PAPER HOME COMPANY

(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(UNAUDITED)
AND INDEPENDENT AUDITOR’S REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

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 2026

INDEX	**PAGE**

Alluhaid & Alyahya Chartered Accountants
A Limited Liability Company
Paid up capital SR 100,000 - CR:1010468314
Kingdom of Saudi Arabia Riyadh King Fahd Road
Muhammadiyah District, Grand Tower 12 th Floor

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 2026 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 this 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 this 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.

For Alluhaid & Alyahya Chartered Accountants

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

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(17 August 2026)

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PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026
(ALL AMOUNTS IN ⃁ UNLESS OTHERWISE STATED)

	Note	**30 June 2026 (Unaudited)**	31 December 2025 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	**68,074,718**	64,377,392
Investment properties	9	**32,613,276**	32,604,276
Total Non-Current Assets		**100,687,994**	96,981,668
Current Assets			
Inventory		**7,783,840**	7,980,218
Trade receivables	10	**29,140,827**	27,787,236
Prepayments and other current assets		**2,435,821**	2,152,436
Cash at banks		**8,229,006**	6,088,304
Total Current Assets		**47,589,494**	44,008,194
TOTAL ASSETS		**148,277,488**	140,989,862
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	**60,000,000**	60,000,000
Actuarial reserve		**(685,628)**	(685,628)
Retained earnings		**52,433,865**	41,580,607
TOTAL EQUITY		**111,748,237**	100,894,979
LIABILITIES			
Non-Current Liabilities			
Long-term credit facilities – non-current portion	11	**1,223,543**	3,585,040
Employee end-of-service benefits		**2,650,287**	2,706,594
Deferred government grant income – non-current portion		**376,457**	423,960
Total Non-Current Liabilities		**4,250,287**	6,715,594
Current Liabilities			
Trade payables		**25,669,825**	26,285,930
Long-term credit facilities – current portion	11	**4,442,332**	4,687,860
Accrued expenses and other current liabilities		**1,813,621**	1,774,479
Deferred government grant income –current portion		**123,754**	173,798
Zakat provision	13	**229,432**	457,222
Total Current Liabilities		**32,278,964**	33,379,289
TOTAL LIABILITIES		**36,529,251**	40,094,883
TOTAL EQUITY AND LIABILITIES		**148,277,488**	140,989,862

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board**
Abdul Mohsen Abdul Fattah	Faisal Yaqoub Al-Maghrabi	Yaqoub Yusuf Al-Maghribi

The accompanying notes from 1 to 20 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 (UNAIDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(ALL AMOUNTS IN ⃁ UNLESS OTHERWISE STATED)

	Note	**30 June 2026 (Unaidited)**	30 June 2025 (Unaidited)
Revenue	15	**59,764,190**	46,324,499
Cost of revenue		**(44,163,312)**	(34,373,049)
GROSS PROFIT		**15,600,878**	11,951,450
General and administrative expenses		**(3,492,311)**	(3,529,264)
Selling and marketing expenses		**(1,682,477)**	(1,099,730)
Other income		**1,067,525**	120,123
Provision for expected credit losses	10	**(60,000)**	(60,000)
Operating Profit		**11,433,615**	7,382,579
Finance cost		**(349,669)**	(545,787)
Net profit for the period before zakat		**11,083,946**	6,836,792
Zakat expense	13	**(230,688)**	(110,365)
Net profit for the period		**10,853,258**	6,726,427
Other Comprehensive Income Items			
Other comprehensive income		-	-
Total comprehensive income for the period		**10,853,258**	6,726,427
Earnings per share			
Basic and diluted earnings per share from the net profit for the period	14	**1.81**	1.12

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board**
Abdul Mohsen Abdul Fattah	Faisal Yaqoub Al-Maghrabi	Yaqoub Yusuf Al-Maghribi

The accompanying notes from 1 to 20 form an integral part of these interim condensed financial statements.

