.

We strive to stay true to our commitments and promises of social impact, enabling our stakeholders towards sustainable growth and a brighter future.



Corporate Governance

Good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision-making model based on righteousness and meritocracy. Together, the Management and Board ensure that Dubai Refreshment PJSC remains a company of uncompromised integrity and excellence.

Since its establishment in 1959 by an Emiri decree issued by the late His Highness Sheikh Rashid bin Saeed AL Maktoum (then ruler of Dubai), Dubai Refreshment Company (P.J.S.C) has performed under the complete system of values, ethics, professional and institutional integrity. We have adopted industry best practices, enabling DRC to thrive and flourish as a leading Company in the UAE in the field of bottling and distributing carbonated/non-carbonated beverages and drinking water.

The Company has robust legal compliance systems to track compliances of all laws along with a Code of Conduct for directors, employees & business partners to ensure ethical conduct and compliance with laws of the land. We commit to exercising sound governance consistent with the laws, regulations and decisions issued by the Securities and Commodities Authority.

We have in place a top-down review and monitoring approach, along with a plan to grow responsibly, enabling us to build resilience, agility and long-term value creation for all our stakeholders. The Board also works collectively towards meeting sustainability goals & commitments.

In March 2021, the UAE mandated Public Joint Stock Companies (PJSC) listed the Dubai Financial Market (DFM) to have at least one female board member. Respecting the rules while aligning with our aim of improving gender diversity this year, we have appointed, on the 7th December 2021, Mrs Eman Mahmood Ahmed Abdulrazzaq as an independent Board member.

Consisting of seven members, The Board of Directors of the Company is duly constituted with the right balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the new laws. DRC's Board is an ideal mix of knowledge, perspective, professionalism, divergent thinking and experience. The Board is the primary decision making body for all matters considered material to the Company.



Board of Directors		
Name	Position	Type of Membership
Mr Ahmad bin Eisa Al Serkal	Chairman	non-executive/independent
Mr Ali Bin Humaid Al Owais	Vice-Chairman	non-executive/independent
Mr Ibrahim Abdulrazzak Ustadi	Board member	non-executive/independent
Mr Abdulla Mohamed Rashid Al-Huraiz	Board member	non-executive/independent
Mr Mohamed Abdulaziz Al Owais	Board member	non-executive/independent
Mr Buti Obaid Buti Almulla	Board member	executive/non-independent
Mrs Eman Mahmood Ahmed MrsIzzaq (joined in December 2021)	Board member	non-executive/independent

Committees

The Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the financial statements and system of internal control of the Company. All Members of the Committee are financially literate. The Audit Committee's mission includes ensuring compliance with disclosure requirements of the Dubai Financial Market and the Securities and Commodities Authority. The Audit Committee, appointed by the Board of Directors, consists of three members who are Independent Non-Executive Directors.

Name	Position
Mr Abdulla Mohamed Rashid Al-Huraiz	Chairperson
Mr Mohamed Abdulaziz Al Owais	Committee member
H.E. Mohamed Hadi Al Hussaini (resigned on 27th September 2021)	Committee member



The Nomination and Bonuses Committee

The Nomination & Remuneration Committee comprises three members, all of whom are Independent Non-Executive Directors. The objectives of the Nomination and Remuneration Committee include monitoring and evaluating the performance of each director individually and of the Board collectively, as well as developing, assessing essential and reviewing remuneration practices and policies.

Name	Position
Mr Ibrahim Abdulrazzak Ustadi	Chairperson
Mr Abdulla Mohamed Rashid Al-Huraiz	Committee member
H.E. Mohamed Hadi Al Hussaini (resigned on 27th September 2021)	Committee member

The Insiders' Transactions Supervision Committee

The Company's Board of Directors formed a committee to follow up and supervise insiders' transactions. The committee, formed by the Chief Executive Officer, comprises of the Director of Legal Affairs and the Board Secretary. This committee was formed in accordance with the regulatory frameworks set forth by the Chairman of the Board of Directors of the Securities and Commodities Authority (03/R.M) for the year 2020.

The Risks Committee

The Board of Directors approved the establishment of a risk committee in accordance with the regulatory frameworks set forth by the Chairman of the Board of Directors of the Securities and Commodities Commission Resolution No. 3 of 2020, under which the aforementioned committee shall carry out its responsibilities and submit reports to the Board of Directors on risks and their management.

