

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)

CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED JUNE 30, 2025
AND REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company – Note 1)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2025

	Page
Report on review of condensed consolidated interim financial information	2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of profit or loss and other comprehensive income	4
Condensed consolidated interim statement of changes in equity	5
Condensed consolidated interim statement of cash flows	6
Notes to the condensed consolidated interim financial information	7 - 21



Report on review of condensed consolidated interim financial information

To the shareholders of United Carton Industries Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of United Carton Industries Company (the “Company”) and its subsidiaries (together the “Group”) as of June 30, 2025 and the related condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the six-month period ended June 30, 2025 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (“IAS 34”), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim 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”, as 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers



Ali A. Alotaibi
License Number 379

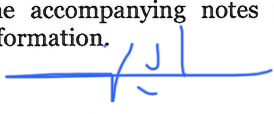


July 31, 2025

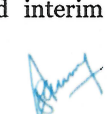
UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at June 30, 2025 (Unaudited)	As at December 31, 2024 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	390,151,581	393,497,885
Goodwill		38,228,526	38,228,526
Intangible assets		6,029,009	6,923,638
Right-of-use assets		57,522,911	53,207,833
Deferred tax assets		3,671,615	5,620,498
Total non-current assets		495,603,642	497,478,380
Current assets			
Inventories	5	185,182,881	187,505,614
Trade receivables	6	252,889,724	235,014,452
Advances, prepayments and other receivables	7	33,088,189	39,676,231
Cash and cash equivalents	8	51,469,309	38,005,164
Current assets excluding assets classified as held for sale		522,630,103	500,201,461
Assets classified as held for sale	16	4,119,783	-
Total current assets		526,749,886	500,201,461
Total assets		1,022,353,528	997,679,841
Equity and liabilities			
Equity			
Share capital	1	400,000,000	400,000,000
Retained earnings		180,138,795	146,069,391
Foreign currency translation reserve		(544,932)	(544,932)
Total equity		579,593,863	545,524,459
Liabilities			
Non-current liabilities			
Deferred tax liabilities		1,126,523	1,021,204
Lease liabilities		52,678,963	47,906,447
Employee benefit obligations		63,333,597	61,060,599
Total non-current liabilities		117,139,083	109,988,250
Current liabilities			
Trade payables		242,874,646	199,386,283
Accrued and other liabilities	9	72,399,090	74,630,050
Short-term borrowings	10	-	53,656,310
Current portion of lease liabilities		8,015,543	7,353,554
Zakat and income tax payable	11	2,331,303	7,140,935
Total current liabilities		325,620,582	342,167,132
Total liabilities		442,759,665	452,155,382
Total equity and liabilities		1,022,353,528	997,679,841

The accompanying notes form an integral part of this condensed consolidated interim financial information.


Adib Abdullah AlZamil
Chairman Board of Directors

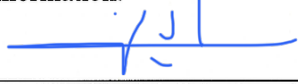

Mohnish Rikhy
Chief Executive Officer


Abdul Ghani
Chief Financial Officer


UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue	12	334,994,542	315,168,385	684,824,364	670,681,026
Cost of revenue		(293,613,623)	(254,914,784)	(592,088,699)	(536,853,376)
Gross profit		41,380,919	60,253,601	92,735,665	133,827,650
Selling and distribution expenses		(6,891,937)	(6,453,643)	(13,879,216)	(13,171,426)
General and administrative expenses		(23,112,043)	(21,571,592)	(45,932,047)	(45,090,163)
Impairment losses on financial assets		(476,358)	-	(540,852)	(656,500)
Fair value losses on financial assets		(596,697)	(679,892)	(1,290,521)	(1,287,971)
Other income - net		741,071	195,885	2,487,112	458,025
Operating profit		11,044,955	31,744,359	33,580,141	74,079,615
Finance income		2,216,842	-	2,216,842	-
Finance costs		(1,546,456)	(637,664)	(3,053,302)	(1,833,102)
Profit before zakat and income tax		11,715,341	31,106,695	32,743,681	72,246,513
Zakat expense	11	(1,062,450)	(368,331)	(1,976,441)	(2,084,218)
Income tax expense	11	(2,606,838)	(2,650,460)	(4,067,964)	(7,428,650)
Profit for the period		8,046,053	28,087,904	26,699,276	62,733,645
Other comprehensive income					
<i>Items that will be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		-	-	-	(8,014)
Total other comprehensive loss for the period		-	-	-	(8,014)
Total comprehensive income for the period		8,046,053	28,087,904	26,699,276	62,725,631
Earnings per share attributable to the shareholders of the Company					
Basic and diluted	13	0.20	0.70	0.67	1.57

The accompanying notes form an integral part of this condensed consolidated interim financial information.


