

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**DAMMAM – SAUDI ARABIA**  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2025**  
**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
DAMMAM – SAUDI ARABIA  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2025  
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**INDEPENDENT AUDITOR'S REPORT ON REVIEW  
OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF  
SAUDI PAPER MANUFACTURING COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
DAMMAM - SAUDI ARABIA**

**REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Introduction:**

We have reviewed the accompanying interim condensed consolidated financial position of Saudi Paper Manufacturing Company ("the Company") and its subsidiaries (together "The Group"), as of June 30, 2025, the interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended at June, 30, 2025, changes in shareholders equity and the statement of cash flows for six months then ended, and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting 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 No. 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statement consists of making inquiries, primarily from people 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 that are 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 attached are not prepared, in all material respects, in accordance with IAS 34 "That is endorsed in the Kingdom of Saudi Arabia.

**Other matters:**

The Company's financial statements for the fiscal year ended December 31, 2024, were audited by another auditor who expressed an un-modified opinion on those financial statements on Shawwal 01, 1446H (corresponding to March 30, 2025). Also the Company's financial statements for the period ended June 30, 2024, were reviewed by another auditor who expressed an un-modified conclusion on those financial statements on Muharram 24, 1446H (corresponding to July 30, 2024).

Al-Khobar: Safar 16, 1447H  
August 10, 2025





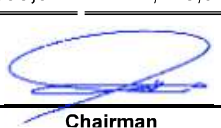
**FOR EL SAYED EL AYOUTY & CO.**



**Abdullah Ahmad Balamash**  
Certified Public Accountant  
License No. (345)

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**DAMMAM – SAUDI ARABIA**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS OF JUNE 30, 2025**

(All amounts in Saudi Riyals)

	Note	30-06-2025 (Un-audited)	31-12-2024 (Audited)
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment – Net		682,815,204	690,798,541
Right of use assets		15,442,141	18,238,906
Intangible assets		23,435,888	23,385,001
Investment in an associate		25,026,638	23,895,074
<b>Total non-current assets</b>		<b>746,719,871</b>	<b>756,317,522</b>
<b><u>Current assets</u></b>			
Inventories		132,164,727	153,768,060
Trade receivables	5	266,363,127	232,760,334
Prepayments and other debit balances		80,216,464	66,990,927
Cash and cash equivalents		53,428,835	14,088,302
<b>Total current assets</b>		<b>532,173,153</b>	<b>467,607,623</b>
<b>Total Assets</b>		<b>1,278,893,024</b>	<b>1,223,925,145</b>
<b><u>SHAREHOLDERS' EQUITY AND LIABILITIES</u></b>			
<b><u>Shareholders' equity</u></b>			
Share capital		370,700,000	370,700,000
Treasury shares		(3,882,987)	(3,882,987)
Translation reserve		(5,239,728)	(5,696,417)
Other reserve		1,843,506	1,843,506
Retained earnings		184,406,192	149,823,520
<b>Equity attributable to the shareholders of the company</b>		<b>547,826,983</b>	<b>512,787,622</b>
Non-controlling interest		1,023,495	773,590
<b>Total shareholders' equity</b>		<b>548,850,478</b>	<b>513,561,212</b>
<b><u>LIABILITIES</u></b>			
<b><u>Non-current liabilities</u></b>			
Medium and long term loans	6	151,073,337	190,766,523
Deferred government grant – non-current portion		15,153,950	16,406,684
Employees defined benefit obligations		26,123,241	25,321,278
Lease liabilities – non-current portion		11,038,510	14,214,211
<b>Total non-current liabilities</b>		<b>203,389,038</b>	<b>246,708,696</b>
<b><u>Current liabilities</u></b>			
Short-term loans	6	276,984,861	206,955,609
Medium- and long-term loans – current portion	6	86,676,141	68,364,734
Deferred government grant – current portion		2,526,227	2,526,231
Trade payables		108,045,028	110,322,083
Accrued expenses and other current liabilities		45,939,163	64,898,815
Zakat provision		1,279,746	5,426,267
Lease liabilities – current portion		5,202,342	5,161,498
<b>Total current liabilities</b>		<b>526,653,508</b>	<b>463,655,237</b>
<b>Total Liabilities</b>		<b>730,042,546</b>	<b>710,363,933</b>
<b>Total shareholders' equity and Liabilities</b>		<b>1,278,893,024</b>	<b>1,223,925,145</b>
 CFO Khalid Walid Abu Hana			
 CEO Abdulaziz Bin Raed Al-Mishaal			
 Chairman Abdulrahman Bin Raed Al-Mishaal			

