

**Saudi Printing and Packaging Company
(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED
30 JUNE 2025**

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REVIEW REPORT FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2025

INDEX	PAGES
Independent auditor's review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of comprehensive loss	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 – 20



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**Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Printing and Packaging Company
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Printing and Packaging Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2025, and the related interim condensed consolidated statement of comprehensive loss for the three-month and six month periods ended 30 June 2025, and the related interim condensed consolidated statement of changes in equity and cash flows for the six month period then ended, and explanatory notes. 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") that is 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 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 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 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 are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)



Riyadh: 12 Safar 1447H
(6 August 2025)

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 (Unaudited) ﷲ	31 December 2024 (Audited) ﷲ
	Notes		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	479,909,070	499,348,495
Intangible assets and goodwill	13	285,360,854	285,450,901
Investment properties	20	6,007,937	6,172,582
Right-of-use assets		3,992,445	4,520,608
Trade receivables	10	469,723	1,863,796
Derivative assets	14	-	3,298,256
Deferred tax assets	8	7,972,698	5,250,976
TOTAL NON-CURRENT ASSETS		783,712,727	805,905,614
CURRENT ASSETS			
Inventories	9	129,716,484	149,934,163
Trade receivables	10	173,470,986	186,756,189
Prepayments and other current assets		27,499,425	35,104,885
Cash and cash equivalents	11	18,386,742	29,780,375
TOTAL CURRENT ASSETS		349,073,637	401,575,612
TOTAL ASSETS		1,132,786,364	1,207,481,226
EQUITY AND LIABILITIES			
EQUITY			
Capital	15	600,000,000	600,000,000
Contractual reserve	15	2,909,935	2,909,935
Accumulated losses		(376,694,173)	(321,109,835)
Other reserve		(324,276)	(386,517)
TOTAL EQUITY		225,891,486	281,413,583
NON-CURRENT LIABILITIES			
Loans and Murabaha	16	135,333,005	155,212,043
Employees' defined benefit liabilities		29,688,917	30,667,909
Lease liabilities		4,057,184	4,141,658
Trade payables		1,178,239	1,647,745
TOTAL NON-CURRENT LIABILITIES		170,257,345	191,669,355
CURRENT LIABILITIES			
Trade payables	18	139,040,806	144,179,514
Accrued expenses and other current liabilities	19	31,297,779	28,772,303
Loans and Murabaha	16	495,157,063	497,878,818
Lease liabilities		375,486	750,180
Dividends payable		697,151	697,151
Due to a related party	17	50,844,610	43,594,808
Zakat and taxation	8	19,224,638	18,525,514
TOTAL CURRENT LIABILITIES		736,637,533	734,398,288
TOTAL LIABILITIES		906,894,878	926,067,643
TOTAL EQUITY AND LIABILITIES		1,132,786,364	1,207,481,226



Chief Executive Officer



Finance Director

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the three-month and six-month periods ended 30 June 2025

		For the three-month period ended 30 June		For the six-month period ended 30 June	
	Notes	2025 (Unaudited) S	2024 (Unaudited) S	2025 (Unaudited) S	2024 (Unaudited) S
Revenue	7	160,195,937	174,449,820	325,092,501	361,352,836
Cost of revenue		(152,056,098)	(168,234,404)	(304,979,292)	(339,192,105)
Gross profit		8,139,839	6,215,416	20,113,209	22,160,731
Selling, marketing and distribution expenses		(9,162,492)	(8,661,144)	(17,823,772)	(16,985,648)
General and administrative expenses		(18,271,153)	(17,454,090)	(35,064,988)	(34,052,522)
Impairment of trade receivables	10	(1,019,522)	(3,177,936)	(1,019,522)	(3,995,792)
Impairment of Property, plant and equipment and inventory spare parts	9,12	-	(30,461,470)	-	(30,461,470)
Operating loss for the period		(20,313,328)	(53,539,224)	(33,795,073)	(63,334,701)
Other (loss) / income		(901,759)	(1,009,196)	(405,721)	1,671,750
Finance costs		(11,433,980)	(16,746,381)	(23,406,143)	(31,853,441)
Loss before zakat and tax		(32,649,067)	(71,294,801)	(57,606,937)	(93,516,392)
Zakat and tax expense	8	1,466,597	178,986	2,022,599	(220,576)
Loss for the period		(31,182,470)	(71,115,815)	(55,584,338)	(93,736,968)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences – foreign operations		(4)	-	62,241	32,685
Other comprehensive income for the period		(4)	-	62,241	32,685
Total comprehensive loss		(31,182,474)	(71,115,815)	(55,522,097)	(93,704,283)
Loss per share-basic and diluted		(0.52)	(1.19)	(0.93)	(1.56)
Number of shares		60,000,000	60,000,000	60,000,000	60,000,000