Adib Abdullah AlZamil
Chairman Board of Directors

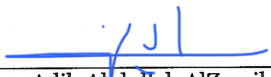

Mohnish Rikhy
Chief Executive Officer

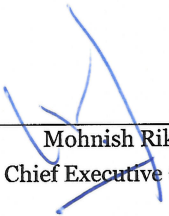

Abdul Ghani
Chief Financial Officer


UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at January 1, 2024 (Audited)		200,000,000	60,000,000	222,616,209	(546,329)	482,069,880
Profit for the period		-	-	62,733,645	-	62,733,645
Other comprehensive loss for the period		-	-	-	(8,014)	(8,014)
Total comprehensive income for the period		-	-	62,733,645	(8,014)	62,725,631
Transfer to share capital		200,000,000	(60,000,000)	(140,000,000)	-	-
Balance as at June 30, 2024 (Unaudited)		400,000,000	-	145,349,854	(554,343)	544,795,511
Balance as at January 1, 2025 (Audited)		400,000,000	-	146,069,391	(544,932)	545,524,459
Profit for the period		-	-	26,699,276	-	26,699,276
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	26,699,276	-	26,699,276
Transactions with shareholders in their capacity as shareholders:						
Reimbursement of income tax expense from a founding shareholder	14.3	-	-	7,370,128	-	7,370,128
Balance as at June 30, 2025 (Unaudited)		400,000,000	-	180,138,795	(544,932)	579,593,863

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Chairman Board of Directors

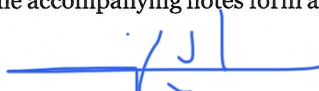

Mohnish Rikhy
Chief Executive Officer



Abdul Ghani
Chief Financial Officer


UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended June 30,	
		2025 (Unaudited)	2024 (Unaudited)
Operating activities			
Profit before zakat and income tax		32,743,681	72,246,513
<u>Adjustment to reconcile income before zakat to net cash inflow from operating activities:</u>			
Depreciation of property, plant and equipment	4	35,139,037	32,496,747
Depreciation of right-of-use assets		4,781,656	3,960,538
Amortization of intangible assets		1,018,774	335,420
Provision for employee benefits obligations		4,833,999	4,356,996
Impairment loss on property, plant and equipment		-	771,908
Provision for slow-moving and damaged inventories	5	117,990	2,728,092
Fair value loss on financial assets		1,290,521	1,287,971
(Gain) / loss on disposal of property, plant and equipment		(68,850)	66,423
Finance income		(2,216,842)	-
Finance costs on short-term borrowings		1,393,376	631,029
Finance costs on lease liabilities		1,659,926	1,202,073
Impairment losses on financial assets		540,852	656,500
		81,234,120	120,740,210
<u>Changes in working capital:</u>			
Inventories		2,204,743	(46,245,787)
Trade receivables		(19,706,645)	2,101,519
Advances, prepayments and other receivables		(39,460)	(16,288,100)
Trade payables		43,488,363	50,683,966
Accrued and other liabilities		(1,099,969)	(12,295,145)
Cash generated from operations		106,081,152	98,696,663
Finance cost paid		(3,053,302)	(1,833,102)
Employee benefit obligations paid		(2,561,001)	(1,779,668)
Zakat and income tax paid		(9,930,826)	(14,034,386)
Net cash generated from operating activities		90,536,023	81,049,507
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(31,929,101)	(15,615,337)
Purchases of assets classified as held for sale	16	(4,119,783)	-
Proceeds from disposal of property, plant and equipment		205,218	36,275
Purchase of intangible assets		(124,145)	(129,326)
Proceeds from insurance compensation		6,627,502	-
Finance income received		2,216,842	-
Payment for acquisition of a subsidiary		-	(32,336,280)
Net cash used in investing activities		(27,123,467)	(48,044,668)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(3,662,229)	(3,886,945)
Changes in short-term borrowings		(53,656,310)	(30,168,532)
Reimbursement of income tax from a founding shareholder	14.3	7,370,128	-
Net cash used in financing activities		(49,948,411)	(34,055,477)
Net change in cash and cash equivalents		13,464,145	(1,050,638)
Effect of currency exchange rate on cash and cash equivalents		-	(8,554)
Cash and cash equivalents at beginning of the period		38,005,164	30,586,197
Cash and cash equivalents at end of the period	8	51,469,309	29,527,005
Supplemental information for non-cash transactions			
Additions to right-of-use assets and lease liabilities		9,096,734	884,581
Transfer from retained earnings to share capital		-	140,000,000
Transfer from statutory reserve to share capital		-	60,000,000