The accompanying notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements

# SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

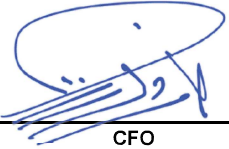
DAMMAM – SAUDI ARABIA

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2025

(All amounts in Saudi Riyals)

		For the three months period ended		For the six months Period ended	
	Note	30-06-2025 (Un-audited)	30-06-2024 (Un-audited)	30-06-2025 (Un-audited)	30-06-2024 (Un-audited)
Revenue	8	208,525,351	202,325,123	437,013,101	431,503,967
Cost of revenue		(137,807,527)	(134,872,395)	(296,938,615)	(282,193,206)
<b>Gross profit</b>		<b>70,717,824</b>	<b>67,452,728</b>	<b>140,074,486</b>	<b>149,310,761</b>
General and administrative expenses		(16,635,078)	(15,611,912)	(32,486,269)	(29,846,180)
Selling and distribution expenses		(23,868,599)	(20,487,373)	(45,920,068)	(41,653,941)
Allowance for impairment of trade receivables	5	(3,726,828)	(931,359)	(4,712,467)	(3,138,416)
Share in results of an associate		414,137	(140,665)	1,131,565	946,554
Other income		1,480,396	6,011,131	4,023,709	7,692,846
Other expenses	9	(6,056,547)	(21,791)	(8,996,454)	(626,981)
Profit before finance charges and zakat		22,325,305	36,270,759	53,114,502	82,684,643
Finance charges	8	(7,757,516)	(9,049,203)	(17,117,036)	(18,051,441)
<b>Profit before zakat</b>		<b>14,567,789</b>	<b>27,221,556</b>	<b>35,997,466</b>	<b>64,633,202</b>
Zakat		(551,019)	(1,049,628)	(1,113,315)	(1,991,504)
<b>Net profit for the period</b>		<b>14,016,770</b>	<b>26,171,928</b>	<b>34,884,151</b>	<b>62,641,698</b>
<b>Other comprehensive income (loss):</b>					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Foreign exchange translation differences		370,644	6,693	405,115	(260,875)
<b>Other comprehensive income (loss) for the period</b>		<b>370,644</b>	<b>6,693</b>	<b>405,115</b>	<b>(260,875)</b>
<b>Total comprehensive income for the period</b>		<b>14,387,414</b>	<b>26,178,621</b>	<b>35,289,266</b>	<b>62,380,823</b>
<b>Net profit attributable to:</b>					
Shareholders of the company		13,898,896	26,003,135	34,582,672	62,252,657
Non-controlling interest		117,874	168,793	301,479	389,041
<b>Net profit for the period</b>		<b>14,016,770</b>	<b>26,171,928</b>	<b>34,884,151</b>	<b>62,641,698</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the company		14,304,299	26,005,420	35,039,361	62,043,703
Non-controlling interest		83,115	173,201	249,905	337,120
<b>Total comprehensive income for the period</b>		<b>14,387,414</b>	<b>26,178,621</b>	<b>35,289,266</b>	<b>62,380,823</b>
<b>Earnings per share (SR) attributable to shareholders of the company</b>					
Basic and diluted earnings per share	10	0.38	0.70	0.94	1.68

  
CFO  
Khalid Walid Abu Hana

  
CEO  
Abdulaziz Bin Raed Al-Mishaal

  
Chairman  
Abdulrahman Bin Raed Al-Mishaal

The accompanying notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements

# SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025

(All amounts in Saudi Riyals)

### Six-month period ended 30-06-2024

Balance as at 01-01-2024 – (audited)  
 Net profit for the period  
 Other comprehensive loss for the period  
 Total comprehensive (loss) income for the period  
 Transfer to retained earnings (note 1)