Chief Executive Officer



Finance Director

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements

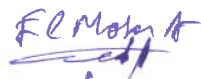
Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

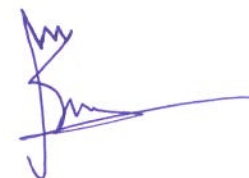
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

	Capital ﷲ	Statutory reserve ﷲ	Contractual reserve ﷲ	Accumulated losses ﷲ	Other reserves ﷲ	Total ﷲ
Balance at 1 January 2024 (audited)	600,000,000	-	2,909,935	(101,045,500)	(419,939)	501,444,496
Loss for the period (unaudited)	-	-	-	(93,736,968)	-	(93,736,968)
Other comprehensive income for the period (unaudited)	-	-	-	-	32,685	32,685
Total comprehensive loss for the period (unaudited)	-	-	-	(93,736,968)	32,685	(93,704,283)
Balance at 30 June 2024 (unaudited)	<u>600,000,000</u>	<u>-</u>	<u>2,909,935</u>	<u>(194,782,468)</u>	<u>(387,254)</u>	<u>407,740,213</u>
Balance at 1 January 2025 (audited)	600,000,000	-	2,909,935	(321,109,835)	(386,517)	281,413,583
Loss for the period (unaudited)	-	-	-	(55,584,338)	-	(55,584,338)
Other comprehensive income for the period (unaudited)	-	-	-	-	62,241	62,241
Total comprehensive loss for the period (unaudited)	-	-	-	(55,584,338)	62,241	(55,522,097)
Balance at 30 June 2025 (unaudited)	<u>600,000,000</u>	<u>-</u>	<u>2,909,935</u>	<u>(376,694,173)</u>	<u>(324,276)</u>	<u>225,891,486</u>



Chief Executive Officer



Finance Director

Saudi Printing and Packaging Company

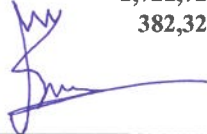
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025

	30 June 2025 (Unaudited) ﷲ	30 June 2024 (Unaudited) ﷲ
OPERATING ACTIVITIES:		
Loss before zakat and tax	(57,606,937)	(93,516,392)
<i>Adjustment to reconcile loss before zakat to net cash inflows:</i>		
Depreciation and amortization	25,809,215	30,099,289
Impairment of Property, plant and equipment and inventory	-	30,461,470
Impairment loss of trade receivables	1,019,522	3,995,792
Provision of slow-moving inventory	351,699	1,206,595
Loss / (gain) from disposal of property, plant and equipment	679,720	(160,833)
Finance costs	23,406,144	31,853,441
Derivative financial instruments	800,427	1,325,379
Provision for employees' defined benefit liabilities	2,557,841	2,936,346
	(2,982,369)	8,201,087
<i>Working capital adjustments:</i>		
Inventories	19,865,980	8,275,623
Trade receivables	13,659,754	(4,683,748)
Due to a Related party	7,249,802	(2,156,979)
Prepayments and other current assets	7,605,460	(10,151,681)
Trade payables	(5,608,214)	14,244,355
Accrued expenses and other current liabilities	2,525,476	4,244,980
Cash generated from operating activities	42,315,889	17,973,637
Employees' defined benefit liabilities paid	(3,536,833)	(8,388,710)
Net cash from operating activities	38,779,056	9,584,927
INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(5,998,105)	(10,369,312)
Proceeds from disposal of property, plant and equipment	113,772	23,299,865
Net cash (used in) / from investing activities	(5,884,333)	12,930,553
FINANCING ACTIVITIES:		
Proceeds from loans and Murabaha	261,560,201	332,179,644
Payments of loans and Murabaha	(285,302,421)	(330,690,927)
Payments of finance cost	(22,210,895)	(32,179,236)
Proceeds from termination of derivative financial instruments	2,497,829	-
Payment of lease liabilities	(895,311)	(1,367,563)
Net cash used in financing activities	(44,350,597)	(32,058,082)
Decrease in cash and cash equivalents	(11,455,874)	(9,542,602)
Foreign currency translation adjustments	62,241	32,318
Cash and cash equivalents at the beginning of the period	19,987,523	26,558,722
Cash and cash equivalents at the end of the period	8,593,890	17,048,438
Significant non-cash transaction:		
Deferred tax asset	2,721,722	-
Right-of-use assets and lease liabilities additions	382,320	-


Chief Executive Officer


Finance Director

The attached notes 1 to 25 form an integral part of these interim condensed consolidated financial statements

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2025

1. CORPORATE INFORMATION

Saudi Printing and Packaging Company (the “Company” or “Parent Company”) is a Saudi Joint Stock Company, registered in Kingdom of Saudi Arabia under Commercial Registration number 1010219709 and Unified Identification number 7001527535 issued from Riyadh dated 1 Jumada Al-Ula 1427H (corresponding to 28 May 2006).

