

**HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

**FOR THE THREE AND SIX-MONTHS
THE TWO PERIOD ENDED 30 JUNE 2023 AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three and six-months period ended 30 June 2023

| Content | Page No. |
|--|-----------------|
| Independent auditor's review report | 2 |
| Interim condensed consolidated statement of comprehensive income (unaudited) | 3 |
| Interim condensed consolidated statement of financial position (unaudited) | 4 |
| Interim condensed consolidated statement of changes in equity (unaudited) | 5 |
| Interim condensed consolidated statement of cash flows (unaudited) | 6 |
| Notes to interim condensed consolidated financial statements (unaudited) | 7-15 |

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SHAREHOLDERS OF
HALWANI BROTHERS COMPANY
(A SAUDI JOINT STOCK COMPANY)
Jeddah - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of the financial position of Halwani Brothers Company - A Saudi Joint Stock Company - ("the Company") and its Subsidiary (referred together with "the Group"), as at 30 June 2023, and the related interim condensed consolidated statement of comprehensive income for the three-month and six-months period ended on June 30, 2023, and interim condensed consolidated statement of changes in shareholders' equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes from 1 to 14 form an integral part of these interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily to the 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, as endorsed in the Kingdom of Saudi Arabia, 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 statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, as endorsed in the Kingdom of Saudi Arabia

For Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
License Number 514




09 August 2023(G)
22 Muharram 1445 (H)

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
For the three and six-months period ended 30 June 2023

| | | For the three- months period ended 30 June 2023 | For the three- months period ended 30 June 2022 | For the Six- months period ended 30 June 2023 | For the six- months period ended 30 June 2022 |
|---|------|---|---|---|---|
| | | SR | SR | SR | SR |
| | Note | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenue from contracts with customers | (4) | 189,694,166 | 238,499,886 | 444,910,155 | 540,034,599 |
| Cost of revenue | | (151,593,884) | (173,567,892) | (335,549,114) | (379,369,477) |
| GROSS PROFIT | | 38,100,282 | 64,931,994 | 109,361,041 | 160,665,122 |
| Selling and distribution expenses | | (39,152,099) | (43,594,095) | (80,988,628) | (87,364,964) |
| General and administrative expenses | | (17,021,644) | (15,137,710) | (33,887,919) | (36,383,274) |
| Other (expenses) / income, net | | (523,551) | 64,062 | 321,271 | 64,062 |
| (LOSS)/PROFIT FROM OPERATIONS | | (18,597,012) | 6,264,251 | (5,194,235) | 36,980,946 |
| Finance costs | | (6,486,689) | (3,465,902) | (12,005,978) | (4,733,909) |
| Gain/(Loss) on derivative instruments at fair value through statement of comprehensive income | | 4,322 | 93,047 | (39,149) | 186,981 |
| (Loss) / gain on foreign currency differences | | 771,352 | 2,082,384 | (225,522) | 639,405 |
| (LOSS) / PROFIT BEFORE ZAKAT AND INCOME TAX | | (24,308,027) | 4,973,780 | (17,464,884) | 33,073,423 |
| Zakat | | (1,500,000) | (1,700,000) | (3,400,000) | (3,400,000) |
| Income tax | | (3,949,953) | (5,070,222) | (7,256,536) | (11,819,062) |
| (LOSS) / PROFIT FOR THE PERIOD | | (29,757,980) | (1,796,442) | (28,121,420) | 17,854,361 |
| OTHER COMPREHENSIVE INCOME: Items that are or may be reclassified subsequently to profit or loss in subsequent periods: | | | | | |
| Foreign currency translation differences | | (400,692) | (4,899,294) | (27,064,258) | (32,618,280) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (30,158,672) | (6,695,736) | (55,185,678) | (14,763,919) |
| EARNINGS PER SHARE | | | | | |
| Weighted average number of shares (per share) | | 35,357,145 | 35,357,145 | 35,357,145 | 35,357,145 |
| Basic and diluted earnings per share for the period attributable to ordinary shareholders from net profit | (6) | (0.84) | (0.05) | (0.80) | 0.50 |

