

Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Interim Condensed Consolidated Financial Information for
The Three Months Ended March 31, 2022
(Unaudited)
With
Review report

Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Interim Condensed Consolidated Financial Information for
The Three Months Ended March 31, 2022
(Unaudited)
With
Review report

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Review report on the Interim Condensed Consolidated Financial Information

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**The Board of Directors
Al EidFood Company
K.S.C. (Public)
and its subsidiaries
Kuwait**

Review report on the Interim Condensed Consolidated Financial Information

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Eid Food Company K.S.C. (Public) – “the Parent Company” and its subsidiaries (together referred to as “The Group”) as of March 31, 2022 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. The Parent company’s Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34, “Interim Financial Reporting”.

Report on other legal and regulatory matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the accounting books of the Parent Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of year 2016 and its executive regulations, as amended, or law No. 7 of year 2010 in respect of the establishment of the Capital Market Authority and the organization of securities activity, and its executive regulations, or the Parent Company’s article of incorporation and memorandum of association, as amended, have occurred during the three month period ended March 31, 2022 that might have had a material effect on the business of the Parent Company or on its interim condensed consolidated financial position.



**Ali A. Al Hasawi
License No. 30 - (A)
Rödl Middle East
Burgan - International Accountants**

May 10, 2022
Kuwait

Al Eid Food Company
K.S.C. (Public)
and its subsidiaries
Kuwait

Interim condensed consolidated statement of financial position as of March 31, 2022
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2022 (consolidated)	December 31, 2021 (audited) (consolidated)	March 31, 2021 (un consolidated)
Assets				
Current assets				
Cash and cash equivalents		987,584	1,182,615	997,280
Accounts receivable and other debit balances	4	14,416,048	14,131,582	14,514,038
Inventory	5	13,022,055	12,556,399	11,598,652
		<u>28,425,687</u>	<u>27,870,596</u>	<u>27,109,970</u>
Non-current assets				
Intangible assets		106,501	110,126	59,501
Property and equipment	7	446,475	489,059	278,960
		<u>552,976</u>	<u>599,185</u>	<u>338,461</u>
Total assets		<u>28,978,663</u>	<u>28,469,781</u>	<u>27,448,431</u>
Liabilities and equity				
Current liabilities				
Murabahat payables		5,196,390	5,034,520	3,999,070
Accounts payable and other credit balances	8	643,825	554,304	550,022
		<u>5,840,215</u>	<u>5,588,824</u>	<u>4,549,092</u>
Non-current liabilities				
Murabahat payables		949,638	1,305,752	2,730,208
Provision for end of service indemnity		361,816	352,021	324,038
		<u>1,311,454</u>	<u>1,657,773</u>	<u>3,054,246</u>
Equity				
Share capital	9	14,465,647	14,465,647	12,054,706
Statutory reserve		2,076,800	2,076,800	1,846,520
Voluntary reserve		1,147,016	1,147,016	916,736
Retained earnings		3,987,735	3,404,182	5,027,131
Equity attributable to shareholders of the "parent company"		<u>21,677,198</u>	<u>21,093,645</u>	<u>19,845,093</u>
Non-controlling interests		149,796	129,539	-
Total equity		<u>21,826,994</u>	<u>21,223,184</u>	<u>-</u>
Total liabilities and equity		<u>28,978,663</u>	<u>28,469,781</u>	<u>27,448,431</u>


Fahed Saud Al Mutairy
Chairman


Abdullah Saud Al Mutairy
Vice Chairman

Al Eid Food Company
K.S.C. (Public)
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Kuwait

Interim condensed consolidated statement of profit or loss and other comprehensive income for the three months ended March 31, 2022
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31	
		2022 (consolidated)	2021 (un consolidated)
Revenue			
Sales		6,606,068	4,402,618
Cost of sales	10	(5,552,937)	(3,703,114)
Gross profit of sales		1,053,131	699,504
Other income		58,605	42,388
Total revenue		1,111,736	741,892
Expenses and other charges			
General and administrative expenses		257,191	170,685
Finance expenses		157,259	152,959
Depreciation and amortization		46,209	35,617
Provisions		20,050	17,302
Total expenses and other charges		480,709	376,563
Net profit for the period before KFAS, Zakat and National Labour Support Tax		631,027	365,329
Contribution to Kuwait Foundation for the Advancement of Science		(5,497)	(3,288)
Zakat		(6,206)	(3,730)
National Labour Support Tax		(15,514)	(9,326)
Net profit for the period		603,810	348,985
Other comprehensive income for the period		-	-
Total comprehensive income for the period		603,810	348,985
Attributable to:			
Shareholders of the parent company		583,553	348,985
Non-controlling interests		20,257	-
Net profit for the period		603,810	348,985
Earning per share attributable to shareholders of the parent company /(Fils)	11	4.03	2.41

The accompanying notes form an integral part of this Interim Condensed Consolidated Financial Information.

