

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

Interim Condensed Consolidated Financial Information for
The Three Months Ended March 31, 2023
(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, 2023
(Unaudited)
With
Review report

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Review report on the Interim Condensed Consolidated Financial Information

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Rödl

Middle East

Burgan International Accountants

**The Board of Directors
Al Eid Food 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, 2023 and the related interim condensed consolidated statements of profit or loss, 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, 2023 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
Licence No. 30 - (A)
Rödl Middle East
Burgan – International Accountants**

**May 10, 2023
Kuwait**

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

Interim condensed consolidated statement of financial position as of March 31, 2023
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2023	December 31, 2022 (audited)	March 31, 2022
Assets				
Current assets				
Cash and cash equivalents		1,561,809	1,715,251	987,584
Accounts receivable and other debit balances	4	15,572,134	15,464,212	14,416,048
Inventory	5	14,346,540	13,892,792	13,022,055
		<u>31,480,483</u>	<u>31,072,255</u>	<u>28,425,687</u>
Non-current assets				
Intangible assets		133,939	138,689	106,501
Property and equipment	7	375,749	434,223	446,475
		<u>509,688</u>	<u>572,912</u>	<u>552,976</u>
Total assets		<u>31,990,171</u>	<u>31,645,167</u>	<u>28,978,663</u>
Liabilities and equity				
Current liabilities				
Murabahat payables		7,669,231	7,968,584	5,196,390
Accounts payable and other credit balances	8	443,232	526,774	643,825
		<u>8,112,463</u>	<u>8,495,358</u>	<u>5,840,215</u>
Non-current liabilities				
Murabahat payables		-	-	949,638
Provision for end of service indemnity		405,157	395,000	361,816
		<u>405,157</u>	<u>395,000</u>	<u>1,311,454</u>
Equity				
Share capital	9	16,924,807	16,924,807	14,465,647
Statutory reserve		2,339,522	2,339,522	2,076,800
Voluntary reserve		1,197,508	1,197,508	1,147,016
Foreign currency translation reserve		(317)	(380)	-
Retained earnings		2,651,158	1,984,814	3,987,735
Equity attributable to shareholders of the "parent company"		<u>23,112,678</u>	<u>22,446,271</u>	<u>21,677,198</u>
Non-controlling interests		359,873	308,538	149,796
Total equity		<u>23,472,551</u>	<u>22,754,809</u>	<u>21,826,994</u>
Total liabilities and equity		<u>31,990,171</u>	<u>31,645,167</u>	<u>28,978,663</u>


Fahed Saud Al Mutairy
Chairman


Abdullah Saud Al Mutairy
Vice Chairman

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

Al Eid Food Company
K.S.C. (Public)
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Interim condensed consolidated statement of profit or loss for the three months ended March 31, 2023
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended March 31	
		2023	2022
Revenue			
Sales		7,596,121	6,606,068
Cost of sales	10	(6,335,221)	(5,552,937)
Gross profit of sales		1,260,900	1,053,131
Other income		61,450	58,605
Total revenue		1,322,350	1,111,736
Expenses and other charges			
General and administrative expenses		309,404	257,191
Finance expenses		178,425	157,259
Depreciation and amortization		63,235	46,209
Provisions		22,567	20,050
Total expenses and other charges		573,631	480,709
Net profit for the period before KFAS, Zakat and National Labour Support Tax		748,719	631,027
Contribution to Kuwait Foundation for the Advancement of Science		(6,276)	(5,497)
Zakat		(7,075)	(6,206)
National Labour Support Tax		(17,689)	(15,514)
Net profit for the period		717,679	603,810
Other comprehensive income for the period		-	-
Total comprehensive income for the period		717,679	603,810
Attributable to:			
Shareholders of the "parent company"		666,344	583,553
Non-controlling interests		51,335	20,257
Net profit for the period		717,679	603,810
Earning per share attributable to shareholders of the "parent company"/(Fils)	11	3.94	3.45

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 profit or loss and other comprehensive income for the three months ended March 31, 2023