Chief Financial officer
Nouman Farrukh M Abdussalam



Acting as Chief Executive
officer
Fawaz Mohammed Halwani



Authorized member of the
Board of Directors
Abdulelah Sabahi



The attached notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2023

| | Note | 30 June 2023 Unaudited SR | 31 December 2022 Audited SR |
|--|------|------------------------------------|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant, and equipment | | 442,995,545 | 465,325,434 |
| Intangible assets | | 2,761,663 | 2,863,569 |
| Right of use assets | | 27,417,790 | 28,422,295 |
| Deferred tax assets | | 153,205 | - |
| TOTAL NON-CURRENT ASSETS | | 473,328,203 | 496,611,298 |
| CURRENT ASSETS | | | |
| Asset held for sale | | 5,272,034 | 5,272,034 |
| Inventories | | 271,880,716 | 246,253,588 |
| Trade receivables and other receivables | | 147,223,513 | 164,300,865 |
| Cash and cash equivalent | (7) | 36,789,376 | 97,529,513 |
| TOTAL CURRENT ASSETS | | 461,165,639 | 513,356,000 |
| TOTAL ASSETS | | 934,493,842 | 1,009,967,298 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 353,571,450 | 353,571,450 |
| Statutory reserve | | 106,071,435 | 106,071,435 |
| Retained earnings | | 162,136,433 | 190,257,853 |
| Foreign currency translation reserve | | (243,293,656) | (216,229,398) |
| TOTAL SHAREHOLDERS' EQUITY | | 378,485,662 | 433,671,340 |
| NON-CURRENT LIABILITIES | | | |
| Term loans | (8) | - | 4,163,000 |
| Islamic Murabaha Contracts | (9) | 5,054,090 | 7,915,762 |
| Deferred tax liabilities | | - | 177,550 |
| Lease liabilities | | 21,141,739 | 22,812,504 |
| Employees defined benefits' obligations | | 31,591,073 | 36,286,100 |
| TOTAL NON-CURRENT LIABILITIES | | 57,786,902 | 71,354,916 |
| CURRENT LIABILITIES | | | |
| Current portion of term loans | (8) | 12,497,000 | 16,668,000 |
| Current portion of Islamic Murabaha Contracts | (9) | 19,301,052 | 7,610,049 |
| Islamic Murabaha Contracts short term | (9) | 316,793,904 | 304,492,489 |
| Letters of credit liabilities | | 16,382,984 | 18,291,178 |
| Current portion of lease contract obligations | | 5,870,981 | 5,511,739 |
| Trade payables | | 47,975,314 | 68,463,818 |
| Accrued expenses and other current liabilities | | 70,085,512 | 66,469,759 |
| Zakat and income tax | | 9,314,531 | 17,434,010 |
| TOTAL CURRENT LIABILITIES | | 498,221,278 | 504,941,042 |
| TOTAL LIABILITIES | | 556,008,180 | 576,295,958 |
| TOTAL EQUITY AND LIABILITIES | | 934,493,842 | 1,009,967,298 |

Chief Financial officer

Nouman Farrukh M Abdussalam



Acting as Chief Executive officer

Fawaz Mohammed Halwani



Authorized member of the Board of Directors

Abdulelah Sabahi



The attached notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the six-month period ended 30 June 2023

| | Share capital | Statutory reserve | Retained earnings | Foreign currency translation reserve | Total equity |
|--|--------------------|--------------------|---------------------|--------------------------------------|---------------------|
| | SR | SR | SR | SR | SR |
| As at 1 January 2023 | 353,571,450 | 106,071,435 | 190,257,853 | (216,229,398) | 433,671,340 |
| Net (loss) for the period | - | - | (28,121,420) | - | (28,121,420) |
| Other comprehensive loss | - | - | - | (27,064,258) | (27,064,258) |
| Total comprehensive loss | - | - | (28,121,420) | (27,064,258) | (55,185,678) |
| Balance at 30 June 2023 (Unaudited) | 353,571,450 | 106,071,435 | 162,136,433 | (243,293,656) | 378,485,662 |

| | Share capital | Statutory reserve | Retained earnings | Foreign currency translation reserve | Total equity |
|--|--------------------|--------------------|--------------------|--------------------------------------|---------------------|
| | SR | SR | SR | SR | SR |
| As at 1 January 2022 | 353,571,450 | 106,071,435 | 255,193,058 | (144,903,303) | 569,932,640 |
| Net profit for the period | - | - | 17,854,361 | - | 17,854,361 |
| Other comprehensive loss | - | - | - | (32,618,280) | (32,618,280) |
| Total comprehensive loss | - | - | 17,854,361 | (32,618,280) | (14,763,919) |
| Dividends | - | - | (70,714,290) | - | (70,714,290) |
| Balance at 30 June 2022 (Unaudited) | 353,571,450 | 106,071,435 | 202,333,129 | (177,521,583) | 484,454,431 |