### Transaction with owners of the company

Increase in share capital (note 1)  
 Dividend paid (note 1)

### Balance as at 30-06-2024 (un-audited)

### Six-month period ended 30-06-2025

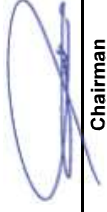
Balance as at 01-01-2025 – (audited)

Net profit for the period  
 Other comprehensive income for the period  
 Total comprehensive income for the period  
 Balance as at 30-06-2025 (un-audited)

Share capital	Treasury shares	Statutory reserve	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total shareholder s' equity
337,000,000	(3,882,987)	15,340,512	(6,122,002)	812,785	129,458,169	472,606,477	797,158	473,403,635
					62,252,657	62,252,657	389,041	62,641,698
			(208,954)			(208,954)	(51,921)	(260,875)
			(208,954)		62,252,657	62,043,703	337,120	62,380,823
		(15,340,512)			15,340,512			
33,700,000					(33,700,000)			
					(16,797,370)	(16,797,370)		(16,797,370)
370,700,000	(3,882,987)		(6,330,956)	812,785	156,553,968	517,852,810	1,134,278	518,987,088
370,700,000	(3,882,987)		(5,696,417)	1,843,506	149,823,520	512,787,622	773,590	513,561,212
					34,582,672	34,582,672	301,479	34,884,151
			456,689			456,689	(51,574)	405,115
			456,689		34,582,672	35,039,361	249,905	35,289,266
370,700,000	(3,882,987)		(5,239,728)	1,843,506	184,406,192	547,826,983	1,023,495	548,850,478

  
 CFO  
 Khalid Walid Abu Hana

  
 CEO  
 Abdulaziz Bin Raed Al-Mishaal

  
 Chairman  
 Abdulrahman Bin Raed Al-Mishaal

The accompanying notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**DAMMAM – SAUDI ARABIA**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025**

(All amounts in Saudi Riyals)

	Notes	For the six-month period ending June 30	
		2025 (Un-audited)	2024 (Un-audited)
<b>Cash flows from operating activities:</b>			
Net profit for the period after zakat		34,884,151	62,641,698
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		25,864,294	24,962,311
Depreciation of right of use assets		2,893,721	2,132,351
Finance charges		17,117,036	18,051,441
Loss on translation of financial liability		8,830,741	---
Allowance for impairment of trade receivables		4,712,467	3,138,416
Provision for employees' end of service benefits		2,784,264	2,323,363
Zakat expenses		1,113,315	1,991,504
Amortization of intangible assets		740,959	605,885
Amortization of upfront fee		477,147	---
Share in results of an associate		(1,131,565)	(946,554)
Deferred government grant recognised – SIDF loan		(1,729,884)	---
Reversal of allowance for slow moving inventories		---	(744,638)
Gain on disposal of property, plant and equipment		---	(36,830)
<b>Cash flows generated from operating activities</b>		<b>96,556,646</b>	<b>114,118,947</b>
<b>Changes in operating assets and liabilities:</b>			
Trade receivables		(38,315,260)	(22,120,767)
Inventories		21,603,333	(9,729,497)
Prepayments and other debit balances		(13,225,537)	(120,670,122)
Trade payables		(2,277,055)	48,005,773
Accrued expenses and other current liabilities		(18,959,656)	6,428,179
Cash generated from operations		45,382,471	16,032,513
Finance charges paid		(18,945,373)	(19,409,298)
Zakat paid		(5,259,836)	(4,166,994)
Defined benefit obligations paid to employees		(1,982,303)	(960,034)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>19,194,959</b>	<b>(8,503,813)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(16,339,279)	(23,712,663)
Proceeds from disposal of property, plant and equipment		---	36,830
Additions to intangible assets		(67,669)	(275,500)
<b>Net cash flows used in investing activities</b>		<b>(16,406,948)</b>	<b>(23,951,333)</b>
<b>Cash flows from financing activities</b>			
Repayment of medium and long term loans		(30,700,897)	(49,390,336)
Receipt of medium and long term loans		---	82,237,023
Change in short term loans, net		69,710,110	24,801,174
Lease payments (principal)		(2,639,438)	(2,004,632)
Dividend paid		---	(16,797,370)
<b>Net cash flows generated from financing activities</b>		<b>36,369,775</b>	<b>38,845,859</b>
<b>Net change in cash and cash equivalents during the period</b>		<b>39,157,786</b>	<b>6,390,713</b>
Cash and cash equivalents at the beginning of the period		14,088,302	35,006,492
Effect of exchange rate fluctuations		182,746	(197,254)
<b>Cash and cash equivalents at the end of the period</b>		<b>53,428,835</b>	<b>41,199,951</b>
Supplemental cashflow information			