The principal activities of the Group are printing works in accordance with the license issued by the Ministry of Culture and Media No. 21050 on 24 Thul-Hijjah 1412H (corresponding to 25 September 1992).

These interim condensed consolidated financial statements include the financial position and results of operations of the Company and its subsidiaries (collectively referred to as “Group”), as shown in the table below.

Subsidiary	Country of incorporation	Effective ownership interest	
		30 June 2025	31 December 2024
Hala Printing Company	Saudi Arabia	100%	100%
Al-Madinah Al Munawarah Printing & Publishing Company	Saudi Arabia	100%	100%
Future Industrial Investment Company (“FIIC”)	Saudi Arabia	100%	100%
Emirates National Factory for Plastic Industries (“ENPI”) (a)	United Arab Emirates	100%	100%

- a) The following are wholly owned subsidiaries of Emirates National Factory for Plastic Industries (“ENPI”):

Subsidiary	Country of incorporation	Effective ownership interest	
		30 June 2025	31 December 2024
City Pack Company	United Arab Emirates	100%	100%
Future Printing Company	United Arab Emirates	100%	100%
United International Clear Packaging Company	United Arab Emirates	100%	100%
United Security Company	United Arab Emirates	100%	100%
Commercial United Packaging Company	United Arab Emirates	100%	100%
Future Plastic Industries	United Arab Emirates	100%	100%
Future Plus Company	Saudi Arabia	100%	100%
Taiba Printing and Publishing Company	Saudi Arabia	100%	100%
Flexible Packaging Company	Saudi Arabia	100%	100%

The Group carries out printing as per license issued by the Ministry of Culture and Media No. 21050 dated 24 Thul-Hijjah 1412H (corresponding to 25 September 1992). Furthermore, the Group also trades in machines, printing machines, ink, all kinds of paper and raw materials necessary for printings and all the tools and equipment, books, publications, supplies, office materials and materials of advertising. In addition, the Group carries out packaging services.

The fiscal year of the Company starts from 1 January and ends on 31 December as per the Company by-laws. The fiscal year of the subsidiaries also starts from 1 January and ends on 31 December.

The head office of the Group is located at Riyadh and the registered address is as follows:

Nakheel Tower
King Fahad Road
PO Box 50202
Riyadh 11523

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-months ended 30 June 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by 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 financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2024.

An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

As at 30 June 2025, the Group's current liabilities exceeds its current assets by ~~ﷲ~~ 387.5 million (31 December 2024: ~~ﷲ~~ 332.8 million). Moreover, the Group has accumulated losses amounting to ~~ﷲ~~ 378.3 million as at 30 June 2025 (31 December 2024: ~~ﷲ~~ 321.1 million), which approximate 62.8 % (31 December 2024: 53.5 %) of the Company's share capital. These conditions may indicate doubt over the Company’s ability to continue as a going concern. Moreover, in compliance with Article 132 of the Companies Law, if the losses of a joint stock company amount to fifty percent of its issued share capital, the board of directors is required to disclose this information and their recommendations regarding the losses within sixty days of becoming aware of the situation. Furthermore, the board must convene an Extraordinary General Assembly within 180 days of this awareness to discuss the Company's status and take any necessary actions to address or mitigate the losses.

The management of the Group has developed a long-term business plan approved by the board of directors which envisages addressing financial challenges and positioning the company for long-term sustainability and growth. This plan includes restructuring of loans with Banks by settling loan obligations against certain assets of the Group and converting part of the loan to Share Capital after approval of appropriate legal/ regulatory authorities and shareholders. The first leg of this transaction was partially completed as disclosed in note 12 while the approval of regulatory authorities and shareholders is expected by September 2025. Some other similar financing-related changes and improvements in performance, including sales growth and gain enhancement, are planned. These enhancements will primarily stem from operational efficiencies, such as material optimization, waste control, and a focus on premium products. Additionally, cost-related measures, including manpower optimization strategies and process automation, have also been planned after which the losses are expected to reach a level below 50% of the share capital in the near term. In addition, the Group is working on a strategy of asset optimization by sale of unutilized warehouses and land, productivity enhancement to enhance product offering, geographical reallocation of assets from UAE to KSA markets and team reinforcements. The above measures are expected to create financial stability and provide opportunities for growth in order to enable the Group to continue its operations and return to profitability. Hence these interim condensed consolidated financial statements have been prepared on going concern basis.

a) Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments is measured at fair value and for the employees’ defined benefits plans that are measured at present value of future obligations using the projected unit credit method. Further, the interim condensed consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

b) Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Arabian Riyal (“~~ﷲ~~”), which is the functional currency of the Group. All amounts have been rounded to the nearest ~~ﷲ~~, unless otherwise stated.