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAIDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(ALL AMOUNTS IN ⃁ UNLESS OTHERWISE STATED)

	Share Capital	Statutory Reserve (Note 7)	Actuarial Reserve	Retained Earnings	Total
For the six-month period ended 30 June 2025					
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 for the year	-	-	-	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
For the six-month period ended 30 June 2026					
Balance at 1 January 2026 (audited)	**60,000,000**	**-**	**(685,628)**	**41,580,607**	**100,894,979**
Net profit for the period	**-**	**-**	**-**	**10,853,258**	**10,853,258**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**	**10,853,258**	**10,853,258**
Balance at 30 June 2026 (unaudited)	**60,000,000**	**-**	**(685,628)**	**52,433,865**	**111,748,237**

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board**
Abdul Mohsen Abdul Fattah	Faisal Yaqoub Al-Maghrabi	Yaqoub Yusuf Al-Maghribi

The accompanying notes from 1 to 20 form an integral part of these interim condensed financial statements.

PAPER HOME COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAIDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
(ALL AMOUNTS IN ﷼ UNLESS OTHERWISE STATED)

	Note	**30 June 2026 (Unaidited)**	30 June 2025 (Unaidited)
Net profit for the period before zakat		**11,083,946**	6,836,792
Adjustments to reconcile net profit before zakat:			
Provision for expected credit losses	**10**	**60,000**	60,000
Depreciation of property, plant and equipment		**1,830,653**	1,520,614
Finance costs on credit facilities		**349,669**	545,787
Current service cost of employee end-of-service benefits		**259,360**	233,255
		13,583,628	9,196,448
Change in operating assets and liabilities:			
Trade receivables		**(1,413,591)**	(2,476,380)
Inventories		**196,378**	1,407,802
Prepayments and other current assets		**(283,385)**	1,023,414
Trade payables		**(616,105)**	(947,195)
Accrued expenses and other current liabilities		**39,142**	(1,909,295)
Cash generated from operating activities		**11,506,067**	6,294,794
End-of-service benefits paid		**(315,667)**	(8,554)
Zakat paid	**13**	**(458,478)**	(474,681)
Net cash generated from operating activities		**10,731,922**	5,811,559
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and capital work in progress		**(5,527,979)**	(2,848,096)
Additions to investment properties		**(9,000)**	-
Net cash used in investing activities		**(5,536,979)**	(2,848,096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of credit facilities	11	**(2,575,739)**	(3,187,000)
Finance costs paid		**(380,955)**	(449,870)
Amount due to related party	**12**	**-**	(1,643,655)
Change in liabilities on government grant income		**(97,547)**	(120,123)
Net cash (used in) financing activities		**(3,054,241)**	(5,400,648)
Net change in cash at banks		**2,140,702**	(2,437,185)
Cash at banks at the beginning of the period		**6,088,304**	6,883,522
Cash at banks at the end of the period		**8,229,006**	4,446,337

Chief Financial Officer	**Chief Executive Officer**	**Chairman of Board**
Abdul Mohsen Abdul Fattah	Faisal Yaqoub Al-Maghrabi	Yaqoub Yusuf Al-Maghribi

The accompanying notes from 1 to 20 form an integral part of these interim condende financial statements.

1- ORGANISATIONAND ACTIVITIES

Paper Home Company ("the Company") is a Saudi Joint Stock Company, established under the Companies Law in the Kingdom of Saudi Arabia and registered in Al-Kharj under Commercial Registration No. 1011022901 on 7 Safar 1436H (corresponding to 29 November 2014).

The Company operates under an Industrial Establishment License issued by the Ministry of Industry and Mineral Resources, Establishment No. 361454, with Industrial License No. 1436100188084, of type: renewed, valid until 4 Dhul-Hijjah 1451H (corresponding to 7 April 2030).

The Company's activities according to the Commercial Registration are as follows:

- Manufacturing paper and corrugated cardboard, cardboard boxes, foldable or single cartons made of paper or corrugated cardboard, manufacturing paper bags, manufacturing paper file boxes, manufacturing paper cylinder covers, manufacturing paper products for household purposes, including plates and cups, manufacturing molds, sheets, and filter paper from paper pulp.