Chief Financial officer

Nouman Faryakh M Abdussalam



Acting as Chief Executive officer

Fawaz Mohammed Halwani



Authorized member of the Board of

Directors

Abdulelah Sabahi

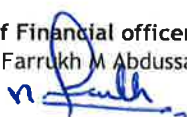


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HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2023

| | For the six- month period ended 30 June 2023 SR | For the six- month period Ended 30 June 2022 SR |
|---|--|--|
| Note | Unaudited | Unaudited |
| OPERATING ACTIVITIES | | |
| Net (loss)/ profit before zakat and tax | (17,464,884) | 33,073,423 |
| Adjustment to reconcile operating income to net cash flows: | | |
| Depreciation of property, plant, and equipment and right of use assets | 20,561,334 | 23,161,659 |
| Amortization of intangible assets | 215,989 | 203,618 |
| Provision for employees defined benefits' obligations | 2,262,038 | 2,150,704 |
| (Gain) / Loss on disposal of property, plant, equipment and intangible assets | (723,591) | 85,608 |
| Loss / (Gain) on derivative instruments at fair value through statement of comprehensive income | 39,149 | (186,981) |
| Provision for expected credit losses and other receivables | 4,206,114 | 1,891,739 |
| Provision for slow-moving inventory | 1,554,783 | 1,363,224 |
| Provision for contingencies | 242,262 | 1,316,407 |
| Finance costs | 12,005,978 | 4,733,909 |
| | 22,899,172 | 67,793,310 |
| Changes in items of operating assets and liabilities | | |
| Inventories | (48,454,470) | (128,417,388) |
| Trade receivables and other receivables | 3,948,239 | (45,804,772) |
| Trade payables and other current liabilities | (5,148,630) | 35,282,153 |
| | (26,755,689) | (71,146,697) |
| Zakat and income tax paid | (14,461,905) | (30,815,986) |
| Defined Employees benefits' obligations paid | (6,957,065) | (2,086,649) |
| Finance cost paid | (11,177,224) | (4,058,852) |
| Net cash used in operating activities | (59,351,883) | (108,108,184) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and intangible assets | (3,683,068) | (19,163,484) |
| Proceeds from sales of property, plant and equipment | 961,855 | - |
| Net cash used in investing activities | (2,721,213) | (19,163,484) |
| FINANCING ACTIVITIES | | |
| Proceeds from Islamic Murabaha Contracts | 514,303,600 | 453,598,271 |
| Payments of Islamic Murabaha Contracts | (483,210,140) | (278,604,186) |
| Payment of lease liabilities | (5,300,645) | (6,630,829) |
| Payment of term loans | (8,334,000) | (14,584,000) |
| Proceeds from letters of credit liabilities | - | 65,144,883 |
| Payments of letters of credit liabilities | (1,908,194) | - |
| Dividends | - | (70,714,290) |
| Net cash generated from financing activities | 15,550,621 | 148,209,849 |
| NET CHANGE IN CASH AND CASH EQUIVALENT | (46,522,475) | 20,938,181 |
| Net difference in foreign currency translation | (14,217,662) | (13,580,327) |
| Cash and cash equivalent at the beginning of the period | 97,529,513 | 90,365,697 |
| CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD | (7) 36,789,376 | 97,723,551 |
| SIGNIFICANT NON-CASH TRANSACTIONS: | | |
| Change effect in the differences of translation of foreign currencies | (27,064,258) | (32,618,280) |
| Right-of-use assets and lease liabilities | 5,725,876 | 7,821,406 |

Chief Financial officer
Nouman Farrukh M Abdussalam



Acting as Chief Executive officer
Fawaz Mohammed Halwani



Authorized Member of the Board of Directors
Abdulelah Sabahi



The attached notes 1 to 14 form an integral part of these unaudited interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Halwani Brothers Company (“the Company” or “the Parent Company”), a Saudi Joint Stock Company established in accordance with Company’s regulations in the Kingdom of Saudi Arabia. It is registered in Jeddah city under Commercial Registration (CR) No. 4030005702 dated on 11 Rabi` al-Thani 1388H (corresponding to 7 July 1968).