3. USE OF ESTIMATES AND JUDGEMENTS

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the 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 31 December 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

5. NEW STANDARDS OR AMENDMENTS

One amendment apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

6. FAIR VALUE MEASUREMENTS

A number of the Group's accounting policies require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair value. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized by the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

7. OPERATING SEGMENTS

The operational segment is a component of the Group that participates in the business activities and can generate revenue and incur expenses, including income and expenses related to transactions with any of the other components of the Group. All operational results of the operating sectors are reviewed by the Group's operational decision makers to make decisions about the resources that will be allocated to the segment and assess its performance, and for which separate financial information is available.

a) Basis for segments

The Group has the following three strategic divisions which are reportable. These divisions offer different products and services and are managed separately as they require different technical and marketing strategies. Transactions between business sectors are conducted in accordance with fair transaction terms in a manner similar to transactions with third parties.

The following summary describes the operations of each reportable segment

Reportable segment	Operation
Printing	Printing, tools and raw materials.
Packaging	Printing on plastic and commercial posters in addition to the manufacture of plastic products.
Others	Includes the head quarter, management activities, investment activities and others.

The board of directors monitor the results of the operations of the business units independently for the purpose of making decisions on resource allocation and performance assessment.

b) Information about reportable segments

The following tables present revenue and loss before zakat information for the Group's operating segments for the six-months ended 30 June 2025 and 2024, respectively.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

7. OPERATING SEGMENTS (continued)

b) Information about reportable segments (continued)

30 June 2025	Reportable segments				Adjustments & Eliminations ﷲ	Total ﷲ
	Printing ﷲ	Packaging ﷲ	All other segments ﷲ	Total ﷲ		
Revenue						
External customers	26,995,069	298,097,432	-	325,092,501	-	325,092,501
Inter-segments	-	25,905,085	-	25,905,085	(25,905,085)	-
Total revenue	26,995,069	324,002,517	-	350,997,586	(25,905,085)	325,092,501
Net loss	(585,765)	(47,079,601)	(7,918,972)	(55,584,338)	-	(55,584,338)

30 June 2024	Reportable segments				Adjustments & Eliminations ﷲ	Total ﷲ
	Printing ﷲ	Packaging ﷲ	All other segments ﷲ	Total ﷲ		
Revenue						
External customers	34,266,358	327,086,478	-	361,352,836	-	361,352,836
Inter-segments	9,725,866	17,406,374	-	27,132,240	(27,132,240)	-
Total revenue	43,992,224	344,492,852	-	388,485,076	(27,132,240)	361,352,836
Net loss	(46,748,904)	(39,948,462)	(7,039,602)	(93,736,968)	-	(93,736,968)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2025 and 31 December 2024, respectively:

	Reportable segments							
	Printing ₹		Packaging ₹		Other ₹		Total ₹	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Total assets	74,854,796	86,895,538	1,049,260,730	1,113,472,562	8,670,838	7,113,126	1,132,786,364	1,207,481,226
Total liabilities	(8,267,165)	(9,038,864)	(582,580,463)	(615,566,837)	(316,047,250)	(301,461,942)	(906,894,878)	(926,067,643)

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

7. OPERATING SEGMENTS (continued)

c) Geographical information

The printing and packaging sectors are mainly managed from Saudi Arabia and the United Arab Emirates, respectively.

The geographical information below shows the Group revenues, assets, liabilities, and operating assets in the countries where the Group operates. When presenting the following geographical information, the sector's revenues were based on the geographical location and assets of the sector based on the geographical location of the assets.

Revenues from customers	30 June 2025	30 June 2024
	ﷲ	ﷲ
Saudi Arabia	130,321,700	135,525,862
United Arab Emirates	115,779,939	131,151,095
Others	78,990,862	94,675,879
	325,092,501	361,352,836
Total assets	30 June 2025	31 December 2024
	ﷲ	ﷲ
Saudi Arabia (including Goodwill)	391,361,009	399,084,632
United Arab Emirates	741,425,355	808,396,594
	1,132,786,364	1,207,481,226
Total liabilities		
Saudi Arabia	(724,178,125)	(696,331,974)
United Arab Emirates	(182,716,753)	(229,735,669)
	(906,894,878)	(926,067,643)
Non-current assets (*)		
Saudi Arabia	211,114,276	222,290,704
United Arab Emirates	572,598,451	583,614,910
	783,712,727	805,905,614

(*) Non-current operating assets consist of property, plant, and equipment, investment properties, intangible assets and goodwill, trade receivables, derivative assets, and right-of-use of assets.