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Net profit for the period	717,679	603,810
Other comprehensive income:		
<i>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</i>		
Foreign currency translation	<u>63</u>	<u>-</u>
Other comprehensive income for the period	<u>63</u>	<u>-</u>
Total comprehensive income for the period	<u>717,742</u>	<u>603,810</u>
Attributable to:		
Shareholders of the "parent company"	<u>666,407</u>	<u>583,553</u>
Non-controlling interests	<u>51,335</u>	<u>20,257</u>
Total comprehensive income for the period	<u>717,742</u>	<u>603,810</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 changes in equity for the three months ended March 31, 2023
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Equity attributable to the shareholders of the "parent company"					Total	Non-controlling interests	Total equity
	Share capital	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Retained earnings			
Balance at January 1, 2022	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	<u>14,465,647</u>	<u>2,076,800</u>	<u>1,147,016</u>	<u>-</u>	<u>3,987,735</u>	<u>21,677,198</u>	<u>149,796</u>	<u>21,826,994</u>
Balance at January 1, 2023	16,924,807	2,339,522	1,197,508	(380)	1,984,814	22,446,271	308,538	22,754,809
Net profit for the period	-	-	-	-	666,344	666,344	51,335	717,679
Other comprehensive income for the period	-	-	-	63	-	63	-	63
Total other comprehensive income for the period	-	-	-	63	666,344	666,407	51,335	717,742
Balance at March 31, 2023	<u>16,924,807</u>	<u>2,339,522</u>	<u>1,197,508</u>	<u>(317)</u>	<u>2,651,158</u>	<u>23,112,678</u>	<u>359,873</u>	<u>23,472,551</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, 2023
(Unaudited)
"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	2023	2022
Cash flows from operating activities		
Net profit for the period	717,679	603,810
Adjustments:		
Depreciation and amortization	63,235	46,209
Provision for end of service indemnity	10,157	9,795
Finance expenses	178,425	157,259
Adjusted profit before calculating the effect of changes in working capital items	969,496	817,073
Accounts receivable and other debit balances	(107,922)	(284,466)
Inventory	(453,748)	(465,656)
Accounts payable and other credit balances	(83,542)	89,521
Net cash generated from operating activities	324,284	156,472
Cash flows from financing activities		
Murabihat payables	(299,353)	(194,244)
Finance expenses paid	(178,425)	(157,259)
Net cash used in financing activities	(477,778)	(351,503)
Foreign currency translation	52	-
Net decrease in cash and cash equivalents	(153,442)	(195,031)
Cash and cash equivalents at beginning of the period	1,715,251	1,182,615
Cash and cash equivalents at end of the period	1,561,809	987,584

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

**Al Eid Food Company
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**Notes to the Interim Condensed Consolidated Financial Information for the three months ended March 31, 2023
(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 May 16, 2022.

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, 2023 was authorized for issue by the Board of Directors on May 10, 2023.

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(Unaudited)

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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, 2022.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2023 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, 2023. For further information, refer to the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2022.

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, 2023</u>	<u>December 31, 2022 (audited)</u>	<u>March 31, 2022</u>
Natural Honey World Company - W.L.L	Kuwait	Bee honey and its supplies	%60	%60	%60
Lugain Food Stuff Company - W.L.L	Kuwait	Food stuff	%70	%70	%70
Branch for Ready-made Meals' Preparation Company ~ W.L.L	Kuwait Kingdom of Saudi Arabia	Ready-made Meals' Preparation	%50	%50	-
Gulf countries company ~ W.L.L	Arabia	Food stuff	%99.95	%99.95	-
Heathland Company for Healthy Food and Vegetables Products ~ W.L.L	Kuwait	Healthy food and vegetables products	%70	%70	-

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(Unaudited)

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- The subsidiary financial information of (Gulf countries company – W.L.L) was consolidated at a percentage of 100% as of March 31, 2023 under an authenticated written waiver from a related party in the favour of the parent company.
- The interim condensed consolidated financial information of the subsidiaries have been consolidated based on management financial statements as of March 31, 2023.

4- Accounts receivable and other debit balances

	March 31, 2023	December 31, 2022 (audited)	March 31, 2022
Trade receivables	13,095,917	12,928,800	11,919,868
Provision for ECL	(468,728)	(468,728)	(468,728)
	<u>12,627,189</u>	<u>12,460,072</u>	<u>11,451,140</u>
Cheques under collections	2,881,514	2,940,709	2,963,408
Refundable deposits	63,431	63,431	1,500
	<u>15,572,134</u>	<u>15,464,212</u>	<u>14,416,048</u>

5- Inventory

	March 31, 2023	December 31, 2022 (audited)	March 31, 2022
Ending inventory	8,958,888	8,484,392	8,174,200
Provision for slow moving items	(114,460)	(114,460)	(114,460)
	<u>8,844,428</u>	<u>8,369,932</u>	<u>8,059,740</u>
Goods in transit	5,502,112	5,522,860	4,962,315
	<u>14,346,540</u>	<u>13,892,792</u>	<u>13,022,055</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.