The Company is listed in the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia. It is also 55.5% owned by Aseer Al Arabiah for Industrial Investment Co., and 44.5% by other shareholders.

The Company is mainly engaged in the manufacturing, packaging, wholesale and retail trade of food products.

The registered address of the Company is in Jeddah, Industrial area, fourth stage, P. O. Box 690, Jeddah 21421, Kingdom of Saudi Arabia. The headquarters of the Company is located in Jeddah. The Parent Company operates in the Kingdom of Saudi Arabia, through its branches located in various regions of the Kingdom of Saudi Arabia

The consolidated financial statements comprise the financial statements of the Parent Company and the financial statements of Halwani Brothers Egypt - a closed Egyptian Joint Stock Company - a wholly owned Subsidiary of the Parent Company (the “Subsidiary”), which is engaged in manufacturing, packaging and distribution of all foodstuffs (together referred as the “Group”).

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” “IAS 34” which is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. They should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. In addition, results for the interim period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial derivatives that have been measured at fair value and the employee benefits have been measured at the fair value of future obligation using the projected unit credit method. The interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”), which is the functional and presentational currency of the Group.

2.2 Going concern assessment

The Goup's management has made an assessment of the Goup's ability to continue to carry out its business in accordance with the principle of going concern and the group is convinced that it has the resources to continue its business in the foreseeable future. Also, management is not aware of any material uncertainties that may affect the Group's ability to continue its business. Accordingly, these Interim condensed consolidated financial statements have been prepared on a going concern basis.

2.3 Devaluation of the currency of the Arab Republic of Egypt:

During the period ending on June 30, 2023, the Egyptian pound recorded a decrease in the exchange rate by 25% against the Saudi Riyal comparing with December 31, 2022. As a result, a currency translation adjustment was recorded in relation of the translation of operations for the subsidiary in the Arab Republic of Egypt.

2.4 New Standards Amendment to Standards and Interpretations

There are new standards issued and number of amendments to standards which are effective from 1 January 2023 and has been explained in Group annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial Statements.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation

The interim condensed consolidated financial statements include the interim financial statements of the Company and the Subsidiary (the “Group”) as of June 30, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its transactions with the investee and has the ability to affect those returns through exercising its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has control over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the it ceases to control the Subsidiary. When necessary, adjustments are made to the financial statements of the Subsidiaries to bring its accounting policies in line with the Group’s accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognized in the interim condensed consolidated statement of comprehensive income. Any investment retained is recognized at fair value.

Below are the details of the Subsidiary:

| <u>Company name</u> | <u>Country of incorporation</u> | <u>Ownership percentage as at 30 June 2023</u> | <u>Ownership percentage as at 31 December 2022</u> | <u>Activity</u> |
|--|------------------------------------|--|--|--|
| Halwani Brothers Company (a closed Egyptian Joint stock Company) | Alsharqia - Arab Republic of Egypt | 100% | 100% | Manufacturing, packaging, canning and distribution of all foods. |

3 SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products or specific services (business segment) or providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from other segments. The Group uses the geographical segment only as it operates in the manufacturing, filling, whole, and retail trade of food products.

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

3 SEGMENT REPORTING (continued)

The financial information of assets and liabilities related to geographical sectors after excluding the effect of balances among companies of the Group as at 30 June 2023 and 31 December 2022 as follows:

| <u>Segments</u> | <u>Kingdom of Saudi Arabia in thousands SR</u> | <u>Arab Republic of Egypt in thousands SR</u> | <u>Reconciliation in thousands SR</u> | <u>Total in thousands SR</u> |
|---|--|---|---|--------------------------------------|
| <u>As per 30 June 2023 (Unaudited)</u> | | | | |
| Total assets | 827,041 | 246,077 | (138,624) | 934,494 |
| Total liabilities | 448,555 | 121,016 | (13,563) | 556,008 |
| <u>As per 31 December 2022 (audited)</u> | | | | |
| Total assets | 882,417 | 271,622 | (144,072) | 1,009,967 |
| Total liabilities | 448,745 | 136,423 | (8,872) | 576,296 |

