



**PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL
INFORMATION
TO THE SHAREHOLDERS OF PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Paper Home Company (the "Company") as at 30 June 2025 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial information 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 financial information 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' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

OTHER MATTER

The interim condensed financial information of the Company for the six-month period ended on 30 June 2024, were reviewed by another auditor, who expressed an unmodified conclusion on the interim condensed financial information on 25 Safar 1446H corresponding to 29 August 2024. The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor, who expressed unmodified opinion on those financial statements on 27 Ramadan 1446H corresponding to 27 March 2025.

For Alluhaid & Alyahya Chartered Accountants




Turki A. Alluhaid
Certified Public Accountant
License No. (438)


Riyadh: 25 Safar 1447H
(19 August 2025)




PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025
(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	76,667,713	75,340,231
Investment properties	9	13,404,568	13,404,568
Total Non-Current Assets		90,072,281	88,744,799
Current Assets			
Inventory		8,063,528	9,471,330
Trade receivables	10	21,546,995	19,130,615
Prepayments and other current assets		1,397,556	2,420,970
Cash at banks		4,446,337	6,883,522
Total Current Assets		35,454,416	37,906,437
TOTAL ASSETS		125,526,697	126,651,236
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	20,000,000	20,000,000
Statutory reserve	7	5,123,414	5,123,414
Actuarial reserve		(746,661)	(746,661)
Retained earnings		65,397,198	58,670,771
TOTAL EQUITY		89,773,951	83,047,524
LIABILITIES			
Non-Current Liabilities			
Long-term loans – non-current portion	11	5,916,076	8,927,358
Employee end-of-service benefits		2,404,014	2,179,313
Deferred government grant income – non-current portion		501,923	518,233
Total Non-Current Liabilities		8,822,013	11,624,904
Current Liabilities			
Trade payables		19,715,624	20,662,819
Long-term loans – current portion	11	5,360,921	5,510,000
Deferred government grant income –current portion		206,162	240,697
Accrued expenses and other current liabilities		1,553,224	3,462,519
Due to related party	12	-	1,643,655
Zakat provision	13	94,802	459,118
Total Current Liabilities		26,930,733	31,978,808
TOTAL LIABILITIES		35,752,746	43,603,712
TOTAL EQUITY AND LIABILITIES		125,526,697	126,651,236


Mazen Mustafa Raai
Chief Financial Officer


Faisal Yaqoub Al-Maghribi
Chief Executive Officer


Yaqoub Yousef Al-Maghribi
Chairman of Board

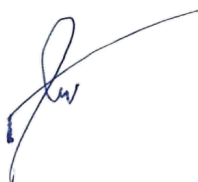
The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

PAPER HOME COMPANY**(A SAUDI JOINT STOCK COMPANY)****INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025****(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)**

	Note	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Revenue	15	46,324,499	44,862,037
Cost of revenue		(34,373,049)	(32,386,469)
Gross Profit		11,951,450	12,475,568
Selling and marketing expenses		(1,099,730)	(1,157,163)
General and administrative expenses		(3,529,264)	(3,890,416)
Provision for expected credit losses	10	(60,000)	(60,000)
Operating Profit		7,262,456	7,367,989
Finance cost		(545,787)	(380,007)
Other income		120,123	96,266
Net profit for the period before zakat		6,836,792	7,084,248
Zakat	13	(110,365)	(231,864)
Net profit for the period		6,726,427	6,852,384
Other Comprehensive Income Items			
Other comprehensive income		-	-
Total comprehensive income for the period		6,726,427	6,852,384
Earnings per share			
Basic and diluted earnings per share from the net profit for the period	14	1.12	1.14



Mazen Mustafa Raai
Chief Financial Officer



Faisal Yaqoub Al-Maghribi
Chief Executive Officer



Yaqoub Yousef Al-Maghribi
Chairman of Board

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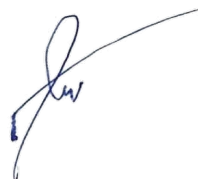
PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