8. ZAKAT AND TAXATION

8.1 ZAKAT

Zakat provision is estimated and charged to the interim condensed consolidated statement of comprehensive loss. The Group submitted zakat returns for all years up to 2024. As of June 30, 2025, the status of the Zakat assessments remains unchanged from what was reported in the Group's annual consolidated financial statements for the year ending December 31, 2024, at the time these interim condensed consolidated financial statements were prepared.

Subsequent to the reporting period, the company entered into a settlement agreement with the ZATCA which has issued a final Zakat assessment covering the years 2005 till 2008 ,2015, 2016, 2018,2019 and 2020 which requires the Company to pay a total of ﷲ 6.8 million for these years, to be settled in 12 equal monthly installments.

Movement in zakat provision is as follows:

	30 June 2025	31 December 2024
	ﷲ	ﷲ
Balance as at 1 January	18,525,514	14,689,304
Charge during the period/year	699,124	3,836,210
Paid during the period/year	-	-
Foreign currency translation adjustments	-	-
	19,224,638	18,525,514

Saudi Printing and Packaging Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

8. ZAKAT AND TAXATION (continued)

8.2 TAXATION

UAE Corporate Tax Law

The Group is loss making and does not have any current tax, further the group management has evaluated and recorded a deferred tax asset on the loss for the period in the interim condensed financial statements amounting to ~~ﷲ~~ 7.97 million (31 December 2024: ~~ﷲ~~ 5.25 million)

9. INVENTORIES

The total provision for slow-moving inventories as at 30 June 2025 is ~~ﷲ~~ 19.8 million (31 December 2024: ~~ﷲ~~ 20.75 million).

10. TRADE RECEIVABLES

	30 June 2025 ﷲ	31 December 2024 ﷲ
Trade receivables	278,129,061	291,959,184
Less: Allowance for expected credit losses	(104,188,352)	(103,339,199)
	<u>173,940,709</u>	<u>188,619,985</u>
Current portion	173,470,986	186,756,189
Non-current portion (*)	<u>469,723</u>	<u>1,863,796</u>

(*) As of 30 June 2025, balances due from two customers subject to a court case have been rescheduled. As a result, the amounts due after 12 months have been classified as non-current.

Movement in allowance for expected credit losses is as follows:

	30 June 2025 ﷲ	31 December 2024 ﷲ
Balance at the beginning of the period/year	103,339,199	92,994,134
Impairment loss on trade receivables	1,019,522	10,800,838
Write-off	(170,369)	(455,773)
	<u>104,188,352</u>	<u>103,339,199</u>

11. CASH AND CASH EQUIVALENTS

	30 June 2025 ﷲ	31 December 2024 ﷲ
Cash in hand	302,638	55,729
Cash at banks	<u>18,084,104</u>	<u>29,724,646</u>
Cash and cash equivalents in the interim condensed consolidated statement of financial position	18,386,742	29,780,375
Less: Balance with banks-restricted accounts (*)	<u>(9,792,852)</u>	<u>(9,792,852)</u>
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	<u>8,593,890</u>	<u>19,987,523</u>

(*) The restricted book accounts represent a deposit against a loan obtained (Note 16).

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

12. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2025, the cost of property, plant and equipment amounted to **ﷲ** 1,186.6 million (31 December 2024: **ﷲ** 1,186.6 million) and the accumulated depreciation and impairment as at 30 June 2025 amounted to **ﷲ** 706.8 million (31 December 2024: **ﷲ** 687 million). During the six-month period ended 30 June 2025, the Group acquired assets with a cost of **ﷲ** 6 million (31 December 2024: **ﷲ** 25.38 million).

The Group's total net book value of assets amounted to **ﷲ** 479.9 million as at 30 June 2025 (31 December 2024: **ﷲ** 499.3 million). Certain property, plant and equipment were placed as collateral against long-term borrowing (Note 16).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to **ﷲ** 6.7 million as at 30 June 2025 (2024: **ﷲ** 9.4 million). These are expected to be delivered in 2025.

As per the board of directors meeting held on 29 October 2024, the board decided to transfer ownership of the land and building of Al-Madinah Al-Munawarah Printing and Publishing Company (one of the subsidiaries of the Group) to Tanweer Real Estate Company which is a subsidiary of Alinma Bank. The Group management agreed with Alinma Bank to settle **ﷲ** 110 million (**ﷲ** 91.1 million from property plant and equipment and **ﷲ** 18.9 million from investment properties) loan through the cession of two land parcels and building with a total area of 122,326 square meters in Al Manarat District, Jeddah. This transaction occurred on 5 December 2024.