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 <b>CFO</b> <b>Khalid Walid Abu Hana</b>	 <b>CEO</b> <b>Abdulaziz Bin Raed Al-Mishaal</b>	 <b>Chairman</b> <b>Abdulahman Bin Raed Al-Mishaal</b>
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The accompanying notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**DAMMAM – SAUDI ARABIA**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2025**

**1. GENERAL**

Saudi Paper Manufacturing Company ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2050028141 issued in Dammam on Muharram 10, 1415H (June 20, 1994). The Company's share capital as of June 30, 2025 is SR 370.7 million (December 31, 2024: SR 370.7 million) divided into 37.07 million shares of SR 10 each.

The principal activities of the Company and its subsidiaries (the "Group"), each of which operates under individual commercial registration, are to manufacture tissue paper rolls, convert tissue paper rolls into facial, kitchen and toilet tissue papers and collect, sort, transport and press waste papers.

The Company's registered office is P.O. Box 2598, Unit number 2, Dammam 34326-7169, the Kingdom of Saudi Arabia.

On April 25, 2024, in the Company Extraordinary General Assembly (EGM) the shareholders approved increase in share capital of the Company by SR 33.7 million (10%) through issuance of bonus shares. The Board recommended to grant one share for every ten shares owned by the shareholders to support the capital base, which contributes to enhancing future growth plans and maximizing total returns to shareholders. Further shareholders based on the Board recommendation approved to distribute cash dividends amounting to SR 16.85 million (5%) to the shareholders and transfer the full amount of statutory reserve held at December 31, 2023, to the retained earnings. Furthermore, on August 12, 2024, the Board resolved to distribute cash dividend, amounting to SR 27.80 million (7.5%) to the shareholders. The amount of dividend paid during the year ended December 31, 2024 had been adjusted to reflect the dividend related to the treasury shares amounting to SR 52,630 and SR 86,842 for first and second dividend distribution during 2024, respectively.

**1.1 Structure of the group**

These condensed consolidated interim financial statements include the financial statements of the Company, and its subsidiaries as listed below:

Name of the subsidiaries	Country of incorporation	Percentage of ownership	
		June 2025	Dec. 31, 2024
Saudi Recycling Company	Saudi Arabia	100%	100%
Saudi Paper Converting Company	Saudi Arabia	100%	100%
Saudi Investment and Industrial Development Company	Saudi Arabia	100%	100%
Al Madar Paper Trading	Moroco	100%	100%
Al Madar Paper	Algeria	100%	100%
Moroco Paper Manufacturing Company *	Moroco	100%	100%
Mouchoir Paper Product Trading Company	UAE	100%	100%
Al-Juthoor Paper Tissue Manufacrung Plant	Kuwait	85%	85%

\* On September 30, 2024, the Company announced the sale of its fully impaired subsidiary Morocco Paper Manufacturing Company for 19 million Moroccan Dirham (approximately equal to SR 7.2 million). The sale agreement with the third party was signed before the year end. The sale is subject to fulfilment of certain conditions which are not yet met as of date of these condensed consolidated interim financial statements.

**2. BASIS OF CONSOLIDATION**

**2.1 Statement of compliance**

The interim condensed consolidated financial statements for the three and six month periods ended June 30, 2025 have been prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. The accompanying interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and hence should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2024. In addition, results for the period ended June 30, 2025 are not necessarily indicative of the expected results for the full year ending December 31, 2024.