The Company's activities according to the Articles of Association are as follows:

- Manufacturing industries, agriculture, forestry, and fishing, mining and quarrying, electricity, gas, steam, and air conditioning supply, water supply and wastewater management, waste management and treatment, construction, wholesale and retail trade and repair of motor vehicles and motorcycles, transportation and storage, 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 recreation, other service activities.

The attached financial statements include the accounts of the Company and its branches, which operate under separate commercial registrations:

Branch Name	**City**	**C.R Number**	**Date**
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 headquarters is located at the following address: Al-Kharj, Postal Code 16352-4351, Kingdom of Saudi Arabia.

The Company's financial year begins on 1 January and ends on 31 December of each year, in accordance with the Company's by-Laws.

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 2025.

2-2 Basis of Perparation

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 (⃁) which is the Company's functional and presentation currency. The figures in financial statements have been rounded-off to the nearest ⃁ .

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 and estimates 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 31 December 2025.

4- SIGNIFICANT ACCOUNTING POLICIES

All 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 31 December 2025.
The Company's financial risk management policies and objectives are consistent with those disclosed in the financial statements for the year ended 31 December 2025.

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 1 January 2026, and were disclosed in the Company's annual financial statements; however, they do not have a material impact on the Company's interim condensed financial statements.

The new standards and amendments to standards disclosed in the Company's annual financial statements remain unchanged.

IFRS 18 – "Presentation and Disclosure in Financial Statements" will replace IAS 1 – "Presentation of Financial Statements" and applies for annual reporting periods beginning on or after 1 January 2027. The Comany has not early adopted the new accounting standard in preparing these interim condensed financial statements, however, earlier application is permitted.

The Company is in the process of assessing the estimated impact that the initial application of IFRS 18 will have on its financial statements.

5- ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

a) the structure of the statement of profit or loss

IFRS 18 requires entities to classify all income and expenses into categories in the statement of profit or loss – namely operating, investing, financing, and zakat. Classification of income and expenses depends on the main business activities of an entity. The Company has determined that it does not engage in a primary business activity consisting of investing in assets and / or providing financing to customers.

Neither net profit nor net assets will change as a result of the Company's adoption of IFRS 18. The Company will be required to present two newly defined subtotals, which are "operating profit" and "profit or loss before financing and zakat". The operating profit subtotal might differ from the current operating profit subtotal presented by the Company. Based on the information currently available, the Company expects changes to the current structure of the statement of profit or loss resulting from the following:

- Revaluation/disposal gains or losses on investment properties that generate returns independently of the Company's main operations are classified as investing items, presented between "operating profit" and "profit before financing and zakat.
- Government grant income are classified in the financing category as it reduces interest expense on financing-related liabilities presented between "proft before financing and zakat" and "profit before zakat".
- Interest expenses are generally included in finance costs under the Company's current accounting policy and are presented in the 'net finance costs' subtotal. IFRS 18 provides specific guidance on the income and expenses classified in the investing and financing categories.

b) Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. The Company will be required to disclose specific information about MPMs in a single note in the financial statements.

The Company is in process to determine which public communications should be considered when identifying MPMs. MPMs relate to the same reporting period as the financial statements. Therefore, MPMs disclosed by the Company following adoption of IFRS 18 is expected to be determined based on public communications issued by the Company relating to the 2027 interim reporting period.

c) Principles of aggregation and disaggregation

IFRS 18 provides enhanced principles on how to group information in the financial statements (i.e. the primary financial statements and the notes). It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Company is currently assessing the grouping of items on the basis of similar and dissimilar characteristics. Based on this assessment, it will present line items in the primary financial statements that provide useful structured summaries and disclose additional material information in the notes. The Company is also assessing line items currently labelled as 'other' and will use more informative labels.

d) Consequential amendments

IFRS 18 introduces consequential amendments to IAS 7, which require entities to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company currently uses profit for the year/period as the starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation may change as a result of the new starting point. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Company will classify cash flows from interest paid as financing activities rather than operating activities under this guidance. Cash flows from interest and dividends received and from dividends paid will continue to be classified as investing activities and financing activities, respectively.