The financial information of revenue / loss and selected income relating to the geographical segments excluding the effect of transactions between the Group's companies for the six-month period ended 30 June 2023 and 30 June 2022 is as follows:

| <u>Segments</u> | <u>Kingdom of Saudi Arabia in thousands SR</u> | <u>Arab Republic of Egypt in thousands SR</u> | <u>Reconciliation in thousands SR</u> | <u>Total in thousands SR</u> |
|--|--|---|---|--------------------------------------|
| <u>As of 30 June 2023 (Unaudited)</u> | | | | |
| Revenue from contracts with customers | 209,573 | 235,630 | (293) | 444,910 |
| Company's share in the results of the Subsidiary | 17,533 | - | (17,533) | - |
| Segment profit for the period | (28,121) | 17,533 | (17,533) | (28,121) |
| <u>As of 30 June 2022 (Unaudited)</u> | | | | |
| Revenue from contracts with customers | 248,403 | 291,806 | (174) | 540,035 |
| Company's share in the results of the Subsidiary | 30,088 | - | (30,088) | - |
| Segment profit for the period | 17,854 | 30,088 | (30,088) | 17,854 |

Detailed revenue information from contracts with customers for geographical segments is shown in Note (4).

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 For the six-month period ended 30 June 2023

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The following are the details of the Group's revenue from contracts with customers for the six-month period ending on June 30, 2023, and June 30, 2022:

| <u>Segments</u> | Kingdom of Saudi Arabia in thousands SR | Arab Republic of Egypt in thousands SR | Reconciliation in thousands SR | Total in thousands SR |
|---|--|--|--------------------------------------|-----------------------------|
| <u>For the six-month period ending June 30, 2023 (Unaudited)</u> | | | | |
| Type of goods | | | | |
| Sesame products | 104,028 | 51,516 | - | 155,544 |
| Meat products | 19,029 | 165,024 | - | 184,053 |
| Other products | 86,516 | 19,090 | (293) | 105,313 |
| Total | 209,573 | 235,630 | (293) | 444,910 |
| Type of customers | | | | |
| Key customers | 53,766 | 41,561 | - | 95,327 |
| Wholesalers | 66,724 | 88,305 | - | 155,029 |
| Retailers | 28,785 | 56,836 | - | 85,621 |
| Catering | 36,289 | 17,327 | - | 53,616 |
| Exports | 19,199 | 31,601 | (293) | 50,507 |
| Others | 4,810 | - | - | 4,810 |
| Total | 209,573 | 235,630 | (293) | 444,910 |
| | | | | |
| <u>Segments</u> | Kingdom of Saudi Arabia in thousands SR | Arab Republic of Egypt in thousands SR | Reconciliation in thousands SR | Total in thousands SR |
| <u>For the six-month period ending June 30, 2022 (Unaudited)</u> | | | | |
| Type of goods | | | | |
| Sesame products | 118,541 | 37,667 | - | 156,208 |
| Meat products | 30,285 | 232,134 | - | 262,419 |
| Other products | 99,577 | 22,005 | (174) | 121,408 |
| Total | 248,403 | 291,806 | (174) | 540,035 |
| Type of customers | | | | |
| Key customers | 63,908 | 46,673 | - | 110,581 |
| Wholesalers | 67,529 | 131,606 | - | 199,135 |
| Retailers | 45,222 | 73,466 | - | 118,688 |
| Catering | 31,897 | 15,664 | - | 47,561 |
| Exports | 38,974 | 24,397 | (174) | 63,197 |
| Others | 873 | - | - | 873 |
| Total | 248,403 | 291,806 | (174) | 540,035 |

4 REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

| Geographical markets | For the six-month period ended 30 June | |
|-------------------------|--|--------------------------------------|
| | 2023 thousands in SR Unaudited | 2022 thousands in SR Unaudited |
| Kingdom of Saudi Arabia | 190,374 | 209,429 |
| Arab Republic of Egypt | 204,029 | 267,409 |
| Other markets | 50,507 | 63,197 |
| | 444,910 | 540,035 |

5 ZAKAT AND INCOME TAX

There has been no material change in the Group's zakat or tax status compared to the year ended December 31, 2022.

6 EARNINGS PER SHARE

Basic and diluted earnings / (losses) per share (EPS) is calculated by dividing the profit / (losses) for the period attributable to ordinary shareholders by the weighted average number of ordinary outstanding shares on the date of the interim condensed consolidated statement of financial position.