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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**  
**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2025**

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**2. BASIS OF CONSOLIDATION (Continued)**

**2.2 Preparation of the interim condensed consolidated financial statements**

These interim condensed consolidated financial statements are prepared under the historical cost convention, except where International Financial Reporting Standards (IFRSs) require other measurement basis. The principal accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

The preparation of these interim condensed consolidated financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the interim condensed consolidated financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

**2.3 Functional and presentation currency**

The interim condensed consolidated financial statements items are presented in Saudi Riyals ("SR") which is the functional and presentation currency unless otherwise stated.

**3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

The following is a summary of significant accounting estimates applied by the group.

**3.1 Basis of consolidation**

These interim condensed consolidated financial statements incorporate the financial statements of the "Group" as detailed in note 1.1 control is achieved when the Group:

- Has power over the investee.
- Is exposed, or has right, to variable returns from its involvement with the
- has the ability to use its power to affect its returns.

The Group reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and non-controlling interest. Total comprehensive income of subsidiaries is wholly attributed to the shareholders of the Company except the comprehensive income of Al-Juthoor subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**3.2 Measurement of Employee Benefits Obligations**

The Group's obligation for employee benefit plans is determined by estimating the future benefits that employees have earned in the current and prior periods, which are then discounted to arrive at the present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Judgment is applied in estimating the actuarial assumptions.

**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
DAMMAM – SAUDI ARABIA  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2025

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**3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Continued)**

**3.3 Provision for Expected Credit Losses**

The Group applies the expected credit loss (ECL) model to determine impairment losses on trade receivables and other receivables. This requires the Group to consider several factors to ensure that receivables are not overstated due to the potential risk of non-collection, such as the aging of receivables and ongoing credit assessments. Provisions are recognized when there is objective evidence indicating the likelihood of non-collection, in accordance with International Financial Reporting Standard (IFRS) 9.

**3.4 Useful Lives of Property, Plant, and Equipment**

The Group determines the estimated useful lives of property, plant, and equipment for the purpose of calculating depreciation. These estimates are determined based on the expected usage of the asset and normal wear and tear. Management reviews the estimated useful lives and depreciation methods periodically to ensure that they are consistent with the expected pattern of economic benefits derived from these assets.

Any changes in depreciation expense resulting from such reviews are recognized in the current and future periods, as applicable.

**3.5 Impairment of non-financial assets**

The Group assesses at each financial reporting date whether there are indications of impairment of non-financial assets at each financial reporting date. Non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable.

When value in use is calculated, management evaluates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of these cash flows.

**3.6 Duration of lease contracts**

In determining the term of a lease, management takes into account all facts and circumstances that create an economic incentive to exercise the extension option or the valuation is revised if a material event or significant change in circumstances occurs that affects such valuation. During the current financial year, there was no material financial impact from reviewing the terms of lease contracts to reflect the effect of exercising extension or termination options, as most of the Group's lease contracts are short-term.

**3.7 Measurement of fair value**

*The fair value of the assets and liabilities*

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

When measuring the fair value of a financial asset or liability, the Group uses market observable data as much as possible.

Fair values are categorized into a hierarchy based on the data used in the valuation techniques as follows:

- **Level 1:** Listed (unadjusted) prices in active markets for identical assets or liabilities can be obtained on the measurement date.
- **Level 2:** Inputs other than listed prices which already listed at level 1 which are observable to the assets and liabilities in direct manner (such as prices) or indirect manner (derived from prices)
- **Level 3:** Inputs of assets or liabilities are not based on observable market data (non-observable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at June 30, 2024 and December 31, 2023, there are no transfers between levels.

**3.8 Going concern principle**

The interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue its business operations for the foreseeable future.

**4 Changes in significant accounting policies**

*New standards, Amendments to standards and Interpretations*

There are no new standards issued, however, there are number of amendments to standards which are effective from January 01, 2025 and has been explained in Group's annual Consolidated Financial Statements, but they do not have a material effect on the Group's Interim Condensed Consolidated Financial Statements.