	Share Capital	Statutory Reserve	Actuarial Reserve	Retained Earnings	Total
<i>For the six-month period ended 30 June 2024</i>					
Balance at 1 January 2024 (audited)	15,000,000	5,123,414	(454,160)	45,785,000	65,454,254
Net profit for the period	-	-	-	6,852,384	6,852,384
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	6,852,384	6,852,384
Balance at 30 June 2024 (unaudited)	15,000,000	5,123,414	(454,160)	52,637,384	72,306,638
<i>For the six-month period ended 30 June 2025</i>					
Balance at 1 January 2025 (audited)	20,000,000	5,123,414	(746,661)	58,670,771	83,047,524
Net profit for the period	-	-	-	6,726,427	6,726,427
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	6,726,427	6,726,427
Balance at 30 June 2025 (unaudited)	20,000,000	5,123,414	(746,661)	65,397,198	89,773,951

Mazen Mustafa Raai
Chief Financial Officer



Faisal Yaqoub Al-Maghribi
Chief Executive Officer



Yaqoub Yousef Al-Maghribi
Chairman of Board



The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

	Note	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Net profit for the period before zakat		6,836,792	7,084,248
Adjustments to reconcile net profit before zakat:			
Provision for expected credit losses	10	60,000	60,000
Depreciation of property, plant and equipment		1,520,614	1,391,263
Depreciation of right-of-use assets		-	121,249
Finance costs		545,787	380,007
Employee end-of-service benefits		233,255	210,423
		<u>9,196,448</u>	<u>9,247,190</u>
Changes in working capital:			
Trade receivables		(2,476,380)	1,026,176
Inventory		1,407,802	1,244,275
Prepayments and other current assets		1,023,414	(4,268,300)
Trade payables		(947,195)	(4,492,882)
Accrued expenses and other current liabilities		(1,909,295)	(827,532)
Cash generated from operating activities		<u>6,294,794</u>	<u>1,928,927</u>
End-of-service benefits paid		(8,554)	(1,051)
Zakat paid	13	(474,681)	(476,420)
Net cash generated from operating activities		<u>5,811,559</u>	<u>1,451,456</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(2,848,096)	(17,847,330)
Net cash used in investing activities		<u>(2,848,096)</u>	<u>(17,847,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans	11	-	11,092,500
Repayment of long and short term loans	11	(3,187,000)	(1,245,000)
Finance costs paid	11	(449,870)	(182,899)
Bank facilities	11	-	(2,040,000)
Amounts paid to related parties	12	(1,643,655)	13,364,097
Change in liabilities on government grant income		(120,123)	(96,266)
Net cash (used in) generated from financing activities		<u>(5,400,648)</u>	<u>20,892,432</u>
Net change in cash at banks		<u>(2,437,185)</u>	<u>4,496,558</u>
Cash at banks at the beginning of the period		<u>6,883,522</u>	<u>7,726,663</u>
Cash at banks at the end of the period		<u>4,446,337</u>	<u>12,223,221</u>



Mazen Mustafa Raai
Chief Financial Officer



Faisal Yaqoub Al-Maghribi
Chief Executive Officer



Yaqoub Youssef Al-Maghribi
Chairman of Board

The accompanying notes from 1 to 19 form an integral part of these interim condense financial statements.

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

1. ORGANISATION AND ACTIVITIES

Paper Home Company (“the Company”) is a Saudi joint stock company registered in Kingdom of Saudi Arabia under commercial registration number 1011022901 dated 7 Safar 1436H (corresponding to 29 November 2014).

The Company also carries out its activity under an industrial license issued by the Ministry of Industry and Mineral Resources, license number 361454, with decision number (451102131971), and its type is renewal on Jumada al-Awwal 8, 1445 H, corresponding to (November 22, 2023). The Company's activities are as follows:

- Manufacture of paper and corrugated cardboard, manufacturing of cardboard boxes, folded or single bags made of paper or corrugated cardboard.
- Manufacture of molds, strips, and filter films from paper pulp.