The committee's members are listed below:

Name	Position	Type of Membership
Mr Abdulla Mohamed Rashid Al Huraiz	Committee Chairman	Non-executive/independent
Mr Mohamed Hadi Al-	Member	Non-executive/independent



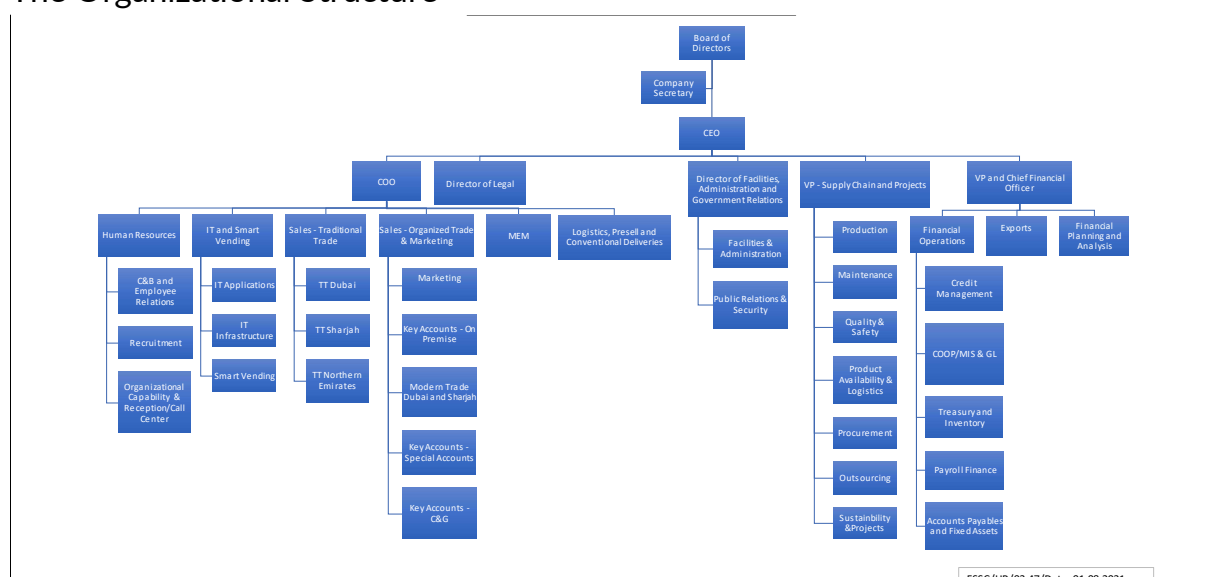
Hussaini*		
Mr Ali Bin Humaid Al Owais	Member	Non-executive/independent
Mr Buti Obaid Al Mulla	Member	Non-executive / Non-independent

* Mr Mohamed Al-Hussaini remained as a Member of BOD till 27th of September 2021 (He resigned for personal reasons).

Delegation of Authority and Management

The Company is managed at the administrative and operational levels by the Board of Directors, along with a distinguished professional team constituting the CEO and directors which includes the deputy president and managers of departments, who practice their works as instructed by the CEO and the Board of Directors in this framework and assist him in his tasks.

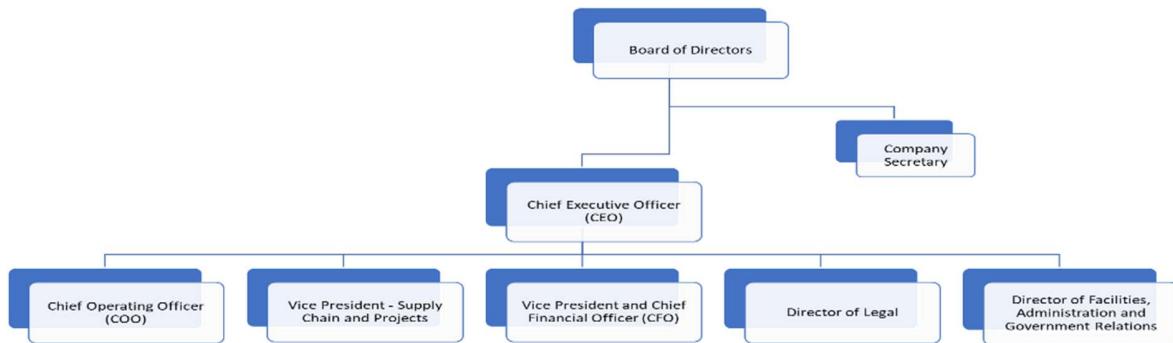
The Organizational Structure



FSSC/HR/03.47/Date:01.08.2021

Governance Framework

Dubai Refreshment PJSC is anchored on the values of transparency, trusteeship, honest corporate citizenship, empowerment, accountability and control. We believe that heightened standards of corporate governance, combined with a rigid, sincere approach to reporting, are paramount to running our business with integrity and to maintaining the trust of our stakeholders.



Confidentiality of Information

Each of our employees is informed of the importance of maintaining utmost confidentiality with respect to the company and client information. In this regard, it is the duty of all employees to ensure that files are returned to their appropriate location at the end of each working day.