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**5. TRADE RECEIVABLES**

	<b>30-06-2025</b>	31-12-2024
	<b>(un-audited)</b>	(audited)
Trade receivables	<b>293,643,852</b>	255,328,592
Allowance for impairment of trade receivables (Note: 5.1)	<b>(27,280,725)</b>	(22,568,258)
	<b>266,363,127</b>	232,760,334

**5.1. Movement in the allowance for impairment of trade receivables as the follows:**

	<b>30-06-2025</b>	31-12-2024
	<b>(un-audited)</b>	(audited)
Balance at the beginning of the period / year	<b>(22,568,258)</b>	(17,429,744)
Provision for the period / year	<b>(4,712,467)</b>	(5,138,514)
<b>Balance at the end of the period / year</b>	<b>(27,280,725)</b>	22,568,258

**6. LOANS**

<b>a) Medium and long-term loans</b>	<b>30-06-2025</b>	31-12-2024
	<b>(un-audited)</b>	(audited)
Saudi Industrial Development Fund (SIDF) loans (Note 6.1)	<b>64,845,424</b>	62,421,496
Commercial bank loans (Note 6.2)	<b>172,904,054</b>	196,709,761
	<b>237,749,478</b>	259,131,257
Current maturity of long-term loans	<b>(86,676,141)</b>	(68,364,734)
	<b>151,073,337</b>	190,766,523

The covenants of the loan agreements require the Company and its subsidiary to maintain certain levels of financial condition, place limitations on dividend distributions, on capital expenditures and rental estate investments.

**6.1 SIDF loan**

In 2024, the Company has signed a financing facility of SR 150 million. As of period end 59% of the total facility amount was withdrawn, the repayment of the loan starts from February 2026. The loans do not bear financial charges, however, an upfront fee is charged on the loan and these are secured against mortgaged of property, plant and equipment of the Company equal to the carrying amount of the loan. The difference between the amount received and fair value of loan is recognized as deferred government grant and amortized over the loan period.

**6.2 Commercial bank loans**

The Group has obtained loan facilities from various commercial banks. These loans are mainly denominated in Saudi Riyals which generally bear financial charges based on prevailing market rates. The aggregate maturities of the loans outstanding at June 30, 2025, based on their respective repayment schedules, are spread in 2025 through 2029.

These bank loans are secured against promissory notes amounting to SR. 1,061.26 million (December 31, 2024: SR. 1,184.99 million).

The covenants of the loan agreements both SIDF loan and commercial loans require the Company and its subsidiary to maintain certain levels of financial condition, place limitations on dividend distributions, on capital expenditures and real estate investments.

**b) Short term loans**

Short term loans are obtained from various commercial banks and bear financial charges at the prevailing market rates which are based on inter- bank offer rate.

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**7. RELATED PARTIES' TRANSACTIONS AND RELATED BALANCES**

The related parties consist of subsidiaries, affiliates and Board of Directors and key management personnel of the Group. In the ordinary course of business, the Group undertakes transactions with its related parties. All such transactions are executed on commercial terms that are approved by the management. Transactions during the year with related parties and the related balances as at June 30, are as follows:

**Key management personnel compensation**

**For the six-month period ending  
June 30**

	<b>2025</b>	<b>2024</b>
	<b>(un-audited)</b>	<b>(un-audited)</b>
Short-term employees benefits	<b>3,766,947</b>	3,590,157
BOD and related committees remuneration	<b>1,340,000</b>	1,269,498
Employees defined benefit obligation	<b>219,068</b>	371,448

Payable balance to key management personnel as of period end amounted to SR.3.04 million (December 31, 2024: SR. 4.53 million)

**Other related parties transactions**

During the period ended June 30, the Company had the following significant transactions with its related parties:

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Transaction during the six months period</b>	<b>Balance as at June 30,</b>
<b>2025:</b>				
East Gas Limited	Associate	Purchase of gas	<b>5,252,892</b>	<b>(1,899,935)</b>
<b>2024:</b>				
East Gas Limited	Associate	Purchase of gas	5,381,379	(2,914,443)

**8. OPERATING SEGMENTS**

**a) Basis for segmentation**

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they required different technology and marketing strategies.

The following summary describes the operations of each reportable segment that met the quantitative thresholds for reportable segments in 2025 and 2024.

<b>Reportable segments</b>	<b>Operations</b>
Manufacturing	Buying manufacturing and distributing pulp and paper
Trading and other	Collecting, sorting and pressing waste papers

Chief Executive Officer (CEO) of the Company is the Chief Operating Decision Maker (CODM) of the Group. CEO reviews the internal management reports of each division at least quarterly.

