

ودام الغذائية
widam food

INVESTORS CONFERENCE CALL

For the year ended 30 September 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, Q3/2022 was a weak quarter with low Domestic sales during the Summer holiday months.** 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.
- **Overall Revenue rose by 9 % YoY.** The company posted overall revenue of QR 379 mn to Q3/2022 increasing by 9 % YoY. Sales of government compensated items rose by 18% YoY, non-compensated items rose by 8% YoY driven by Widam International sales. Sales of Domestic non-compensated items declined by 11% YoY, albeit at a higher gross margin than last year. Gross margin (after government compensation) recorded at 1% vs. (3%) in Q3/2021.
- **Expenses declined vs Q3/2021.** Operating expenses declined YoY by 21% vs Q3/2021. G&A declined YoY by 4% vs Q3/2021.

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

Key statement of profit or loss and other comprehensive income line items	QAR			%
	30 Sept 2022	30 Sept 2021	Var.	
Revenue	349,728,404	322,722,795	27,005,609	8%
Government Compensation	29,747,900	25,253,803	4,494,097	18%
Cost of Sales	(375,972,934)	(357,359,271)	(18,613,663)	5%
Gross Profit / (loss)	3,503,370	(9,382,673)		
Other Income	15,945,569	25,838,594	(9,893,025)	-38%
Dividend Income	2,015,060	2,015,060	-	-
General and Administrative expenses	(38,273,532)	(39,790,761)	1,517,229	-4%
Income from Bank Deposits	644,242	2,623,634	(1,979,392)	-75%
Finance cost on Lease Liability	(5,655,206)	(5,792,805)	137,599	-2%
Loss for the Period	(21,820,497)	(24,488,951)		
Available-for-sale Financial Asset	8,174,300	(2,387,361)	10,561,661	-442%
Foreign operations - Currency Transalation	(395,264)	(7,085,710)	6,690,446	-94%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(14,041,461)	(33,962,022)		

YoY ANALYSIS

- **Revenue** has increased mainly due to support from International Sales. Domestic sales has ben affected due to the traditional Q3 slow down witnessed year on year as a large portion of population take holidays during the summer months.
- 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 and Eid al Adha. The reason for the increase in the amount is directly linked to the increase in the number of heads sold.
- 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 and reduction in other expenses.

FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Key statement of financial position line items	QAR			
	30 Sept 2022	31 Dec 2021	Var.	%
Property and Equipment	36,632,319	33,730,251	2,902,068	9%
Project under progress	17,568,429	20,570,525	(3,002,096)	-15%
Available-for-sale Financial Asset	63,113,200	54,938,900	8,174,300	15%
Right of Use Asset	130,230,962	137,510,644	(7,279,682)	-5%
Inventories	99,976,420	31,518,367	68,458,053	217%
Accountst Receivable and prepayments	136,109,577	80,741,507	55,368,070	69%
Cash and Bank balances	44,477,586	167,760,671	(123,283,085)	-73%
TOTAL ASSETS	528,108,493	526,770,865		

ANALYSIS vs 31 Dec 2021

- **Property & equipment** increased due to purchases made during the period of about QR 7M 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 4 M.
- **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 8.1 M is due to the increase in the fair value of the share price of Baladna Company as at 30 September 2022. The share price is increased from QR 1.445 per share as at 31 December 2021 to QR 1.660 as 30 September 2022.
- **Right of use assets** have decreased due to depreciation charge during the period amounting to QR 7.2 M.
- The increase in **inventory** resulted from an increase in Inventory at Widam Sudan for International Sales. Livestock of QR 20 Mil. Purchase of Frozen stock build up for Q4 and FIFA requirements. Local Qatar population has increased by 10% versus average – hence increase in Inventory to support increase in Sales in Q4.
- The increase in **trade and other receivables** is mainly related to the increase in trade receivables by QR 55 million, in Government Compensation receivable by QR 9 million and in advances to suppliers by QR 37 million.
- The decrease in the **cash balances** as at 30 September 2022 compared to 31 December 2021 results from building up of Inventory, advances to suppliers and increase in receivables.

FINANCIAL HIGHLIGHTS – FINANCIAL POSITION

Key statement of financial position line items	QAR			
	30 Sept 2022	31 Dec 2021	Var.	%
Share Capital	180,000,000	180,000,000	0	0%
Legal Reserve	88,972,992	88,972,992	0	0%
Fair Vale Reserve	24,713,000	16,538,700	8,174,300	49%
Translation Reserve	(24,232,745)	(23,837,481)	(395,264)	2%
Retained Earning	(6,835,830)	14,984,667	(21,820,497)	-146%
Total Equity	262,617,417	276,658,878		
Employee's Liabilities	12,141,601	12,107,532	34,069	0%
Lease Liabilities	136,014,227	139,201,519		
Islamic Borrowing	35,880,728	0	35,880,728	100%
Accounts Payable and Accrual	81,454,520	98,802,936	(17,348,416)	-18%
Total Liabilities	265,491,076	250,111,987		
Total Equity and Liabilities	528,108,493	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 September 2022.
- Decrease in **retained earnings** due to loss for the period.
- The decrease in the **provision for Employee** end of service benefits the period is due to the resignation and/or terminations in Q2, which resulted in reduced accruals. Besides a small increase in staff, no major changes in staffing numbers expected for the year.
- The Company had 15 long term lease contracts as at 30 September 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 9 million but are not cleared yet as at 30 September 2022.

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Thank You

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