The accompanying notes form an integral part of this condensed consolidated interim financial information.


Adib Abdullah AlZamil
Chairman Board of Directors


Mohnish Rikhy
Chief Executive Officer


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Chief Financial Officer

UNITED CARTON INDUSTRIES COMPANY**(A Saudi Joint Stock Company - Note 1)****Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

United Carton Industries Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia (“KSA”) under Commercial Registration (“CR”) number 4030065231 dated Ramadan 18, 1409H (corresponding April 24, 1989). The Company's registered office is located at Industrial Area- Phase No. 5, P.O. Box 31503, Jeddah 21418, Kingdom of Saudi Arabia.

The Company and its subsidiaries (together referred to as the “Group”) are primarily engaged in the manufacturing and sale of corrugated carton containers and plates, folding carton (duplex) and pulp products, paper and packaging material.

This condensed consolidated interim financial information includes the financial information of the Company and the following subsidiaries in which the Group exercises control.

Subsidiary name	Country of incorporation	Principal business activity	Ownership interest percentage	
			June 30, 2025	December 31, 2024
Integrated Packaging Industries Company	Kingdom of Saudi Arabia	Manufacturing of folding cartons and pulp products.	100%	100%
United Paper Industries Company FZCO	United Arab Emirates	Manufacturing of paper, packing and packaging material.	100%	100%
Ras Al Khaimah Packaging Ltd. Co. LLC	United Arab Emirates	Manufacturing of corrugated cartons and sheets.	100%	100%
Integrated Paper Industry Company	Kingdom of Saudi Arabia	Manufacturing of pulp, paper, and paper-based containers.	100%	100%

a) Initial Public Offering (“IPO”)

During 2024, the shareholders of the Company resolved to file an IPO application with the Capital Market Authority of the Kingdom of Saudi Arabia (the “CMA”) to list the Company’s shares on Tadawul, the main market in the Kingdom of Saudi Arabia.

The Company filed the application with the CMA for the IPO of 30% of its shares on Tadawul, in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA, which was approved on December 16, 2024.

During the six-month period ended June 30, 2025, the Company’s shares started trading on Saudi Stock Exchange as of May 27, 2025. The legal formalities of updating the Company’s By-laws and CR, to convert the Company from a Closed Joint Stock Company to a Saudi Joint Stock Company, are in progress as of the date of authorization for issue of this condensed consolidated interim financial information.

b) Business performance

During the six-month period ended June 30, 2025, the increase in prices of raw material, mainly paper, in the local and international markets resulted in an increase in the cost of revenue and reduction in the gross profitability. Additionally, the Group has earned finance income from short-term deposits made during the six-month period ended June 30, 2025.

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

2 Basis of preparation

This condensed consolidated interim financial information of the Group has 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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

This condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2024. IAS 34 states that the interim financial information is intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial information than International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA, require in annual financial statements. An interim period is considered as an 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's operations.

The condensed consolidated interim financial information is prepared on a going concern basis.

2.1 Basis of measurement

This condensed consolidated interim financial information has been prepared under the historical cost basis, except as explained in the relevant accounting policies in the annual consolidated financial statements for the year ended December 31, 2024.

This condensed consolidated interim financial information is presented in Saudi Arabian Riyals ("Saudi Riyals"), which is the functional and presentation currency of the Company. The condensed consolidated interim financial information has been rounded-off to the nearest Saudi Riyals, unless otherwise stated.