6- SHARE CAPITAL AND PROPOSED CAPITAL INCREASE

The Company's issued and paid-up share capital as at 30 June 2026 amounts to ⃁ 60 million, divided into 6 million shares with a par value of ⃁ 10 each (31 December 2025: ⃁ 60 million, divided into 6 million shares of ⃁ 10 each).

During the year ended 31 December 2025, following approval from its shareholders through extraordinary general assembly meeting held on 27 Muharram 1447 H (corresponding to 22 July 2025), the Company completed an increase in its share capital from ⃁ 20 million to ⃁ 60 million through the issuance of 4 million bonus shares to the Company's shareholders, at a ratio of two bonus shares for every one share held, by capitalizing ⃁ 40 million from retained earnings. All the regulatory procedures to affect the increase in the capital were completed on 16 Safar 1447 H (corresponding to 10 August 2025).

7- STATUTORY RESERVE

In line with the amendment to the Company’s By-laws to reflect the provisions of the new Companies Law effective January 2023 and based on the resolution approved by the shareholders in the Extraordinary General Assembly Meeting held on 27 Muharram 1447H (corresponding to 22 July 2025), the Company has transferred the entire balance of the statutory reserve amounting to ⃁ 5,123,414 to retained earnings as at 31 December 2025.

8- PROPERTY, PLANT, AND EQUIPMENT

Land with a book value of ⃁ 4.3 million and ⃁ 24.3 million as of 30 June 2026, along with all buildings erected thereon, the Company’s entire factory, its machinery and equipment, and all its accessories and appurtenances, have been pledged in favor of the Saudi Industrial Development Fund (note 11-2).

Property, plant, and equipment include a capital work in progress amounting to ⃁ 4,840,634, which consists of the construction of a warehouse to expand the factory grounds, as well as the purchase and installation of machinery and equipment for the sticker production line. The projects currently in progress are expected to be completed during 2026, and the construction costs is being capitalized under the Company’s “Property, Plant, and Equipment” account untill completion.

9- INVESTMENT PROPERTIES

	30 June 2026 (unaudited)	31 December 2025 (audited)
Balance at the beginning of the period / year	**32,604,276**	13,404,568
Transferred from property, plant and equipment during the period / year*	**-**	15,255,325
work under progress during the period / year **	**9,000**	-
	32,613,276	28,659,893
Gains from investments properties revaluation during the period/year	**-**	3,944,383
Balance at the end of the period / year	**32,613,276**	32,604,276

The balance of investment properties consists of a plot of land in Okaz District, south of Riyadh, in addition to land adjacent to the Company's headquarters in the Al-Rafai'a Industrial Area.

* The land were pledged in favor of a local bank (see note 11-1).

** The "work under progress" involves contracting with a consultant to begin development work on the Okaz land.

There were no changes in the Company's valuation processes, valuation techniques and types of inputs used in fair value measurement of investment properties during the period. Accordingly, there is no change in investment property for the period ended 30 June 2026.

10- TRADE RECEIVABLES

	30 June 2026 (unaudited)	31 December 2025 (audited)
Trade receivables	**30,218,804**	28,805,213
Provision for expected credit losses	**(1,077,977)**	(1,017,977)
	29,140,827	27,787,236

Revenue generated during the year ended 30 June 2026, from the top ten customers in the cardboard segment accounted for 25% of the Company’s total revenue (31 December 2025: 25%).

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

	30 June 2026 (unaudited)	31 December 2025 (audited)
Balance at the beginning of the period / year	**1,017,977**	897,977
Charged during the period / year	**60,000**	120,000
Balance at the end of the period / year	**1,077,977**	1,017,977

30 June 2026	**Trade receivables**	**Expected credit losses**	**Expected credit loss rate**
Not due	**13,717,688**	**94,123**	**1 %**
0 to 90	**13,471,686**	**135,841**	**1 %**
91 to 180	**1,958,009**	**106,996**	**5%**
181 to 270	**361,799**	**91,451**	**25%**
271 to 360	**188,742**	**128,686**	**68%**
Over 360	**520,880**	**520,880**	**100%**
Total	**30,218,804**	**1,077,977**	