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Interim condensed consolidated statement of changes in equity for the three months ended March 31, 2022
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	<u>Equity attributable to the shareholders of the "parent company"</u>					<u>Non- controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Total</u>		
Balance at January 1, 2021 (un consolidated)	12,054,706	1,846,520	916,736	4,678,146	19,496,108	-	19,496,108
Net profit for the period	-	-	-	348,985	348,985	-	348,985
Balance at March 31, 2021 (un consolidated)	<u>12,054,706</u>	<u>1,846,520</u>	<u>916,736</u>	<u>5,027,131</u>	<u>19,845,093</u>	<u>-</u>	<u>19,845,093</u>
Balance at January 1, 2022 (consolidated)	14,465,647	2,076,800	1,147,016	3,404,182	21,093,645	129,539	21,223,184
Net profit for the period	-	-	-	583,553	583,553	20,257	603,810
Balance at March 31, 2022 (consolidated)	<u>14,465,647</u>	<u>2,076,800</u>	<u>1,147,016</u>	<u>3,987,735</u>	<u>21,677,198</u>	<u>149,796</u>	<u>21,826,994</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Al Eid Food Company
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Interim condensed consolidated statement of cash flows for the three months ended March 31, 2022
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	2022	2021
	(consolidated)	(un consolidated)
Cash flows from operating activities		
Net profit for the period	603,810	348,985
Adjustments:		
Depreciation and amortization	46,209	35,617
Provision for end of service indemnity	9,795	7,720
Finance expenses	157,259	152,959
Adjusted profit before calculating the effect of changes in working capital items	817,073	545,281
Accounts receivable and other debit balances	(284,466)	(536,211)
Inventory	(465,656)	(166,328)
Accounts payable and other credit balances	89,521	25,926
Net cash generated from/(used in) operating activities	156,472	(131,332)
Cash flows from financing activities		
Murabahat payables	(194,244)	469,534
Finance expenses paid	(157,259)	(152,959)
Net cash (used in)/generated from financing activities	(351,503)	316,575
Net (decrease)/increase in cash and cash equivalents	(195,031)	185,243
Cash and cash equivalents at beginning of the period	1,182,615	812,037
Cash and cash equivalents at end of the period	987,584	997,280

The accompanying notes form an integral part of this Interim Condensed Consolidated Financial Information.

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Notes to the Interim Condensed Consolidated Financial Information for the three months ended March 31, 2022

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

1- Company's formation and activities

Al Eid for General Trading and Contracting Company (Abdullah Saud Murdy Al Mutairy and Partners) was incorporated as W.L.L Company in accordance with the Articles of Association dated on March 4, 1994 and subsequent amendments.

The legal entity of the company has been transferred from (limited liability company) to a kuwaiti shareholding company (Public) under the name of Al Eid Food Company as per the Articles of Association dated on June 2, 2004 through transferring all assets and liabilities to the new company based on evaluation made by an independent expert. Many changes on the company's commercial register, the last of which dated on June 29, 2021.

The objectives, for which the company was incorporated, are as follows:

- Managing and operating all works related to nutrition supplies in restaurants, hospitals, schools, universities, companies, factories and military camps, parks, commercial and residential complexes, clubs, institutes, entertainment cities, guest houses, residential houses, theaters, cinemas, recreational, sports and tourism projects and shops in various grades and levels including all indigenous and assistance services and facilities thereto and other necessary services, whether directly or to the favor of others.
- Making food and beverages, foodstuffs and other consumables (after the approval of the General Authority of Industry), importing, selling, packaging, storage and distributing in the manner that the company deems appropriate, in wholesale or retail.
- Opening and managing restaurants, including fast-food restaurants.
- Investing in different sectors through shareholding in the establishment or investing in companies.
- Purchasing and importing devices, supplies and equipment necessary for the implementation of the objectives of the company.
- Representing companies and participating in similar tenders that are similar to these purposes.
- Owning movables and real estate that are necessary to conduct its activities to acceptable limits in accordance with the law.
- Utilizing the financial surpluses that are available to the company through investing them in financial portfolios managed by specialized companies and authorities.