The above cession transactions is part of the Group plan to settle its obligation to Alinma Bank amounting to **ﷲ** 178.2 million by transferring the aforementioned lands and building and settling the balance by converting loan into equity. During the year 2024 the Group has applied to Capital Markets Authority (CMA) for approval to convert **ﷲ** 73.6 million of the loan balance from Alinma Bank to equity by issuance of 5,207,065 number of shares. The issuance of shares is subject to approval from shareholders in their extraordinary general meeting.

13. INTANGIBLE ASSETS AND GOODWILL

The carrying value of intangibles assets amounted to **ﷲ** 285.36 million as at 30 June 2025 (31 December 2024: **ﷲ** 285.5 million). The following is a breakdown of goodwill:

	30 June 2025 ﷲ	31 December 2024 ﷲ
Emirates National Factory for Plastic Industries	274,707,551	274,707,551
Hala Printing Company	10,216,885	10,216,885
	284,924,436	284,924,436

The remaining balance comprises of software cost capitalized amounting to **ﷲ** 436.4 thousand as of 30 June 2025 (31 December 2024: **ﷲ** 526.4 thousand). During 2012, the Group acquired 100% of the shares of Emirates National Factory for Plastic Industries LLC ("Emirates Factory"), a Limited Liability Company, established in the Emirates of Sharjah, in the United Arab Emirates, for a net consideration of approximately **ﷲ** 642 million.

All the parties have agreed under the Shares Purchase and Sale Agreement (the "Agreement") to transfer all rights and liabilities related to the former shareholders to the Group on 1 July 2012 as the date on which effective control is transferred to the Group (the "Acquisition Date"). This acquisition resulted in goodwill amounting to approximately **ﷲ** 353.8 million, which represents the excess of consideration paid over the fair value of the net assets acquired on the date of acquisition, amounting to approximately **ﷲ** 288.2 million.

Emirates Factory operates in the manufacture and distribution of packaging and plastic products and has several subsidiaries in both the United Arab Emirates and the Kingdom of Saudi Arabia. The consolidated financial statements of Emirates Factory were consolidated with effect from 1 July 2012.

On 1 July 2014, the Group restructured the packaging sector by merging Future Plus Company and Flexible Packaging Company with Emirates National Factory for Plastic Industries. Accordingly, the carrying amount of goodwill has increased to **ﷲ** 380 million after adding the goodwill of these two companies. During 2017, 2023 and 2024, the group has recognised impairment on the goodwill amounted to **ﷲ** 20.3 million, **ﷲ** 35 million and **ﷲ** 50 million, respectively.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

13. INTANGIBLE ASSETS AND GOODWILL (continued)

Goodwill impairment test

Management performs goodwill test to ensure that there is no impairment at the end of each financial year. Although management expects the Group's market share of the printing and packaging market to be stable over the forecast period, any decline in the market share would result in a further impairment. The management found, through the goodwill impairment testing performed, that the recoverable amount was less than the book value of the goodwill as at 31 December 2024 accordingly an impairment of ~~SR~~ 50 million was recorded..

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows along with cash flow to perpetuity, based on the financial budget approved by the Board of Directors.

The Management believes that the estimated growth rates do not exceed the long-term average growth rates related to the activities carried out by the group companies.

Sensitivity to changes in assumptions.

In relation to the recoverable amount review, any adverse change in underlying assumptions might result in an impairment loss. The terminal growth rates and Weighted Average Cost of Capital Assumptions ("WACC") used are the key assumptions in cases where potential changes might lead to impairment. Any increase in the WACC will result in further significant loss of impairment.

The key assumptions used in the estimation of the recoverable amount as at 31 December 2024 and period ended 31 March 2025 are set out below. The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Emirates National Factory for Plastic Industries %	Hala Printing Company %
Discount rate	10.60	10.60
Estimated total margin	9.51%	16.62 %
Average annual growth rate of revenue	6.3	17.13
Terminal growth rate	2.5	2.5

WACC represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. WACC calculation is based on the specific circumstances of the Group and its operating segments. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

The terminal growth rate was determined based on management's estimate of the long-term growth forecast for UAE and KSA.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

14. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value on derivative financial instruments as at the reporting date was as follows:

	30 June 2025	31 December 2024
	ﷲ	ﷲ
Derivatives not designated as hedging instruments		
Profit rate swaps	-	3,298,256

The Group used derivative financial instruments mainly, profit rate swaps to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group had recognized financial asset of ﷲ 3.3 million as a financial asset during the year ended 31 December 2024, During the period ended 30 June 2025 the derivative financial instruments were terminated, resulting in a loss of ﷲ 0.8 million recognized in the interim condensed financial statements for the period.

15. SHARE CAPITAL AND RESERVES

Share Capital: as at 30 June 2025, the fully paid-up share capital of the company is ﷲ 600 million (31 December 2024: ﷲ 600 million) divided into 60 million shares (31 December 2024: 60 million shares) with a nominal value of ﷲ 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Contractual reserve: in accordance with the by-law of the Company, the Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside a percentage not exceeding 20% of the Group's net profits to form a contractual reserve and allocate it for a specific purpose or other purposes.

