



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 2023.

I am happy to report that 2023 was a year where we made great progress on several fronts, which translated into very strong financial results for the year. On the core business strong account acquisitions coupled with successful roll out of Pepsi Zero and Lipton Zero led to strong gains on the core business which translated into strong local volume growth of 9%. We will continue to remain very competitive in this area to protect our market share while we expand in the growing zero sugar segment through continued product innovations such as the newly launched Mountain Dew Zero.

Our portfolio of relatively new products such as Gatorade, Aquafina glass and Britvic mixers range continue to grow at healthy rates and we are expecting this growth to continue behind distribution expansion, product innovation and continued marketing activation. These categories should become significant profit contributors in the future.

In last year's report we had mentioned that we were working on several growth opportunities with our partners. These efforts produced some important results in 2023 with DRC signing and executing an agreement with PepsiCo to store and deliver PepsiCo's range of snacks brands in the UAE. This range includes world leading brands such as Lays, Doritos and Cheetos among others. It is an important addition to DRC's business which promises to deliver significant growth to DRC profitability in the years ahead. Furthermore, we continue to explore additional opportunities with PepsiCo in this area and I hope we will be able to announce further cooperation in the future.

Assets

2023 saw two significant assets transactions that had significant impact on DRC operation and profitability. In June 2023 DRC sold its old manufacturing site on Sheikh Zayed road for AED 252 Million realizing a onetime profit of AED 220 million on the transaction. With the move to DIP in 2016, the Sheikh Zayed site became under utilized from an operational point of view and the sale allowed us to unlock the value of the property to the benefit of shareholders.

By contrast our growing business in Sharjah and Northern Emirates required DRC to make a long term investment in an appropriate distribution center. It is with great pride that we inaugurated the new DRC distribution center in Sharjah Industrial 17 on November 21, 2023. The new site will help us provide outstanding service to over 40% of our customers.

Revenues

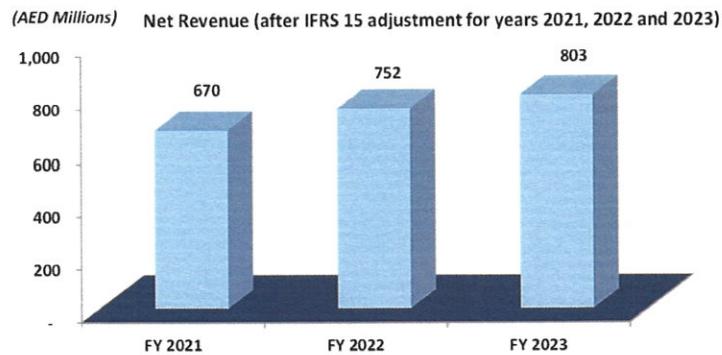
DRC achieved total net revenues of AED 803 million versus AED 752 million in 2022 which represents an increase of 7%. Most of this growth has come due to strong results in travel, restaurant and hotel sectors supported by strong share performance in retail sector. Diet drinks, Lipton, Gatorade and Aquafina Glass all delivered strong double digit growth.



AQUAFINA

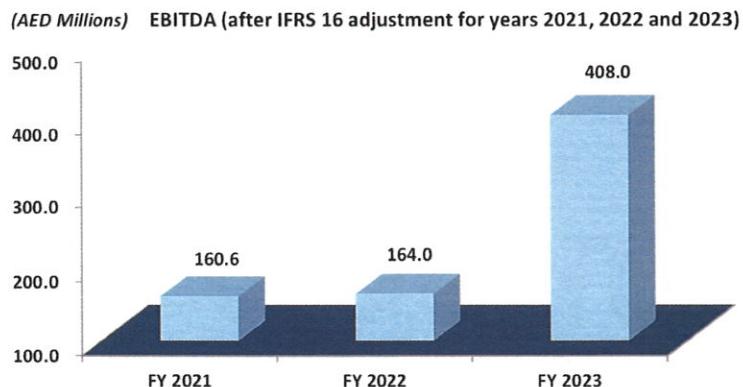
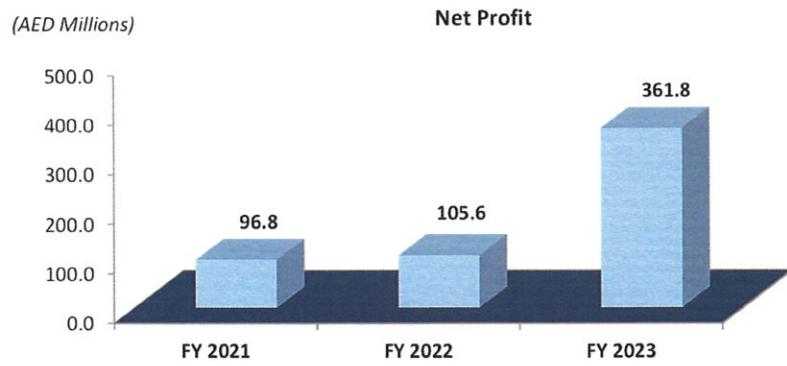


Britvic



Profitability

Total net profit for 2023 grew 242% to reach AED 361.8 million vs. AED 105.6 million in 2022. Profit was aided by a one time gain of AED 220 million for the sale of Al Quoz Land. Without this gain net profit was AED 141.6 million compared to AED 105.6 million in 2022, (+34%). Profit was driven by strong beverage volume growth, revenues from the new snacks operation and higher interest revenues on company cash.



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Cash Flow

In 2023, DRC generated AED 153.3 million cash from operations, and paid AED 63 million in dividends to shareholders. An additional gain of AED 220 million was generated from the sale of land. Net cash generated after dividends and other payments amounted to AED 152 million. DRC held AED 406 million in cash and cash equivalents at the end of 2023 and cash and bank balances including short term deposits amounted to AED 558 million as of 31 December 2023 and has no outstanding loans.

Future Growth

As mentioned previously, DRC Board and management continue to be focused on driving future profitable growth through organic business growth as well as unlocking new business opportunities with existing and new partners. The results we have been able to achieve over the last couple of years and the cash we have been able to accumulate in the company put us in great position to capitalize on any opportunity that may arise. We are already working on some of these opportunities, and we hope that some of them will materialize in the near future. We look forward to sharing with you news about these new initiatives as soon as they materialize.

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 Mohamed 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 view of all the challenges happening in the world around us, the UAE continues to shine and continues to deliver to all its residents a better life and hope for a better future. This would not be possible without strong and visionary leadership.

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.

Thank you.

On behalf of the Board of Directors,

Mr. Ahmad Bin Eisa Alserkal
Chairman of Board of Director



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