There are varying levels of integration between the both the segments. This integration includes transfers of recycled raw materials and shared distribution services, respectively. Intra and inter-segment pricing is determined on an arm's length basis.

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**8. OPERATING SEGMENTS (Continued)**

**b) Information about reportable segments**

Information related to each reportable segment is set out below. Segment profit before zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Six months period ended June 30, 2025 (Un-audited)		Trading and others		Total	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Segment revenue	484,938,139	491,533,508	30,605,587	26,410,860	515,543,726	517,944,368
Intra / inter segment revenue	(69,357,838)	(76,422,376)	(9,172,787)	(10,018,025)	(78,530,625)	(86,440,401)
<b>External revenue</b>	<b>415,580,301</b>	<b>415,111,132</b>	<b>21,432,800</b>	<b>16,392,835</b>	<b>437,013,101</b>	<b>431,503,967</b>
Finance charges	16,970,397	17,962,024	146,639	89,417	17,117,036	18,051,441
Depreciation and amortization	28,047,426	26,603,377	1,451,547	1,097,170	29,498,973	27,700,547
Net profit before zakat	<b>35,769,903</b>	<b>60,403,520</b>	<b>227,563</b>	<b>4,229,682</b>	<b>35,997,466</b>	<b>64,633,202</b>
Segment assets	1,243,888,896	1,197,725,552	35,004,128	33,709,978	1,278,893,024	1,231,435
Segment liabilities	694,555,624	678,577,519	35,486,922	33,870,923	730,042,546	712,448,442
	Three months period ended June 30, 2025 (Un-audited)		Trading and others		Total	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Segment revenue	237,411,840	231,928,624	15,816,236	9,332,413	253,228,076	241,261,037
Intra / inter segment revenue	(39,757,669)	(35,841,120)	(4,945,056)	(3,094,794)	(44,702,725)	(38,935,914)
<b>External revenue</b>	<b>197,654,171</b>	<b>196,087,504</b>	<b>10,871,180</b>	<b>6,237,619</b>	<b>208,525,351</b>	<b>202,325,123</b>
Finance charges	7,682,558	9,004,376	74,958	44,827	7,757,516	9,049,203
Depreciation and amortization	14,124,028	13,393,814	764,681	554,924	14,888,709	13,948,738
<b>Net profit before zakat</b>	<b>14,391,997</b>	<b>23,207,651</b>	<b>175,792</b>	<b>4,013,905</b>	<b>14,567,789</b>	<b>27,221,556</b>

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### 8. OPERATING SEGMENTS (Continued)

#### c) Geographic information

The business of the Group is managed on a worldwide basis. However, the main operations are settled in Kingdom of Saudi Arabia, certain Gulf Cooperation Council (GCC) countries and certain other countries.

The geographic information analyses the Group's revenue based on the location of the customers and non-current assets by the Company's country of domicile.

Six months period ended June 30, 2025 (Un-audited)	Manufacturing June 30, 2025	June 30, 2024	Trading and others June 30, 2025	June 30, 2024	Total June 30, 2025	Total June 30, 2024
Saudi Arabia	369,474,010	357,525,298	2,116,779	181,946	371,590,789	357,707,244
GCC countries	36,041,387	37,167,659	4,589,648	224,023	40,631,035	37,391,682
Other countries	10,064,904	20,418,175	14,726,373	15,986,866	24,791,277	36,405,041
<b>Consolidated revenue</b>	<b>415,580,301</b>	<b>415,111,132</b>	<b>21,432,800</b>	<b>16,392,835</b>	<b>437,013,101</b>	<b>431,503,967</b>

Three months period ended June 30, 2025 (Un-audited)	Manufacturing June 30, 2025	June 30, 2024	Trading and others June 30, 2025	June 30, 2024	Total June 30, 2025	Total June 30, 2024
Saudi Arabia	174,086,347	168,599,509	1,194,506	41,195	175,280,853	168,640,704
GCC countries	18,818,678	14,722,782	3,062,431	---	21,881,109	14,722,782
Other countries	4,749,146	12,765,213	6,614,243	6,196,424	11,363,389	18,961,637
<b>Consolidated revenue</b>	<b>197,654,171</b>	<b>196,087,504</b>	<b>10,871,180</b>	<b>6,237,619</b>	<b>208,525,351</b>	<b>202,325,123</b>