16. LOANS AND MURABAHA

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods subject to renewal. The credit limit for total facilities was ﷲ 645.67 million as at 30 June 2025 (31 December 2024 ﷲ 699.9 million). These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their clients. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to the Group's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 1.65% to 3.5% per annum in addition to SAIBOR or EIBOR as applicable.

The loan agreements contain covenants, mainly relating to certain current ratio, leverage ratio, total debt to equity ratio, and others. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group didn't comply with certain loans and certain covenants as at 31 December 2024 and on 30 June 2025. The Group has breached certain financial covenants related to certain interest-bearing loan, accordingly this loan has been classified as short-term.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

16. LOANS AND MURABAHA (continued)

Under these agreements, the Group provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
- Restricted bank accounts amounting to ﷲ 9.8 million (2024: ﷲ 9.8 million). (note 11)
- Corporate Guarantee from Flexible Packaging Company Limited, Future Plus Company and Taibah Printing and Packaging Company Limited.
- Funding bank account is required with amount to be held of 1 quarterly fixed installment + variable interest rate) to designated non-checking account with the bank
- Legal Mortgage over land and property of ﷲ 137.1 million (2024: ﷲ 137.1 million).
- Mortgage of Machineries worth ﷲ 144 million (2024: ﷲ 144 million).
- Assignment of all risk Islamic Insurance policy over mortgaged properties, inventory, and purchased machines.
- Pledge of stock/inventories in favor of the bank until full and final repayment of the total facilities
- Hypothecation over inventories of ENPI Group amounting to the carrying value of the inventories at any given point in time
- Hypothecation over ENPI receivables on pari passu basis between the lenders
- Cross corporate guarantees of ENPI Companies for ﷲ 247.7 million (31 December 2024: ﷲ 298.7 million)
- Comfort letter from the shareholders of ENPI amounting to the full working capital facilities of ﷲ 247.7 million (2024: ﷲ 298.7 million).
- The Group obtained the facility limit of ﷲ 101.9 million in January 2021 for the new capital expenditure with the moratorium period of 18 months. Against which ﷲ 8.9 million is utilized against this facility as of 31-Dec-2023. In October 2022, the same was renewed with the limit ﷲ 91.7 million for the period of 15 months after the drawdown of ﷲ 8.9 million, In February 2023, limit is reduced to ﷲ 76.4 million , In 2024, an additional drawdown of ﷲ 14.7 million was made, and the capital expenditure facility has since expired. This borrowing is secured against mortgage of financed assets.

The future movement in interest rate of loans are hedged through an IRS which has resulted in a derivative financial instrument asset as at 30 June 2025 refer to (Note 14).

As at 30 June 2025, the utilized balance amounted to ﷲ 630.4 million (31 December 2024: ﷲ 653,1 million).

The following is an analysis of the loans and Murabaha transactions:

	30 June 2025	31 December 2024
	ﷲ	ﷲ
Long term loans*	254,707,958	259,084,543
Short term loans	352,264,601	375,109,639
Overdrafts	20,298,062	16,818,659
Accrued finance cost	3,219,447	2,078,020
Total	630,490,068	653,090,861

* The long-term loans include current portion of loan which is reclassified into current portion due to breach of certain financial covenants.

Saudi Printing and Packaging Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

16. LOANS AND MURABAHA (continued)

The following is the movement of the loan and murabaha:

	30 June 2025 ﷲ	31 December 2024 ﷲ
Opening balance	653,090,861	773,413,292
Proceeds during the period/year	261,560,201	1,968,112,298
Payments during the period/year	(285,302,421)	(2,085,945,079)
Interest charged during the period /year	23,352,322	59,075,234
Payments for financial cost during the period/year	(22,210,895)	(61,564,884)
Ending balance	630,490,068	653,090,861

The loans and murabaha are presented in the interim condensed consolidated statement of financial position as follows:

	30 June 2025 ﷲ	31 December 2024 ﷲ
Current portion	495,157,063	497,878,818
Non- current portion	135,333,005	155,212,043
	630,490,068	653,090,861

17. RELATED PARTIES

Related parties of the Group comprise shareholders having control, joint control or significant influence, key management personnel and affiliates where shareholders have control or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the normal course of business.

Transactions with key management personnel

	30 June 2025 ﷲ	30 June 2024 ﷲ
Expenses and allowances of the Board of Directors	875,630	677,456
Remuneration of key management personnel	4,009,062	1,781,988

Remuneration of key management personnel

	30 June 2025 ﷲ	30 June 2024 ﷲ
Short -term employee benefits	3,849,580	1,684,658
Long -term employee benefits	159,482	97,330
	4,009,062	1,781,988

Key management personnel compensation includes salaries and equivalents and employees defined benefit liabilities.