The Company's activities in accordance with the bylaws are as follow:

- Manufacturing , agriculture, forestry and fishing, mining and quarrying, electricity, gas, steam and air conditioning supply, water supply and sanitation activities, waste management and treatment, construction, wholesale and retail trade and repair of motor vehicles and motorcycles, transport and warehousing, accommodation and food service activities, information and communications, real estate activities, professional, scientific and technical activities, administrative and support services, education, human health and social work activities, arts, entertainment and amusement, and other service activities.

The accompanying interim condensed financial statements include the accounts of the Company and its following branches, which operate under separate commercial registrations:

Branch Name	City	<u>C.R Number</u>	<u>Date</u>
Paper Home Company branch	Al Kharj	1011135238	27 Rajab 1437H
Paper warehouses storage company	Al Kharj	1011153149	16 Dhul-Qi'dah 1444H

The Company's head office is located at the following address:

Al-Rafaya Industrial Area, P.O. Box 21629
Riyadh 11485
Kingdom of Saudi Arabia

On 03 Dhu al-Hijjah 1444 H, corresponding to 21 June 2023, the Company obtained the approval of the Capital Market Authority (“CMA”) to publish the document for registering the Company’s shares in the parallel market on the Tadawul Company website. On 19 Safar1445 H, corresponding to 4 September 2023, the Company was listed on the parallel market and trading in the Company’s shares began in the Saudi Stock Exchange under code(9576).

2. BASIS OF PREPARATION

2-1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (34 – Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2024.

2-2. Basis of measurement

These interim condensed financial statements have been prepared on the historical cost basis, except for the recognition of employees' end-of-service benefits at the present value of future obligations using the projected unit credit method, and investment properties which are measured at fair value.

2-3. Functional and Presentation currency

These interim condensed financial statements are presented in Saudi Riyal (ﷲ) which is the Company’s functional and presentation currency.

3- USE OF JUDGEMENTS AND ESTIMATES

The preparation of these interim condensed financial statements requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those disclosed in the annual financial statements as at December 31, 2024.

4- SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements as at December 31, 2024. The Company's financial risk management policies and objectives are consistent with those disclosed in the financial statements for the year ended December 31, 2024.

5- ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

New standards and a set of amendments to standards have been issued, which are effective from January 1, 2025, and were disclosed in the Company's annual financial statements; for the year ended December 31, 2024 however, they do not have a material impact on the Company's interim condensed financial statements.

6- SHARE CAPITAL

The Company's share capital is ﷲ 20 million, divided into 2 million shares with a par value of ﷲ 10 each.

On Jumada al-Awwal 23, 1446H (corresponding to November 25, 2024), the Extraordinary General Assembly approved the increase of the Company's share capital from ﷲ 15 million to ﷲ 20 million, divided into 2 million shares, by granting bonus shares to the Company's shareholders at a rate of one bonus share for every three shares held. The legal formalities were completed on Jumada al-Awwal 26, 1446H (corresponding to November 28, 2024).

6- SHARE CAPITAL (CONTINUED)

On Shawwal 30, 1446H (corresponding to April 28, 2025), the Board of Directors recommended a capital increase by granting bonus shares to the Company's shareholders, amounting to 4 million shares, through a grant of two shares for every one share held by the shareholders. This will be achieved by capitalizing an amount of ﷲ 40 million from the retained earnings account. The percentage of the increase will be 200% of the current capital of ﷲ 20 million, bringing the new capital after capitalization to ﷲ 60 million, by increasing the number of shares from 2 million to 6 million. This is conditional on the Extraordinary General Assembly meeting being held no later than six months from the date of this approval and on the Company completing the relevant legal formalities and requirements.

Subsequently, at its meeting held on Muharram 27, 1447H (corresponding to July 22, 2025), the Extraordinary General Assembly approved the Board of Directors' recommendation to increase the Company's capital.

On Safar 2, 1447H (corresponding to July 27, 2025), the Capital Market Authority (CMA) approved the capital increase and confirmed the completion of the capital increase in the Depository and Settlement System.

Subsequently, The legal formalities relating to the increase in share capital completed.

7- STATUTORY RESERVE

On Shawwal 30, 1446H (corresponding to April 28, 2025), the Board of Directors recommended abolishing the statutory reserve from the Company's bylaws, transferring the statutory reserve balance to retained earnings, and submitting this for the approval of the General Assembly of Shareholders.