The table below reflects the income and the shares data used in calculating basic and diluted earnings per share:

| | For the three- months period ended 30 June 2023 SR Unaudited | For the three- months period ended 30 June 2022 SR Unaudited | For the Six- months period ended 30 June 2023 SR Unaudited | For the six- months period ended 30 June 2022 SR Unaudited |
|--|--|--|--|--|
| Net(loss) / profit for the period | (29,757,980) | (1,796,442) | (28,121,420) | 17,854,361 |
| Weighted average number of shares | 35,357,145 | 35,357,145 | 35,357,145 | 35,357,145 |
| Basic and diluted earnings per share (SR) | (0.84) | (0.05) | (0.80) | 0.50 |

There was no reduction component affecting the weighted average number of common shares.

7 CASH AND CASH EQUIVALENTS

| | 30 June 2023 SR Unaudited | 31 December 2022 SR Audited |
|--------------------------|---------------------------------|-----------------------------------|
| Cash on hand and at bank | 33,163,637 | 94,004,905 |
| Cheques under collection | 3,625,739 | 3,524,608 |
| | 36,789,376 | 97,529,513 |

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

8 TERM LOANS

| | As at 30 June 2023 Unaudited | As at 31 December 2022 Audited |
|---------------------------------|------------------------------------|--------------------------------------|
| Alrajhi Bank financing (Note a) | 12,497,000 | 20,831,000 |
| | 12,497,000 | 20,831,000 |
| Less: current portion | (12,497,000) | (16,668,000) |
| Non-current portion | - | 4,163,000 |

(A) During the year 2021, the parent company signed a financing agreement with Al Rajhi Bank in the amount of SR 65 million. The amount of SR 50 million was withdrawn by the parent company. According to the terms of the agreement, the financing is due to be repaid in quarterly installments of SR 4.2 million starting from June 30, 2021, and the last installment is due on March 31, 2024. The financing incurs financing fees (at the prevailing rate in the market between Saudi banks plus a profit margin). The financing was secured by promissory notes issued to the bank.

9 ISLAMIC MURABAHA CONTRACTS

The following is the carrying value of the Islamic Murabaha contracts as of June 30, 2023 and December 31, 2022:

9.1 LONG TERM ISLAMIC MURABAHA CONTRACTS

The following is the carrying value of the Islamic Murabaha contracts as of June 30, 2023 and December 31, 2022:

| Finance type | Notes | Amount in Egyptian Pound | | Amount in Saudi Riyals | |
|--|-------|---------------------------------------|---|---------------------------------------|---|
| | | As at 30 June 2023 Unaudited | As at 31 December 2022 Audited | As at 30 June 2023 Unaudited | As at 31 December 2022 Audited |
| Murabaha (Note 10.b) | a | 201,031,967 | 102,739,882 | 24,355,142 | 15,525,811 |
| (less) Current portion of long term Murabaha | | | | (19,301,052) | (7,610,049) |
| Non-current portion of long term Murabaha | | | | 5,054,090 | 7,915,762 |

a) The Subsidiary company entered into long-term Murabaha contracts with a local bank in Egypt to finance its operations. The Subsidiary company pays financing charges according to prevailing market rates. As of June 30, 2023, the outstanding balance of these contracts amounted to SR 24.36 million (31 December 2022: SR 15.5 million), and there is a non-current part of SR 5 million Saudi Riyals (31 December 2022: SR 7.9 million).

9.2 ISLAMIC MURABAHA CONTRACTS SHORT TERM

The carrying value of the Islamic Murabaha contracts as at 30 June 2023 and 31 December 2022 is as follows:

| Finance type | Notes | Currency | Amount in original currency | | Amount in Saudi Riyals | |
|-------------------------|-------|----------------|---------------------------------------|---|--|--|
| | | | As at 30 June 2023 Unaudited | As at 31 December 2022 Audited | As at June 30, 2023 Unaudited | As at December 31, 2022 Audited |
| Tawaruq | a | Saudi Riyals | 88,200,000 | 92,500,000 | 88,200,000 | 92,500,000 |
| Tawaruq | a | Saudi Riyals | - | 62,984,446 | - | 62,984,446 |
| Tawaruq | a | Saudi Riyals | 98,399,999 | 65,000,000 | 98,399,999 | 65,000,000 |
| Tawaruq | a | Saudi Riyals | 10,000,000 | 50,000,000 | 10,000,000 | 50,000,000 |
| Tawaruq | a | Saudi Riyals | 95,317,083 | - | 95,317,083 | - |
| Murabaha | b | Egyptian Pound | 188,205,539 | 225,043,457 | 22,801,212 | 34,008,043 |
| Murabaha | b | Egyptian Pound | 17,132,479 | - | 2,075,610 | - |
| Total facilities | | | | | 316,793,904 | 304,492,489 |