The parent company may conduct the previous mentioned business objectives inside and outside the State of Kuwait by itself or as an agent.

The parent company has the right to participate or subscribe in any way, in other institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The postal address of the parent company is: Ardiya – P.O. Box 41081, Post Code 85851 Kuwait.

The Interim Condensed Consolidated Financial Information for the three months ended March 31, 2022 was authorized for issue by the Board of Directors on May 10, 2022.

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2- Basis of preparation

The Interim Condensed Consolidated Financial Information of the Group has been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, it does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this Interim Condensed Consolidated Financial Information are consistent with those used in the preparation of the annual audited financial statements of the Group for the financial year ended December 31, 2021.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies; performance of the Group or interim condensed consolidated financial position.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2021.

This Interim Condensed Consolidated Financial Information is presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Group.

3- subsidiaries

This interim condensed consolidated financial information includes the financial information of the "Parent Company" and its subsidiaries, as described below, (together referred to as the "Group")

<u>Company name</u>	<u>Country</u>	<u>Activity</u>	<u>Ownership percentage%</u>		
			<u>March 31,2022</u>	<u>December 31,2021 (audited)</u>	<u>March 31,2021</u>
Natural Honey World Company - W.L.L	Kuwait	Bee honey and its supplies	60%	60%	-
Lugain Food Stuff Company - W.L.L	Kuwait	Food stuff	70%	70%	-

The interim condensed consolidated financial information of the subsidiaries has been consolidated based on financial information prepared by the management as of March 31, 2022.

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4- Accounts receivable and other debit balances

	March 31, 2022 <u>(consolidated)</u>	December 31, 2021 (audited) <u>(consolidated)</u>	March 31, 2021 <u>(un consolidated)</u>
Trade receivables	11,919,868	11,720,621	12,049,120
Provision for ECL	<u>(468,728)</u>	<u>(468,728)</u>	<u>(465,820)</u>
	11,451,140	11,251,893	11,583,300
Cheques under collections	2,963,408	2,879,689	2,886,466
Refundable deposits	<u>1,500</u>	<u>-</u>	<u>44,272</u>
	<u>14,416,048</u>	<u>14,131,582</u>	<u>14,514,038</u>

5- Inventory

	March 31, 2022 <u>(consolidated)</u>	December 31, 2021 (audited) <u>(consolidated)</u>	March 31, 2021 <u>(un consolidated)</u>
Ending inventory	8,174,200	7,775,491	6,958,211
Provision for slow moving items	<u>(114,460)</u>	<u>(114,460)</u>	<u>(114,460)</u>
	8,059,740	7,661,031	6,843,751
Goods in transit	<u>4,962,315</u>	<u>4,895,368</u>	<u>4,754,901</u>
	<u>13,022,055</u>	<u>12,556,399</u>	<u>11,598,652</u>

6- Transactions with related parties

Related parties comprise of the major shareholders, Board of Directors, entities controlled by them or under their joint control, executive officers of the Group, key management personnel and their close family members. The parent company's management approves the terms and condition of related parties transactions. The transactions with related parties are subject to the approval of Shareholders' General Assembly.

The balances of transactions with related parties included in the Interim Condensed Consolidated Financial Information are as follows:

Interim condensed consolidated statement of financial position

Interim condensed consolidated statement of financial position does not include any transactions with related parties.

Interim condensed consolidated statement of profit or loss and other comprehensive income

	<u>The three months ended March 31</u>	
	2022	2021
	<u>(consolidated)</u>	<u>(un consolidated)</u>
Key Management bonuses and benefits		
Salaries and other benefits	6,000	6,000