2.2 New standards and amendments

a) New and amended standards adopted by the Group

Certain amendments to existing standards became applicable for the current reporting period. The amendments did not have an impact on the financial statements of the Group and accordingly, the Group did not have to change its accounting policies or make any retrospective adjustments.

Title	Key requirements	Effective date
Amendments to IAS 21 - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	January 1, 2025

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025
 (All amounts in Saudi Riyals unless otherwise stated)

b) Standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2025 reporting periods and have not been early adopted by the Group. The standards, interpretations and amendments issued that are relevant to the Group, but are not yet effective are disclosed below.

Standard interpretation	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	January 1, 2026
Annual improvements to IFRS – Volume 11	January 1, 2026
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18 -Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 -Subsidiaries without Public Accountability	January 1, 2027

Management is in the process of assessing the impact, if any, these pronouncements may have in future reporting periods.

2.3 Material accounting policies

The material accounting policies adopted by the Group for the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024.

3 Critical accounting estimates and judgements

The preparation of the condensed consolidated interim financial information requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amount of revenue and costs during the reporting period. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Management has concluded that the Group's critical accounting judgements, estimates and assumptions remain appropriate under the current circumstances for the purpose of preparation of the condensed consolidated interim financial information. Management believes all sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements for the year ended December 31, 2024.

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)

Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025

(All amounts in Saudi Riyals unless otherwise stated)

4 Property, plant and equipment

	Land	Buildings	Motor vehicles	Machinery and equipment	Furniture, fixtures and office equipment	Capital work-in-progress ("CWIP") *	Total
As at December 31, 2024 (Audited):							
Cost	5,427,488	323,774,950	5,135,494	1,052,922,694	99,545,522	5,470,926	1,492,277,074
Accumulated depreciation and impairment	-	(164,306,974)	(3,822,212)	(837,263,075)	(93,386,928)	-	(1,098,779,189)
Net book value	5,427,488	159,467,976	1,313,282	215,659,619	6,158,594	5,470,926	393,497,885
Six-month period ended June 30, 2025 (Unaudited)							
Opening net book value	5,427,488	159,467,976	1,313,282	215,659,619	6,158,594	5,470,926	393,497,885
Additions	-	1,092,821	-	3,904,411	500,970	26,430,899	31,929,101
Disposals	-	(46,177)	-	(89,719)	(472)	-	(136,368)
Transfers to/(from) capital work-in-progress	-	709,590	863,747	-	363,040	(1,936,377)	-
Depreciation charge for the period	-	(8,851,719)	(696,461)	(23,894,756)	(1,696,101)	-	(35,139,037)
Closing net book value	5,427,488	152,372,491	1,480,568	195,579,555	5,326,031	29,965,448	390,151,581
As at June 30, 2025: (Unaudited)							
Cost	5,427,488	325,253,148	5,999,241	1,043,019,971	99,552,351	29,965,448	1,509,217,647
Accumulated depreciation and impairment	-	(172,880,657)	(4,518,673)	(847,440,416)	(94,226,320)	-	(1,119,066,066)
Net book value	5,427,488	152,372,491	1,480,568	195,579,555	5,326,031	29,965,448	390,151,581

* CWIP mainly represents advance payments made to the vendors for the acquisition of property, plant and equipment.

UNITED CARTON INDUSTRIES COMPANY**(A Saudi Joint Stock Company - Note 1)****Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

5 Inventories

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Raw materials	139,048,568	155,595,705
Spare parts	54,000,439	54,294,306
Work in progress	1,832,938	1,235,003
Finished goods	826,474	675,249
Goods in transit	36,205,713	22,318,612
	231,914,132	234,118,875
Less: provision for slow-moving and damaged inventories	(46,731,251)	(46,613,261)
	185,182,881	187,505,614

Movement in the provision for slow-moving and damaged inventories is as follows:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
At January 1	46,613,261	43,791,064
Provision for the period/year	117,990	2,822,197
At December 31	46,731,251	46,613,261

6 Trade receivables

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
At amortized cost		
Trade receivables – third parties	243,907,716	224,566,059
Trade receivables – related parties	10,491,098	12,313,601
	254,398,814	236,879,660
Less: allowance for impairment of trade receivables	(9,882,676)	(9,341,824)
	244,516,138	227,537,836
At fair value		
Trade receivables at fair value*	8,373,586	7,476,616
	252,889,724	235,014,452

*This represents trade receivables which are subject to factoring arrangement with commercial banks but are not factored at the period end. The trade receivables portfolio subject to factoring is initially classified at fair value through profit or loss. Due to the short-term nature of trade receivables at amortised cost, their carrying amount is considered to be the same as their fair value.