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2023

9 ISLAMIC MURABAHA CONTRACTS (Continued)

- a) The parent company entered into short-term Islamic Murabaha contracts (Tawarruq) with local banks in the Kingdom of Saudi Arabia. These murabahas are paid within a period of three to eight months, and the parent company pays financing charges on the financing according to the prevailing market rate between Saudi banks plus a profit margin, as on June 30, 2023, the outstanding balance of these contracts amounted to SR 291,9 million (December 31, 2022: SR 270.4 million). Murabahas were secured by promissory notes issued to banks.
- b) The subsidiary also entered into short Murabaha contracts with local banks in the Arab Republic of Egypt to finance its operations. The Subsidiary company pays financing charges according to the rates prevailing in the market. As of June 30, 2023, the outstanding balance of these contracts amounted to SR 24,8 million (December 31, 2022: SR 34 million).

10 RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent major shareholders, board members, and key management personnel of the Group and entities controlled or significantly influenced by such parties. The Groups' major-related parties are described as follows:

| Name | Relationship |
|---|---|
| Alrabie Saudi foods company | Affiliate owned by a major shareholder |
| Dallah Trading Company | Affiliate owned by a major shareholder |
| Ismailia Poultry Company-Egypt | Affiliate owned by a major shareholder |
| Watan creativity Company for retail trade | A party to a member of the board of directors |
| Albaraka Bank | A party to a member of the board of directors |
| Aquat Food Industries | A party to a member of the board of directors |
| Mecca Corporation for Printing | A party to a member of the board of directors |
| Al Wasta Food Services Co. Ltd | A party to a member of the board of directors |
| Albaik food systems Co. | A party to a member of the board of directors |
| Emaar The Economic City Company | A party to a member of the board of directors |
| Affiliates of the Parent Company | Related parties |
| Key management | Related parties |
| Board members | Related parties |

The following are the main transactions relating to related parties during the six months ended June 30, 2023 and June 30, 2022, and related party balances as of June 30, 2023, and December 31, 2022:

a) Due from related parties (trade receivables and other receivables)

| | (Nature of transaction) | <u>Transaction for the six-month period ended</u> | | As at | As at |
|--|-------------------------|---|--------------|------------------|------------------|
| | | 30 June 2023 | 30 June 2022 | 30 June 2023 | 31 December 2022 |
| | | Unaudited | Unaudited | Unaudited | Audited |
| Albaik food systems Co. | Selling finished goods | 2,979,328 | 6,264,802 | 1,144,460 | 664,486 |
| Other parties | Different transactions | 1,612,954 | 1,502,589 | 523,908 | 849,172 |
| | | | | 1,668,368 | 1,513,658 |
| Less: impairment of the value of related parties | | | | (9,614) | (261,311) |
| | | | | 1,658,754 | 1,252,347 |

HALWANI BROTHERS COMPANY (A SAUDI JOINT STOCK COMPANY)
 NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 For the six-month period ended 30 June 2023

10 RELATED PARTIES TRANSACTIONS AND BALANCES (Continued)

- b) Due to related parties
 b.1 Due to related parties (accruals and other payable)

| | (Nature of transaction) | Transaction for the six-month period ended | | As at | As at |
|--------------------------------|---------------------------|--|--------------|---------------|------------------|
| | | 30 June 2023 | 30 June 2022 | 30 June 2023 | 31 December 2022 |
| | | Unaudited | Unaudited | Unaudited | Audited |
| Dallah Trading Company | Purchase | - | 484,361 | - | 68,042 |
| Ismailia Poultry Company-Egypt | Purchase of raw materials | 65,225 | 960,484 | - | 66,793 |
| Other parties | Various transactions | 214,595 | 402,893 | 27,500 | 85,355 |
| | | | | <u>27,500</u> | <u>220,190</u> |