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7- Property and equipment

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Decorations</u>	<u>Total</u>
Cost					
Balance at January 1, 2022	900,000	457,495	438,780	286,564	2,082,839
Balance at March 31, 2022	<u>900,000</u>	<u>457,495</u>	<u>438,780</u>	<u>286,564</u>	<u>2,082,839</u>
Accumulated depreciation					
Balance at January 1, 2022	810,000	250,464	369,711	163,605	1,593,780
Charged for the period	11,250	17,600	5,752	7,982	42,584
Balance at March 31, 2022	<u>821,250</u>	<u>268,064</u>	<u>375,463</u>	<u>171,587</u>	<u>1,636,364</u>
Net book value					
At March 31, 2022	<u>78,750</u>	<u>189,431</u>	<u>63,317</u>	<u>114,977</u>	<u>446,475</u>
At December 31, 2021 (audited)	<u>90,000</u>	<u>207,031</u>	<u>69,069</u>	<u>122,959</u>	<u>489,059</u>

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8- Accounts payable and other credit balances

	March 31, 2022 <u>(consolidated)</u>	December 31, 2021 (audited) <u>(consolidated)</u>	March 31, 2021 <u>(un consolidated)</u>
Accounts payable	52,049	-	-
Provision for staff leave	45,704	35,449	58,867
KFAS	116,925	111,428	93,991
Zakat	126,737	120,531	117,599
National Labour Support Tax	<u>302,410</u>	<u>286,896</u>	<u>279,565</u>
	<u>643,825</u>	<u>554,304</u>	<u>550,022</u>

9- Share capital

The authorized, issued and full paid-up capital is KD 14,465,647 distributed on 144,656,467 shares with nominal value 100 Fils of each share and all shares are in cash.

10- Cost of sales

	The three months ended March 31	
	2022 <u>(consolidated)</u>	2021 <u>(un consolidated)</u>
Beginning inventory	7,775,491	6,984,379
Purchases	<u>5,951,646</u>	<u>3,676,946</u>
	13,727,137	10,661,325
Ending inventory	<u>(8,174,200)</u>	<u>(6,958,211)</u>
	<u>5,552,937</u>	<u>3,703,114</u>

11- Earning per share attributable to shareholders of the Parent Company/(Fils)

Earning per share attributable to shareholders of the parent company is calculated through dividing the net profit attributable to shareholders of the Parent Company for the period by the weighted average number of shares outstanding during the period as follows:

	The three months ended March 31	
	2022 <u>(consolidated)</u>	2021 <u>(un consolidated)</u>
Net profit share for the period attributable to shareholders of the Parent Company	583,553	348,985
Weighted average number of shares outstanding during the period	<u>144,656,467</u>	<u>144,656,467</u>
Earning per share attributable to shareholders of the Parent Company/(Fils)	<u>4.03</u>	<u>2.41</u>

The weighted average number of outstanding shares has been recomputed for the comparative period.

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Notes to the Interim Condensed Consolidated Financial Information for the three months ended March 31, 2022
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12- General Assembly of shareholders

On a subsequent date of the Interim Condensed Consolidated Financial Information (April 24, 2022), the Ordinary and Extraordinary General Assembly of the shareholders of the Parent Company was held and approved the following:

- The consolidated financial statements for the financial year ended December 31, 2021.
- Non distribution of any remuneration for the Board of Directors for the financial year ended December 31, 2021.
- Distribution of cash dividends at 8% of the nominal value of each share (8 fils per share) to shareholders registered in the Parent Company's records as at the end of the maturity date.
- Increase the parent company's capital from KD 14,465,646.700 to KD 16,924,806.600, by distributing bonus shares of 17% of the authorized, issued and paid-up capital distributed by 17 shares for each hundred shares through the issuance of 24,591,599 new shares, and authorization of the Board of directors to dispose of share fractions, determine the maturity date, and amend the schedule in case it is confirmed at least eight working days before the due date due to the delay of the month's procedures.

13- Financial instruments

Categories of financial instruments

The Company's financial assets and financial liabilities are classified in the Interim condensed consolidated statement of financial position as follows:

	March 31, 2022 (consolidate)	December 31, 2021 (audited) (consolidate)	March 31, 2021 (un consolidated)
Financial assets			
Cash and cash equivalents	987,584	1,182,615	997,280
Accounts receivable and other debit balances	14,416,048	14,131,582	14,514,038
	<u>15,403,632</u>	<u>15,314,197</u>	<u>15,511,318</u>
Financial liabilities			
Murabahat payables	6,146,028	6,340,272	6,729,278
Accounts payable and other credit balances	643,825	554,304	550,022
	<u>6,789,853</u>	<u>6,894,576</u>	<u>7,279,300</u>

14- Comparative figures

Certain cooperative figures for the previous period have been reclassified to conform to current period presentation.