Subsequently, at its meeting held on Muharram 27, 1447H (corresponding to July 22, 2025), the Extraordinary General Assembly approved the Board of Directors' recommendation to delete Article (47) of the Company's bylaws related to the formation of reserves. It also approved the transfer of the Company's statutory reserve balance, amounting to ﷲ 5,123,414 as shown in the financial statements for the year ended December 31, 2024, to the retained earnings balance.

8- PROPERTY, PLANT, AND EQUIPMENT

Certain plots of land, along with all existing buildings or those to be constructed on them, including the borrower's entire plant, machinery, equipment, and all related assets and appurtenances, have been mortgaged in favor of the Industrial Development Fund (Note 11-2).

Lands with a carrying amount of ﷲ 15.2 million as at June 30, 2025, were pledged in favor of a local bank (note 11-1) (as at December 31, 2024: ﷲ 15.2 million).

The capital work in progress of ﷲ 11,398,110 (as at 31 December 2024: ﷲ 8,654,748) in property, plant and equipment consists of the construction cost of warehouses on land owned by the Company. It also includes payments for the purchase and installation of machinery and equipment for a new carton production line. It is expected that the capital work in progress will be completed during the year 2025 and all necessary operating licenses will be obtained. The construction costs will be capitalized under the Company's Property, Plant, and Equipment item upon completion.

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

9- INVESTMENT PROPERTIES

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period/year	13,404,568	17,485,596
Disposal of investments during the period/year	-	(6,000,000)
	13,404,568	11,485,596
Gains from investments properties revaluation during the period/year	-	1,918,972
Balance at the end of the period/year	13,404,568	13,404,568

The balance of investment properties consists of a plot of land in Okaz District, south of Riyadh .

Fair value measurement of the Company's investment properties

The land valuation was conducted by a real estate valuer named Makeen Alqima Company (License No. 1210001150) which is licensed by the Saudi Authority for Accredited Valuers (TAQEEM) using approved valuation techniques such as the market method (comparison approach) and the income method (residual value method).

The significant inputs used in the fair value measurement of investment properties as at 30 June 2025 as follows:

Investment property	Evaluation method	Significant inputs	Fair Value	
			30 June 2025 (unaudited)	31 December 2024 (audited)
Okaz land	Income method - residual value method	Adjustments, relative weight of price per square meter, discount rate, and residual value method assumptions	13,404,568	13,404,568
			13,404,568	13,404,568

10- TRADE RECEIVABLES

	30 June 2025 (unaudited)	31 December 2024 (audited)
Trade receivables	22,504,972	20,028,592
Provision for expected credit losses	(957,977)	(897,977)
	21,546,995	19,130,615

The movement in the provision for expected credit losses is as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period/year	897,977	777,977
Charged during the period/year	60,000	120,000
Balance at the end of the period/year	957,977	897,977

11- CREDIT FACILITIES

11-1 Long-term bank credit facilities from local banks

The Company entered into a 36-month bank credit facility agreement with a limit of ﷲ 10 million. This facility is subject to a successive Murabaha mechanism, renewed annually. The loan is to be repaid over a 3-year period in semi-annual installments, commencing on April 3, 2026, with the final installment due on May 6, 2027. The Company has made early payments for a number of due installments. The loan is secured by a mortgage on a plot of land with an area of 19,961 square meters, at an interest rate of the Saudi Arabian Interbank Offered Rate (SAIBOR) + 3.5%.

Below is the movement of the loan from local bank:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period/ year	10,085,288	-
Additions during the period/year	-	10,000,000
Finance charges for the period/year	425,664	713,125
Paid during the period/year	(2,449,870)	(627,837)
Balance at the end of the period/year	8,061,082	10,085,288

11-2 Saudi Industrial Development Fund (SIDF) Facilities

The Company obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) on December 13, 2019, to finance the production of corrugated cardboard. The total approved loan facility amounted to ﷲ 5,400,000. The loan is repayable over a 5-year period in semi-annual installments commencing on October 2, 2020. The payments were deferred to March 23, 2021, with the final installment due on February 3, 2026. The loan is secured by all buildings constructed or to be constructed on a 19,348 square meter plot of land, along with all the project's assets, equipment, machinery, and related accessories and appurtenances (note 8).