#### As of period / year end

##### Non-current assets

	June 30, 2025 (Un-audited)	December 31, 2024 (Audited)	June 30, 2024 (Un-audited)
Saudi Arabia	712,333,834	721,040,900	582,685,384
GCC countries	30,233,283	31,023,774	33,680,404
Other countries	4,152,754	4,252,848	8,451,571
<b>Consolidated non-current assets</b>	<b>746,719,871</b>	<b>756,317,522</b>	<b>624,817,359</b>

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### 8. OPERATING SEGMENTS (Continued)

#### d). Timing of Revenue Recognition

The Group derives its revenue from contracts with customers as follows:

	Manufacturing		Trading and others		Total
Six months period ended June 30, 2025 (Un-audited)	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2024
Revenue at a point in time	45,348,369	399,596,503	21,432,800	16,392,835	415,989,338
Revenue over time	10,231,932	15,514,629	---	---	15,514,629
	<b>415,580,301</b>	<b>415,111,132</b>	<b>21,432,800</b>	<b>16,392,835</b>	<b>431,503,967</b>
Three months period ended June 30, 2025 (Un-audited)	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2024
Revenue at a point in time	192,842,188	186,796,002	10,871,180	6,237,619	193,291,502
Revenue over time	4,811,983	9,291,502	---	---	9,291,502
	<b>197,654,171</b>	<b>196,087,504</b>	<b>10,871,180</b>	<b>6,237,619</b>	<b>202,325,123</b>

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**9. OTHER EXPENSES**

	<b>For the three-month period</b>		<b>For the six-month period</b>	
	<b>30-06-2025</b>	<b>30-06-2024</b>	<b>30-06-2025</b>	<b>30-06-2024</b>
	<b>(un-audited)</b>	<b>(un-audited)</b>	<b>(un-audited)</b>	<b>(un-audited)</b>
Loss on translation of financial liability	<b>6,053,221</b>	---	<b>8,830,741</b>	---
Others	<b>3,326</b>	21,791	<b>165,713</b>	626,981
	<b>6,056,547</b>	21,791	<b>8,996,454</b>	626,981

**10. EARNINGS PER SHARE**

Basis earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Earnings per share are represented as follows:

	<b>From April 01 to June 30,</b>		<b>From January 01 to June 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>	<b>(Un-audited)</b>
Net profit for the period	<b>13,898,896</b>	26,003,135	<b>34,582,672</b>	62,252,657
Issued ordinary share	<b>37,070,000</b>	37,070,000	<b>37,070,000</b>	37,070,000
Effect of treasury share held	<b>(115,788)</b>	(115,788)	<b>(115,788)</b>	(115,788)
Weighted average number of outstanding shares	<b>36,954,212</b>	36,954,212	<b>36,954,212</b>	36,954,212
Basic / diluted earnings per share	<b>0.38</b>	0.70	<b>0.94</b>	1.68

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

	<b>30-06-2025</b>	<b>30-06-2024</b>
	<b>(un-audited)</b>	<b>(un-audited)</b>
Adjusted deferred government grant against the Saudi Industrial Development Fund	<b>1,252,737</b>	1,288,523
Capitalization of intangible assets from capital work in progress	<b>724,177</b>	---
Capitalized financing charges during the period	<b>2,140,441</b>	---

**12. CONTINGENCIES AND COMMITMENTS**

- As of June 30, 2025, the Group was contingently liable for letter of credits and bank guarantees issued in the normal course of the business amounting to SR.90.42 million (December 31, 2024: SR. 101.72 million) and SR.0.54 million (December 31, 2024: SR. 0.79 million) respectively.
- As of June 30, 2025, the Group capital expenditure contracted amounted to SR.29.50 million (December 31, 2024: 32.05 million).

**13. Subsequent event**

There have been no material subsequent events since the period ended June 30, 2025, until the date of approval of these interim condensed consolidated financial statements that may require disclosure or have a material impact on the interim condensed consolidated financial statements.

**14. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issued on Safar 16, 1447H (corresponding to August 10, 2025).