

ودام الغذائية
widam food

INVESTORS CONFERENCE CALL

For the year ended 30 June 2022

Presented by: Amar Kulkarni, Finance Director

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ABOUT US

Widam Food Company Q.P.S.C. (the “Company”) was incorporated in accordance with the Resolution No. 75 of 2003 issued by the Minister of Economy and Finance of the State of Qatar as a Qatari Public Shareholding Company, and was registered at the Ministry of Economy and Commerce of the State of Qatar with the Commercial Registration No. 26911 dated 16 December 2003. The Company is domiciled in the State of Qatar, where it also has its principal place of business. Its registered office is at Fifth floor, Al Shomoukh Tower, Al Saad, Doha.

The Company’s principal activities include the import and trade of livestock, meat and feeds. In addition the Company is engaged in the slaughter of sheep and cattle and supplying the local market with fresh meat and related products

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HIGHLIGHTS

- **In line with company expectations, Widam HY2022 presents evidence of strategic actions implemented, resulting in reduction of losses and improving margins versus same period 2021.** With increased domestic competition and challenges in sourcing and increased logistical costs, the company has shown resilience. Furthermore improved operational cost control has supported margin improvement. The company needs to work harder to drive domestic sales in conjunction with maintaining margin and further reducing operational costs.
- **Revenues rose by 8.1% YoY.** The company posted QR 252.2 mn in revenues to HY2022 increasing by 8.1% YoY. Sales of government compensated items rose by 25.7% YoY, non-compensated items rose by 6.8% YoY driven by Widam International sales strategy. Sales of Domestic non-compensated items declined by 12% YoY. Gross margin (after government compensation) recorded at 2.3% vs. (4.4%) in HY2021.
- **Expenses declined vs HY2021.** Operating expenses declined YoY by 27.4% vs HY2021. G&A declined YoY by 5.5% vs HY2021.

FINANCIAL HIGHLIGHTS – STATEMENT OF PROFIT & LOSS and OTHER COMPREHENSIVE INCOME

Key statement of profit or loss and other comprehensive income line items	QAR			
	30 June 2022	30 June 2021	Var.	%
Revenue	231,641,669	218,104,427	13,537,242	6%
Cost of sales	(246,847,241)	(245,183,374)	(1,663,867)	1%
Government compensation	21,000,000	16,709,603	4,290,397	26%
Gross profit / (loss)	5,794,428	(10,369,344)		
Other income	10,584,072	23,977,775	(13,393,703)	-56%
Dividend income	2,015,060	2,015,060	-	-
General and administrative expenses	(26,297,927)	(27,840,314)	1,542,387	-6%
Foreign Exchange profit	-	(552,595)	552,595	-100%
Income from bank deposit and call accounts	565,473	1,132,980	(567,507)	-50%
Finance cost on lease liabilities	(3,756,335)	(3,866,697)	110,362	-3%
Loss for the period	(11,895,228)	(15,503,135)		
Available-for-sale financial assets - net change in fair value	9,619,060	(10,303,421)	19,922,481	193%
Foreign operations - foreign currency translation differences	-	(7,053,766)	7,053,766	-100%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,276,168)	(32,860,322)		

YoY ANALYSIS

- **Revenue** has increased due to increase of sale of Slaughtered whole cattle and livestock sales as the Company witnessed high demand during months of Ramadan and Eid. Additionally International sales has been strong during HY2022.
- The **cost of sales** increased as a result of increase in revenue during the period, albeit at a reduced percentage versus revenue increase.
- The **government compensation** pertains to the subsidy received on sale of cattle to Qatari citizens during the Holy month of Ramadan. The reason for the increase in the amount is directly linked to the increase in the number of heads sold.
- The **other income** has decreased because the Company had recorded accrual for rent and other expenses in 2020 which was then reversed to other income in 2021 due to settlement with the relevant parties. No such reversals happened in 2022.
- The **dividend income** is related to dividends received from Baladna Company in which the company holds 38.02 million shares.
- The **G&A Expenses** decrease of QR 1.5M is mainly related to the decrease in accrual of staff bonus provision amount to QR 2.4M which is majorly offset by increase in staff cost worth QR 0.7M, Rent by QR 0.8M.
- **Income from deposits** and call accounts has decreased by QR 567K as a result of the maturity of term deposit which was worth QR 140M. As the term deposit has matured, the income earned on term deposit has reduced during the period.

FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Key Statement of financial position line items	QAR			
	30 June 2022	31 December 2021	Var.	%
Property and equipment	37,847,120	33,730,251	4,116,869	12%
Projects under progress	30,467,072	20,570,525	9,896,547	48%
Available for-sale-financial assets	64,557,960	54,938,900	9,619,060	18%
Right of Use Assets	130,716,132	137,510,644	(6,794,512)	-5%
Inventories	62,247,827	31,518,367	30,729,460	97%
Accounts receivable and prepayments	160,277,752	80,741,507	79,536,245	99%
Cash and bank balances	47,077,465	167,760,671	(120,683,206)	-72%
Total Assets	533,191,328	526,770,865		

ANALYSIS vs 31 Dec 2021

- **Property & equipment** increased due to purchases made during the period of about QR 6M which are mainly related to the categories of vehicles, tools and equipment and computer equipment netted off by the depreciation expense for the period amounted to QR 2.7M.
- **Projects under progress** have increased by almost QR 9.9M mainly as a result of the building new Cold Storage Facility in Al Wakra amounting to QR 8.2M as of 30 June 2022. The additional increase pertains to additional barns project in Sudan amounting QR 1.6M.
- The increase in the **Equity investments** of QR 9.6M is due to the increase in the fair value of the share price of Baladna Company as at 30 June 2022. The share price is increased from QR 1.445 per share as at 31 December 2021 to QR 1.698 as 30 June 2022.
- **Right of use assets** have decreased due to depreciation charge during the period amounting to QR 5.9M.
- The increase in **inventory** resulted from an increase in the company's purchases during the period. The company major purchases includes almost QR 20M for Eid ul Adha which was scheduled in the second week of July 2022.
- The increase in **trade and other receivables** is mainly related to the increase in trade receivables by QR 18.5 million, in Government Compensation receivable by QR 21 million and in advances to suppliers by QR 42 million.
- The decrease in the **cash balances** as at 30 June 2022 compared to 31 December 2021 results from the Company having paid advances to suppliers for the supply of sheep for Eid ul Adha amounting to QR 80 million.

FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Key statement of financial position line items	QAR			
	30 June 2022	31 December 2021	Var.	
Share capital	180,000,000	180,000,000	-	-
Legal reserve	88,972,992	88,972,992	-	-
Fair value reserve	26,157,760	16,538,700	9,619,060	58%
Translation reserve	(23,837,481)	(23,837,481)	-	-
Retained earnings	3,089,439	14,984,667	(11,895,228)	-79%
Total Equity	274,382,710	276,658,878		
Employee's end of service benefits	11,992,861	12,107,532	(114,671)	-1%
Lease Liabilities	135,031,898	139,201,519	(4,169,621)	-3%
Islamic borrowings	4,638,062	-	4,638,062	100%
Accounts payable and accruals	107,145,797	98,802,936	8,342,861	8%
Total Liabilities	258,808,618	250,111,987		
Total equity and liabilities	533,191,328	526,770,865		

ANALYSIS vs 31 Dec 2021

- No change in **share capital**, legal reserves and translation reserve during the year.
- The increase in the **fair value reserve** is related to the increase in the fair value of Baladna shares during the period ended 30 June 2022.
- Decrease in **retained earnings** majorly due to the loss for the period.
- The decrease in the **provision for Employee** end of service benefits the period is due to the resignation and/or termination of 46 employees, which as a result decreased the end of service provision booked during the current year.
- The Company had 15 long term lease contracts as at 30 June 2022. The discounting rate of 5.5% is used by the Company in order to calculate the present value of the **lease liability**. During the current period one existing lease contract was modified resulting in the adjustment of QR 2.3M.
- The increase in **accounts payable and accruals** pertains to an increase in other payables which consists of uncleared cheques issued to the suppliers amounting to QR 18 million but are not cleared yet as at 30 June 2022.

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Thank You

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