The Company obtained long-term loan from the Saudi Industrial Development Fund (SIDF) on November 10, 2022, for multi-purpose financing. The total approved loan facility amounted to ﷲ 3,000,000, of which ﷲ 2,678,000 has been received. The loan is repayable over a 4-year period in semi-annual installments commencing on August 31, 2023, with the final installment due on January 23, 2027. The loan is secured by the lands and all buildings constructed or to be constructed thereon, covering an area of 6,836 square meters, along with the borrower's entire factory, its machinery, equipment, and all its accessories and appurtenances (note 8).

The Company obtained long-term loan from the Saudi Industrial Development Fund (SIDF) on November 16, 2023, to finance the expansion of the corrugated cardboard production line. The total approved loan facility amounted to ﷲ 2,300,000. The first disbursement was received on May 26, 2024. The loan is repayable over a 6-year period in semi-annual installments commencing on April 3, 2026, with the final installment set for August 4, 2031. The loan is secured by personal guarantees from Mr. Yaqoub Al-Maghrabi, Mr. Faisal Al-Maghrabi, and Mr. Ammar Al-Maghrabi, and by all buildings constructed or to be constructed on a 19,348 square meter plot of land, along with all the project's assets, equipment, machinery, and related accessories and appurtenances (note 8).

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN ₪ UNLESS OTHERWISE STATED)

11- CREDIT FACILITIES (CONTINUED)

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period/ year	5,111,000	5,543,000
Additions during the period/year	-	1,840,000
Paid during the period/ year	(1,187,000)	(2,272,000)
Balance at the end of the period/year	3,924,000	5,111,000
<u>Less :deferred financial charges</u>		
Balance at the beginning of the period/year	(758,930)	(358,211)
Additions during the period/year	(69,278)	(636,140)
Finance charges for the period/year	120,123	235,421
Balance at the end of the period/year	(708,085)	(758,930)
Present value of facilities at the end of the period/year	3,215,915	4,352,070

11-3 Short-Term Credit Facilities

During the year 2022, the Company concluded a credit facility contract of ₪ 5 million secured by a personal guarantee from Mr. Faisal Yaqoub Yousef Al-Maghrabi (Managing Director and CEO) and the guarantee of The Small and Medium Enterprises Loan Guarantee Program, with an interest rate of 4% annually.

Below is the movement of credit facilities:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period/year	-	2,040,000
Paid during the period/year	-	(2,040,000)
Balance at the end of the period/year	-	-

11-4 Financial Covenants

These credit facilities are subject to loan covenants, a breach of which could lead to renegotiation with the lenders. These covenants are monitored on a periodic basis by management. In the event of a breach or a potential breach of these covenants, management takes the necessary actions to ensure compliance.

The credit facility agreements include covenants that require, among other things, limiting future capital expenditures and maintaining certain financial ratios. There were no breaches of these covenants during the period.

12- RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions include the rental expenses for the Company's headquarters, financing, and salaries, bonuses , remuneration, and allowances for committees, board members, and key executives and management carried out between the Company and the related parties, and between the Company and board members and committees and key executives and management, and those transactions are carried out in the normal course of the Company's activities according to the same transaction terms with third party. Transactions with related parties and the resulting balances are as follows:

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025
(ALL AMOUNTS IN ﷲ UNLESS OTHERWISE STATED)

12- RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

a- Relates party balances

	30 June 2025 (unaudited)	31 December 2024 (audited)
Amounts due to a related party	-	1,643,655
	-	1,643,655

b- Transactions carried out with related parties

Name	Nature of relationship	Nature of transactions	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Al-Kharj Investment Company (single personcompany)	Major shareholder - a company wholly owned by the Chairman	Rentals	-	150,000
		Repayment of financing	-	101,527
Yaqoub Youssef Muhammad Al-Maghribi	Chairman	Repayment of financing	1,643,655	-
Faisal Yaqoub Al-Maghribi	Managing Director and Chief Executive Officer	Advance payment for land and buildings*	-	(13,429,585)