We have in place comprehensive policies for safeguarding DRC's information. Employees are prohibited from disclosing confidential information that they may come to know by virtue of their employment and keeping any official document even if it relates to a work assigned to them.

Nonetheless, DRC does not take steps to comply with the European General Data Protection Regulation rules yet. However, The Group is committed to collecting, using, retaining, and not disclosing shareholders' personal data in an unsafe manner in compliance with the applicable regulatory and legal requirements for shareholder data protection.

Ethics and Prevention of Corruption

DRC provides stringent guidelines on ethics, anti-bribery, and anti-corruption to be abided by all our employees. The company delivers an induction to all employees joining DRC, providing them with a booklet containing all the necessary information pertaining to ethics and anti-corruption requirements.

It is mandatory for all employees to adhere to our Corruption Prevention policies, even though the percentage of our workforce that has formally certified their compliance with the policy has not been monitored. However, we strive to put into action plans and strategies to fulfil this requirement in the upcoming year.



Our employees are thoroughly instructed not to give or receive bribes to gain business or financial advantages. The company's employees are directed that any demand for or offer of such a bribe must be immediately rejected and reported to Management.

Whistleblower Policy

As part of DRC's Ethical and Corporate Governance initiatives, DRC has set up an independent and confidential email address, drcaudit@eim.ae, to receive reports about conduct by others, that is counter to company policies, code of conduct, or laws of the UAE.

This Whistleblowing initiative is to be used if:

- An employee may feel threatened personally or professionally by the individuals engaging in such conduct, or
- Employees in some occasions may feel that the company senior management or Board of Directors is aware of the conduct and condoning it, or
- Individuals committing the infractions are destroying evidence before it can be audited and caught.

Grievance Mechanisms







The HR Department has a vested interest in learning the challenges and problems DRC employees encounter. DRC recognises the right of employees to express their grievances and to seek a solution concerning disagreements arising from working relationships, working conditions, employment practices or differences of interpretation of policy that might arise.

Any complaints by an employee concerning any aspect of the employment relationship classify as a grievance. Any regular DRC employee may file a grievance. A probationary or non-regular employee may process a grievance concerning issues of prohibited discrimination or application/interpretation of DRC policies and procedures.


HR will always attempt to resolve the grievance with the least intrusion on departmental operations and minor interference in professional interpersonal relationships. Depending on the severity of the grievance, however, HR may escalate to other members of Senior Management if deemed necessary, with utmost effort to protect the employee's wellbeing.









Appendix 1: DFM - ESG Metrics

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page or Notes
E N V I R O N M E N T	E1. GHG Emissions	GRI 305: Emissions 2016		7
	E2. Emissions Intensity	GRI 305: Emissions 2016		7
	E3. Energy Usage	GRI 302: Energy 2016		7
	E4. Energy Intensity	GRI 302: Energy 2016		7
	E5. Energy Mix	GRI 302: Energy 2016		7
	E6. Water Usage	GRI 303: Water and Effluents 2018		8
	E7. Environmental Operations	GRI 103: Management Approach 2016	-	6
	E8. Management Environmental Oversight	GRI 102: General Disclosures 2016	-	6
	E9. Board Environmental Oversight	GRI 102: General Disclosures	-	6



		2016		
	E10. Climate Mitigation Risk	-		6







Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page or Notes
S O C I A L	S1. CEO Pay Ratio	GRI 102: General Disclosures 2016		12
	S2. Gender Pay Ratio	GRI 405: Diversity and Equal Opportunity 2016		12
	S3. Employee Turnover	GRI 401: Employment 2016	-	11
	S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016		11
	S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016	-	0.001%
	S6. Non Discrimination	GRI 103: Management Approach 2016		11
	S7. Injury Rate	GRI 403: Occupational Health and Safety 2018		12
	S8. Global Health and Safety	GRI 103: Management Approach 2016		12



	S9. Child and Forced Labour	GRI 103: Management Approach 2016*		11
	S10. Human Rights	GRI 103: Management Approach 2016		11
	S11. Nationalisation	-		11
	S12. Community Investment	GRI 413: Local Communities 2016		13



Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page or Notes
G O V E R N A N C E	G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016		15&16
	G2. Board Independence	-	-	15&16
	G3. Incentivized Pay	-	-	N/A
	G4. Collective Bargaining			N/A
	G5. Supplier Code of Conduct	-		Unknown % of suppliers signing the Supplier Code of Conduct
	G6. Ethics and Prevention of Corruption	-		Unknown % of workforce formally certified its compliance to the policy
	G7. Data Privacy	-	-	19
	G8. Sustainability Reporting	-	-	Dubai Refreshment P.J.S.C. Environment, Social and Governance 2021
	G9. Disclosure Practices	-	-	No
	G10. External Assurance	GRI 102: General Disclosures 2016	-	No