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"All amounts are in Kuwaiti Dinar unless stated otherwise"

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

	The three months ended March 31	
	2023	2022
Key Management bonuses and benefits		
Salaries and other benefits	6,000	6,000

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7- Property and equipment

	Buildings	Machinery and equipment	Vehicles	Decorations	Total
Cost					
Balance at January 1, 2023	900,000	530,035	480,263	300,182	2,210,480
Foreign currency translation	-	2	11	2	15
Balance at March 31, 2023	<u>900,000</u>	<u>530,037</u>	<u>480,274</u>	<u>300,184</u>	<u>2,210,495</u>
Accumulated depreciation					
Balance at January 1, 2023	855,000	324,894	399,632	196,731	1,776,257
Charged for the period	11,250	23,644	14,562	9,029	58,485
Foreign currency translation	-	1	3	-	4
Balance at March 31, 2023	<u>866,250</u>	<u>348,539</u>	<u>414,197</u>	<u>205,760</u>	<u>1,834,746</u>
Net book value					
At March 31, 2023	<u>33,750</u>	<u>181,498</u>	<u>66,077</u>	<u>94,424</u>	<u>375,749</u>
At December 31, 2022 (audited)	<u>45,000</u>	<u>205,141</u>	<u>80,631</u>	<u>103,451</u>	<u>434,223</u>

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(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

8- Accounts payable and other credit balances

	March 31, 2023	December 31, 2022 (audited)	March 31, 2022
Accounts payable	14,366	29,566	52,049
Provision for staff leave	60,982	60,821	45,704
KFAS	141,349	135,073	116,925
Zakat	84,727	129,807	126,737
National Labour Support Tax	141,808	171,507	302,410
	<u>443,232</u>	<u>526,774</u>	<u>643,825</u>

9- Share capital

The authorized, issued and full paid-up capital is KD 16,924,807 distributed on 169,248,066 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	
	2023	2022
Beginning inventory	8,484,392	7,775,491
Purchases	6,809,685	5,951,646
	<u>15,294,077</u>	<u>13,727,137</u>
Ending inventory	(8,958,888)	(8,174,200)
Foreign currency translation	32	-
	<u>6,335,221</u>	<u>5,552,937</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	
	2023	2022
Net profit share for the period attributable to shareholders of the Parent Company	666,344	583,553
Weighted average number of shares outstanding during the period	169,248,066	169,248,066
Earning per share attributable to shareholders of the Parent Company/(Fils)	<u>3.94</u>	<u>3.45</u>

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

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12- General Assembly of shareholders

On May 3, 2023 the Board of Directors of the parent company proposed the following:

- The consolidated financial statements for the financial year ended December 31, 2022.
- Non distribution of any remuneration for the Board of Directors for the financial year ended December 31, 2022.
- Distribution of cash dividends at 5% of the nominal value of each share (5 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 16,924,806.600 to KD 18,617,287.200, by distributing bonus shares of 10% of the authorized, issued and paid-up capital distributed by 10 shares for each hundred shares through the issuance of 16,924,806 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.
- Approved the transfer of KD 553,907 from the voluntary reserve to the retained earnings.

13- Segment report

The group has classified its assets according to the following geographical sectors according to the geographical position of customers and the assets of each sector separately:

Below are the segments details:

- State of Kuwait.
- Gulf Co-operation Council.

	March 31, 2023		
	State of Kuwait	Gulf Co- operation Council	Total
Segment revenue	7,567,963	89,608	7,657,571
Expenses	(6,883,884)	(56,008)	(6,939,892)
Net profit end of period	684,079	33,600	717,679
	March 31, 2022		
	State of Kuwait	Gulf Co- operation Council	Total
Segment revenue	6,664,673	-	6,664,673
Expenses	(6,060,863)	-	(6,060,863)
Net profit end of period	603,810	-	603,810

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The assets and liabilities of the operating segments of the Group are distributed over the following geographical regions:

	<u>March 31, 2023</u>	<u>December 31, 2022 (audited)</u>	<u>March 31, 2022</u>
Assets			
State of Kuwait	31,919,842	31,559,085	28,978,663
Gulf Co-operation Council	70,329	86,082	-
	<u>31,990,171</u>	<u>31,645,167</u>	<u>28,978,663</u>
Liabilities			
State of Kuwait	8,516,500	8,889,337	7,151,669
Gulf Co-operation Council	1,120	1,021	-
	<u>8,517,620</u>	<u>8,890,358</u>	<u>7,151,669</u>

14- 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:

	<u>March 31, 2023</u>	<u>December 31, 2022 (audited)</u>	<u>March 31, 2022</u>
Financial assets			
Cash and cash equivalents	1,561,809	1,715,251	987,584
Accounts receivable and other debit balances	15,572,134	15,464,212	14,416,048
	<u>17,133,943</u>	<u>17,179,463</u>	<u>15,403,632</u>
Financial liabilities			
Murabahat payables	7,669,231	7,968,584	6,146,028
Accounts payable and other credit balances	443,232	526,774	643,825
	<u>8,112,463</u>	<u>8,495,358</u>	<u>6,789,853</u>

15- Comparative figures

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