* This represents the purchase value of the land, building, and machinery for a water factory under construction, which was included under 'Capital Work in Progress' as at June 30, 2024. This asset was subsequently sold based on the decision of the Company's board of directors dated 12 Rabiul Awwal 1446H (corresponding to September 15, 2024)..

c- Benefits, remuneration and compensations of senior management and senior executives

	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Salaries, bonuses, and allowances	446,000	454,440
End of service benefits	35,950	35,950

13- ZAKAT

13-1 Zakat Status

The Company has filed its Zakat and tax declarations with the Zakat, Tax and Customs Authority ("ZATCA") for the year ended December 31, 2024. The Company has obtained a certificate from ZATCA which is valid until Dhul-Qa'dah 13, 1447H (corresponding to April 30, 2026). The Company received amended Zakat assessments from ZATCA for the year 2023, which resulted in Zakat differences of ﷲ 8,255, and these were paid during the year 2024.

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13- ZAKAT (CONTINUED)

13-2 Movement of zakat provision

The movement in zakat provision is as follows:

	30 June 2025 (unaudited)	31 December 2024 (audited)
Balance at the beginning of the period/year	459,118	472,115
Provided during the the period/year	110,365	478,944
Payments during the period/year	(474,681)	(491,941)
Balance at the end of the period/year	94,802	459,118

14- EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding at the end of the period. Diluted earnings per share is the same as basic earnings per share, as the Company does not have any dilutive instruments.

The weighted average number of shares have been retrospectively adjusted to reflect the impact of the bonus share issuance approved after the reporting period (note 6).

	30 June 2025 (unaudited)	30 June 2024 (unaudited) (Restated)
Net profit for the period	6,726,427	6,852,384
Average number of shares during the period	6.000.000	6.000.000
Earnings per share of net profit for the period	1.12	1.14

15- REVENUE

	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Cardboard sales	42,487,699	44,126,669
Sticker sales	2,739,663	-
CardboardScrap sales	1,129,738	825,264
Discounts	(32,601)	(89,896)
	46,324,499	44,862,037
	30 June 2025 (unaudited)	30 June 2024 (unaudited)
At point in time	46,324,499	44,862,037
	46,324,499	44,862,037

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16- FAIR VALUE

Fair value is the amount that asset could be exchanged or a liability settled in a transaction between market participants at the measurement date. Fair value measurement assumes that the sale of the asset or transfer of the liability will take place either:

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability in the absence of a principal market.

The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions used by market participants when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset considers the ability of market participants to generate economic benefits by using the asset for the best benefit, or by selling it to another market participants for the best benefit.

Fair value measurement of a non-financial asset considers the ability of market participants to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

The Company uses valuation methods that are appropriate to the circumstances and conditions and has sufficient data to measure fair value, maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities whose fair values are measured or disclosed at their fair values in the financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3:** valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the above hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period..

The carrying amount of the financial assets that cannot be measured at fair value approximates their fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

The following table presents the fair value of investment properties, including their levels in the fair value hierarchy.

30 June 2025 (unaudited)	Level 1	Level 2	Level 3	Total
Investment properties – Okaz Land	-	-	13,404,568	13,404,568
31 December 2024 (audited)	Level 1	Level 2	Level 3	Total
Investment properties – Okaz Land	-	-	13,404,568	13,404,568

17- SEGMENT REPORTING

The Company's principal activity is cardboard manufacturing; therefore, management considers the Company's operations to consist of one main operating segment. The Company's other sales did not meet any of the quantitative thresholds referred to in the International Financial Reporting Standard (IFRS) 8, "Operating Segments".

18- CAPITAL COMMITMENTS AND CONTINGENCIES

18-1 Capital Commitments

The Company has no capital commitments as at June 30, 2025.

18-2 Contingent Liabilities

The Company has no contingencies as at June 30, 2025.

19- APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying interim condensed financial statements were approved by the Board of Directors on Safar 24, 1447H (corresponding to August 18, 2025).