Movement in allowance for impairment of trade receivables is as follows:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Opening balance	9,341,824	10,200,889
Impairment allowance / (reversal) for the period / year	540,852	(859,065)
Closing balance	9,882,676	9,341,824

As at June 30, 2025, the top 30 customer balances accounted for approximately 43% (December 31, 2024: 44%) of the Group's total outstanding trade receivables.

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)

Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

7 Advances, prepayments and other receivables

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Prepayments		10,522,744	5,131,219
Contract assets	12	5,277,539	4,883,166
Advances to suppliers		4,554,532	9,255,562
Employee loans		4,219,915	4,065,940
Value added tax receivable		2,467,264	2,350,949
Margin on letters of guarantee		654,455	654,455
Insurance claim receivable		-	8,272,451
Other receivables		5,391,740	5,062,489
		33,088,189	39,676,231

8 Cash and cash equivalents

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Cash at banks	13,125,082	30,619,753
Bank deposits *	38,130,000	7,182,000
Cash in hand	214,227	203,411
	51,469,309	38,005,164

* Includes Saudi Riyals 33.0 million of shariah-compliant Murabaha deposits (December 31, 2024: Nil).

9 Accrued and other liabilities

	Note	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Accrued expenses		41,049,867	43,549,453
Value added tax payable		11,293,202	4,925,831
Advances from customers		8,814,682	7,890,290
Accruals for rebates and discounts		3,219,598	4,819,053
Advance payment received for the sale of assets classified as held for sale	16	2,434,783	-
Advances from founding shareholders for reimbursement of IPO expenses	14	-	7,846,614
Others		5,586,958	5,598,809
		72,399,090	74,630,050

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month
and six-month periods ended June 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

10 Short-term borrowings

Short-term borrowings are obtained from commercial banks to finance the working capital of the Group.

These are denominated in Saudi Riyals and United Arab Emirates dirham, bear financial charges based on prevailing market rates based on Saudi Interbank Offer Rate (SAIBOR) in the Kingdom of Saudi Arabia and Emirates Interbank Offer Rate ("EIBOR") in United Arab Emirates and are collateralised by demand promissory notes from the Company.

The unused funded balance of these facilities as at June 30, 2025 amounted to Saudi Riyals 298.2 million (December 31, 2024: Saudi Riyals 244.6 million).

11 Zakat and income tax matters

11.1 Components of the zakat base

The Company and the subsidiaries file separate zakat and income tax declarations on an unconsolidated basis. The significant components of the zakat base of each company under the zakat and income tax regulations are principally comprised of shareholder's equity, provisions and other adjustments, less deductions for the book value of deductible assets.

11.2 Charge for the period

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Zakat charge	1,062,450	368,331	1,976,441	2,084,218
Income tax charge	297,943	2,181,377	2,013,762	5,256,657
Deferred tax charge	2,308,895	469,083	2,054,202	2,171,993
	2,606,838	2,650,460	4,067,964	7,428,650
	3,669,288	3,018,791	6,044,405	9,512,868

11.3 Provision for zakat and income tax

	Zakat	Income tax	Total
January 1, 2024 (Audited)	3,877,720	7,485,526	11,363,246
Provisions for the year	3,330,081	9,085,363	12,415,444
Payments for the year **	(3,676,080)	(12,961,675)	(16,637,755)
December 31, 2024 (Audited)	3,531,721	3,609,214	7,140,935
Provision for the period			
- Current period	2,319,134	2,159,108	4,478,242
- Prior year	(342,693)	(145,346)	(488,039)
	1,976,441	2,013,762	3,990,203
Transfer from accrued and other liabilities*	1,130,991	-	1,130,991
Payments for the period **	(4,320,019)	(5,610,807)	(9,930,826)
June 30, 2025 (Unaudited)	2,319,134	12,169	2,331,303

* This represents amount in relation to assessments of the Company for the years ended December 31, 2013 and 2014.

** This includes advance income tax amounting to Saudi Riyals 2.1 million (December 31, 2024: Saudi Riyals 5.21 million) and Saudi Riyals 1.1 million paid in relation to the assessments for the years ended December 31, 2013 and 2014.