Saudi Printing and Packaging Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

17. RELATED PARTIES (continued)

Due from related parties		Sales transactions during six-month ended		Balances outstanding	
	Nature	30 June 2025 S	30 June 2024 S	30 June 2025 S	31 December 2024 S
Saudi Research Publishing Company	Fellow subsidiaries (*)	13,018,030	14,169,363	-	-
Saudi Specialized Publishing Co.	Fellow subsidiaries (*)	225,290	712,225	-	-
Saudi Research and Media Group	Holding Company	452,505	25,650	-	-
Saudi Distribution Company	Fellow subsidiaries (*)	-	2,080	-	-
		-	-	-	-
Due to a related party		Advance payments during six-month ended		Balances outstanding	
	Nature	30 June 2025 S	30 June 2024 S	30 June 2025 S	31 December 2024 S
Saudi Research and Media Group	Holding Company	(23,000,000)	(15,000,000)	50,844,610	43,594,808
				50,844,610	43,594,808

(*) The fellow subsidiaries are the Holding company's subsidiaries.

None of the balances are subject to any guarantees. No expense has been recognized in the current period or prior period for bad or doubtful debts in respect of amounts owed by related parties.

18. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled by the Group within the credit time frame.

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2025 S	31 December 2024 S
Accrued expenses	15,825,502	12,835,749
Real estate transaction tax	5,500,000	5,500,000
Advances from customers	4,764,254	4,979,190
Employees accruals	3,089,972	2,688,867
Other	2,118,051	2,768,497
	31,297,779	28,772,303

20. INVESTMENT PROPERTIES

As at 30 June 2025, the Group holds investment properties with carrying value of S 6 million (31 December 2024: S 6.17 million) which had a fair value of S 11.28 million as at 31 December 2024.

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

21. FINANCIAL INSTRUMENTS

The table below shows the carrying value of financial assets and liabilities as at 30 June 2025 and 31 December 2024, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost.

	30 June 2025			31 December 2024		
	Amortized cost	Other financial liabilities	Total	Amortized cost	Other financial liabilities	Total
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
Financial assets not measured at fair value						
Trade receivable, net	173,940,709	-	173,940,709	188,619,985	-	188,619,985
Other current assets	19,742,523	-	19,742,523	20,552,162	-	20,552,162
	<u>193,683,232</u>	<u>-</u>	<u>193,683,232</u>	<u>209,172,147</u>	<u>-</u>	<u>209,172,147</u>
Financial liabilities not measured at fair value						
Loans and Murabaha	-	630,490,068	630,490,068	-	653,090,861	653,090,861
Trade payable	-	140,219,045	140,219,045	-	145,827,259	145,827,259
Financial lease liabilities	-	4,432,670	4,432,670	-	4,891,838	4,891,838
Employee accruals	-	3,089,972	3,089,972	-	2,688,867	2,688,867
Dividend payable	-	697,151	697,151	-	697,151	697,151
	<u>-</u>	<u>778,928,906</u>	<u>778,928,906</u>	<u>-</u>	<u>807,195,976</u>	<u>807,195,976</u>

Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six-month period ended 30 June 2025

22. COMMITMENTS AND CONTINGENT LIABILITIES

Legal cases

The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these interim consolidated condensed financial statements.

Commitments

As 30 June 2025, contingent liabilities related to letter of credit amounted to ~~ﷲ~~ 0.66 million (31 December 2024: ~~ﷲ~~ 4.8 million). As at 30 June 2025, the Group has outstanding bank guarantee letters from a local bank amounting to ~~ﷲ~~ 0.68 million (31 December 2024: ~~ﷲ~~ 0.6 million.).

23. SUBSEQUENT EVENTS

No matters have occurred up to and including the date of approval of these interim condensed consolidated financial statements by the board of directors which would materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 30 June 2025.

24. COMPARATIVE FIGURES

Certain comparative figures related to transportation and shipment cost of the prior period amounts have been reclassified to conform with the presentation in the current period. The reclassification does not have any effect on the interim condensed operating loss, total assets, total liabilities, equity and interim condensed cash flows statement.

Comparative figures reclassifications are mainly as follows:

	As previously Reported ﷲ	Amount of reclassification ﷲ	After Reclassification ﷲ
Cost of revenue – 30 June 2024	(331,826,627)	(7,365,478)	(339,192,105)
Gross profit–30 June 2024	29,526,209	(7,365,478)	22,160,731
Selling, marketing and distribution expenses–30 June 2024	(24,351,126)	7,365,478	(16,985,648)

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 9 Safar 1447H (corresponding to 3 August 2025).