10- TRADE RECEIVABLES (CONTINUED)

31 December 2025	**Trade receivables**	**Expected credit losses**	**Expected credit loss rate**
Not due	12,656,089	40,379	0.3%
0 to 90	13,228,204	79,581	0.6%
91 to 180	1,807,996	106,649	5.9%
181 to 270	370,643	81,871	22.1%
271 to 360	97,213	64,429	66.3%
Over 360	645,068	645,068	100%
Total	28,805,213	1,017,977	

11- CREDIT FACILITIES

	30 June 2026 (unaudited)	31 December 2025 (audited)
The current portion of the credit facilities		
Long-term credit facilities from a local banks (note 11-1)	**4,031,286**	4,015,658
The Saudi Industrial Development Fund facilities (note 11-2)	**411,046**	672,202
	4,442,332	4,687,860
The non-current portion of the bank facilities		
Long-term facilities from local banks (note 11-1)	**-**	2,000,000
The Saudi Industrial Development Fund facilities (note 11-2)	**1,223,543**	1,585,040
	1,223,543	3,585,040
Balance at the end of the period / year	**5,665,875**	8,272,900

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

The Company entered into a 36-month bank credit facility agreement with a limit of ⃁ 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 3 April 2026, with the final installment due on 6 May 2027. The Company has made early settlement 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 (note 9) , at an interest rate of the Saudi Arabian Interbank Offered Rate (SAIBOR) + 3.5%.

Below is the movement of the loan from a local bank:

	30 June 2026 (unaudited)	31 December 2025 (audited)
Balance at the beginning of the period / year	**6,015,658**	10,085,288
Finance charges for the period / year	**252,122**	707,582
Paid during the period / year	**(2,236,494)**	(4,777,212)
Balance at the end of the period / year	**4,031,286**	6,015,658

11-2 Saudi Industrial Development Fund (SIDF) Facilities

- The Company obtained a long-term loan from the Saudi Industrial Development Fund (SIDF) on 13 December 2019, to finance the production of corrugated cardboard. The total approved loan facility amounted to ⃁ 5,400,000. The loan is repayable over a 5-year period in semi-annual installments commencing on 2 October 2020. The payments were deferred to 23 March 2021, with the final installment due on 3 February 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).

11- CREDIT FACILITIES (CONTINUED)

11-2 Saudi Industrial Development Fund (SIDF) Facilities (continued)

- The Company obtained a second long-term loan from the Saudi Industrial Development Fund (SIDF) on 10 November 2022, for multi-purpose financing. The total approved loan facility amounted to ⃁ 3,000,000, of which ⃁ 2,678,000 has been received. The loan is repayable over a 4-year period in semi-annual installments commencing on 31 August 2023, with the final installment due on 23 January 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 a third long-term loan from the Saudi Industrial Development Fund (SIDF) on 16 November 2023, to finance the expansion of the corrugated cardboard production line. The total approved loan facility amounted to ⃁ 2,300,000. The first disbursement was received on 26 May 2024. The loan is repayable over a 6-year period in semi-annual installments commencing on 3 April 2026, with the final installment set for 4 August 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).

	30 June 2026 (unaudited)	31 December 2025 (audited)
Balance at the beginning of the period / year	**2,855,000**	5,111,000
Paid during the period / year	**(720,200)**	(2,256,000)
Balance at the end of the period /year	**2,134,800**	2,855,000
Less :deferred financial charges		
Balance at the beginning of the period / year	**(597,758)**	(758,930)
Adjustments during the period / year	**-**	(69,278)
Finance charges for the period / year	**97,547**	230,450
Balance at the end of the period / year	**(500,211)**	(597,758)
Present value of facilities at the end of the period / year	**(1,634,589)**	2,257,242

11-3 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 financing repayments, and salaries, bonuses , remenuration, 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:

a- The following transactions were carried out with the related parties during the year:

Name	Nature of relationship	Nature of transactions	30 June 2026 (Unaudited)	30 June 2025 (Unaudited)
Mr. Yaqoub Youssef Mohamed Al-Maghrabi	Chairman of Board of Directors	Refund financing	-	1,643,655

b- Benefits, remenurations and compensations of senior management and key executives