- b.2 Due to related parties (Islamic Murabaha)

| | (Nature of transaction) | Transaction for the six-month period ended | | As at | As at |
|----------------|---------------------------------------|--|--------------|-------------------|-------------------|
| | | 30 June 2023 | 30 June 2022 | 30 June 2023 | 31 December 2022 |
| | | Unaudited | Unaudited | Unaudited | Audited |
| Albaraka Bank* | Islamic Murabaha and current accounts | 21,116,469 | 21,304,339 | 20,136,498 | 14,662,272 |
| | | 4,218,644 | 482,103 | <u>20,136,498</u> | <u>14,662,272</u> |

*Al Baraka Bank balance is allocated as follows:

| | As at 30 June 2023 | As at 31 December 2022 |
|-----------------------------|--------------------|------------------------|
| | Unaudited | Audited |
| Current accounts with banks | (4,218,644) | (863,539) |
| Islamic Murabaha (Note 9.1) | 24,355,142 | 15,525,811 |
| | <u>20,136,498</u> | <u>14,662,272</u> |

- c) Board of directors and key management's allowances and remunerations

Compensation of key management personnel and Board of Directors recognized as an expense during the period is as follows:

| | As at 30 June 2023 | As at 30 June 2022 |
|---|--------------------|--------------------|
| | Unaudited | Unaudited |
| Salaries and compensation | 5,755,267 | 5,378,189 |
| End of service benefits | 128,470 | 163,888 |
| Rewards and allowances for attending the meetings | 3,463,712 | 3,578,289 |
| | <u>9,347,449</u> | <u>9,120,366</u> |

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets consist of cash in hand and at banks, trade and other receivables and due from related parties, while its financial liabilities consist of supplier's trade payables, Islamic Murabaha Contracts, term loans, obligation under finance leases, and due to related parties, as below:

11.1 Financial assets

| | As at 30 June 2023 | As at 31 December 2022 |
|-----------------------------|--------------------|------------------------|
| | Unaudited | Audited |
| Trade and other receivables | 147,223,513 | 164,300,865 |
| Cash and cash equivalent | 36,789,376 | 97,529,513 |
| | <u>184,012,889</u> | <u>261,830,378</u> |

11 FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

11.2 Financial liability

| | As at 30 June 2023 Unaudited | As at 31 December 2022 Audited |
|--|------------------------------------|--------------------------------------|
| Trade payables | 47,975,314 | 68,463,818 |
| Accrued expenses and other current liabilities | 70,085,512 | 66,469,759 |
| Islamic Murabaha Contracts | 341,149,046 | 320,018,300 |
| Term loans | 12,497,000 | 20,831,000 |
| Letters of credit liabilities | 16,382,984 | 18,291,178 |
| Lease contract obligations | 27,012,720 | 28,324,243 |
| | 515,102,576 | 522,398,298 |

All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group enters into derivative financial instruments primarily with financial institutions that have credit ratings. The derivatives valued through technical valuation techniques with observable market data are interest rate swaps. The most widely used technical valuation techniques include price and swap models - using present value calculations.

As of June 30, 2023, and December 31, 2022, the fair values of the Group's financial instruments were estimated to approximate their book values and categorized within Level 2 of the fair value hierarchy. The fair value of financial assets as at June 30, 2023, and December 31, 2022 is the carrying value due to the fact that the balances of these receivables are short-term in nature.

There were no transfers between Level 1, Level 2, and Level 3 during the period ending on June 30, 2023 and June 30, 2022.

12 CONTINGENT LIABILITIES

| | As at 30 June 2023 Unaudited | As at 31 December 2022 Audited |
|---|------------------------------------|--------------------------------------|
| Letters of guarantee and documents for collection issued by banks | 18,017,342 | 28,125,313 |

13 THE IMPACT OF THE POLITICAL SITUATION OF THE REPUBLIC OF SUDAN:

During the period, political turmoil broke out in the Republic of Sudan. This may have financial effects on many economic entities that have transactions with the Republic of Sudan, as well as on direct interests (such as suppliers, customers, investments ,and lenders). The political events are constantly changing.

The main potential effects arising from the disruption of the political situation are as follows:

- Interruptions or suspension of production and closure of roads and facilities.
- Travel disturbances to the Republic of Sudan.
- Fluctuation of commodity and currency prices, which may lead to an increase in costs and expenses.
- Disruptions in banking systems and capital markets

The management closely monitors and analyzes market developments in this volatile situation. In spite of the current uncertainties, there is currently no indication of an impact on the Group's business or non-fulfillment of its obligations and future operational performance.

14 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the Group for the period ended 30 June 2023, were approved by the Board of Directors on 03/08/2023.