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
Salaries and allowances	**502,780**	481,950

13- ZAKAT

13-1 Zakat Status

The Company filed its zakat and tax returns with the Zakat, Tax, and Customs Authority ("the ZATCA") for the year ended 31 December 2025, and the Company obtained a certificate from the ZATCA valid until 23 Dhu al-Qi'dah 1448 AH, corresponding to 30 April 2027 . Zakat assessments till the years 2023 has been finalized with ZATCA. The Company has not received any zakat assessments for the years 2024 and 2025.

13-2 Movement of zakat provision

The movement in zakat provision is as follows:

	30 June 2026 (unaudited)	31 December 2025 (audited)
Balance at the beginning of the period / year	**457,222**	459,118
Provided during the the period / year	**230,688**	472,785
Payments during the period / year	**(458,478)**	(474,681)
Balance at the end of the period / year	**229,432**	457,222

14- EARNINGS PER SHARE

Basic earnings per share were calculated by dividing the net income attributable to the Company's shareholders by the weighted-average number of outstanding common shares at the end of the period, which was 6 million shares (30 June 2025: 6 million shares). Diluted earnings per share are the same as basic earnings per share, as the Company has no dilutive instruments.

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
Net profit for the period	**10,853,258**	6,726,427
Average number of shares during the period	**6.000.000**	6.000.000
Earnings per share of net profit for the period	**1.81**	1.12

15- REVENUE

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
Cardboard sales	**54,710,440**	42,487,699
Sticker sales	**3,685,616**	2,739,663
Cardboard scrap sales	**1,368,134**	1,129,738
Discounts	**-**	(32,601)
	59,764,190	46,324,499

	30 June 2026 (unaudited)	30 June 2025 (unaudited)
At point in time	**59,764,190**	46,324,499
	59,764,190	46,324,499

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.

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..

Management believes that, at the reporting date, the fair values of all other financial assets and financial liabilities approximate their carrying amounts due to their short-term nature and the fact that they are readily convertible to cash other than long term credit facilities. These are all categorized within Level 2 of the fair value hierarchy. There were no transfers between various levels of fair value hierarchy during the current period or prior year

The carrying amount of financial assets for which fair value cannot be measured is considered to be approximately equal to their fair value. The financial liabilities have been measured at amortized cost, which is a reasonable approximation of their fair value.

16- FAIR VALUE (CONTINUED)

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

30 June 2026 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment properties – Okaz Land	**-**	**-**	**14,130,000**	**14,130,000**
Investment properties – Al-Rafai'a Land	**-**	**-**	**18,474,276**	**18,474,276**
	-	**-**	**32,604,276**	**32,604,276**

31 December 2025 (audited)	Level 1	Level 2	Level 3	Total
Investment properties – Okaz Land	-	-	14,130,000	14,130,000
Investment properties – Al-Rafai'a Land	-	-	18,474,276	18,474,276
	-	-	32,604,276	32,604,276

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 30 June 2026 and 31 Decmber 2025.

18-2 Contingent Liabilities

The Company has no contingencies as at 30 June 2026 and 31 Decmber 2025.

19- IMPACT OF GEOPOLITICAL CONDITIONS

Since 28 February 2026, geopolitical conditions in the Middle East have continued to evolve and remain highly volatile. Ongoing regional developments have affected a number of countries in the region, including the Kingdom of Saudi Arabia, leading to varying degrees of disruption in certain economic and commercial activities.

The extent and duration of the impact of these events on the Company’s operations and financial performance remain uncertain, as they depend on future developments beyond the Company’s control. Management continues to monitor the situation closely and assess the potential impacts on the Company’s financial position, cash flows, and operations on an ongoing basis. Any resulting impact will be recognized in the Company’s financial statements during the period in which sufficient information is available and it becomes possible to reasonably estimate such impact.

20- APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The accompanying interim condensed financial statements were approved by the Board of Directors on 4 Rabi' Al-Awwal 1448H (corresponding to 17 August 2026).