UNITED CARTON INDUSTRIES COMPANY**(A Saudi Joint Stock Company - Note 1)****Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

11.4 Status of final assessments

There are no changes to the status of open zakat assessments, as at June 30, 2025, as disclosed in the annual consolidated financial statements for the year ended December 31, 2024, except for the assessments relating to years 2013 and 2014 of the Company against which Tax Violations and Disputes Appeal Committee ("TVDAC") has ruled in favor of Zakat, Tax and Customs Authority ("ZATCA") for the contested amount of Saudi Riyals 1.1 million. The Company being aggrieved submitted reconsideration request to the General Secretariat of Tax Committees ("GSTC"). which is currently under review. However, the Company has paid the amount under protest for the issuance of the zakat certificate.

The Company and its subsidiaries based in the Kingdom of Saudi Arabia have submitted their respective zakat and income tax returns for the year ended December 31, 2024 to ZATCA of the Kingdom of Saudi Arabia and have obtained the certificates valid up to April 30, 2026.

12 Revenue

The Group derives revenue from the following streams:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Corrugated cartons and plates	270,398,272	258,536,229	557,606,768	552,772,283
Duplex cartons	23,211,019	18,743,771	45,673,999	40,088,036
Paper and packaging material	28,065,624	27,145,075	54,130,385	54,858,810
Transportation services	13,319,627	10,743,310	27,413,212	22,961,897
	334,994,542	315,168,385	684,824,364	670,681,026

The revenue for the Group by geographical region is as follows:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	292,538,626	278,497,016	604,497,877	601,942,178
United Arab Emirates	36,450,043	26,575,674	70,419,713	53,059,362
Other countries	6,005,873	10,095,695	9,906,774	15,679,486
	334,994,542	315,168,385	684,824,364	670,681,026

Timing of revenue recognition

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Point-in-time	28,065,624	27,145,075	54,130,385	54,858,810
Over-time revenue recognition	306,928,918	288,023,310	630,693,979	615,822,216
	334,994,542	315,168,385	684,824,364	670,681,026

UNITED CARTON INDUSTRIES COMPANY**(A Saudi Joint Stock Company - Note 1)****Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

At June 30, 2025 and December 31, 2024, the Group has recognised the following contract liabilities related to contracts with customers:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Advances from customers	8,814,682	7,890,290

Revenue recognised that was included in the advances from customers balance at the beginning of the period was Saudi Riyals 7.9 million (31 December 2024: Saudi Riyals 13.2 million).

The Group has recognised the following contract assets related to the performance obligation satisfied as at June 30, 2025, but not yet billed to the customers.

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Contract assets	5,277,539	4,883,166

13 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company, by the weighted average number of ordinary shares outstanding during the financial period. As the Company does not have any diluting potential shares, the diluted earnings per share is the same as the basic earnings per share. The basic and diluted earnings per share is computed as follows:

	For the three-month period ended June 30		For the six-month period ended June 30	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	8,046,053	28,087,904	26,699,276	62,733,645
Weighted average number of ordinary shares	40,000,000	40,000,000	40,000,000	40,000,000
Basic and diluted earnings per share	0.20	0.70	0.67	1.57

14 Related party transactions and balances

Related parties comprise the shareholders, directors and key management personnel of the Group and entities controlled, or jointly controlled by the shareholders, who have significant influence on the Group (other related party). The following are the details of the major related parties during the period:

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025

(All amounts in Saudi Riyals unless otherwise stated)

14.1 Related party transactions

Significant transactions with related parties in the ordinary course of business included in the condensed consolidated interim financial information are summarized below:

Related party	Relationship	Nature of transaction	For the three-month period ended June 30,		For the six-month period ended June 30,	
			2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
National Food Industries Company	Other related party	Sale of goods	2,554,206	3,913,097	5,670,866	5,396,159
		Staff and accommodation expenses reimbursement from related party	444,694	430,344	828,473	878,198
National Biscuits and Confectionary Company	Other related party	Sale of goods	8,028,843	6,941,195	15,088,816	14,013,532
		Staff and accommodation expenses reimbursement from related party	401,294	350,421	792,787	896,652
Zamil Air Conditioner and Home Appliances	Other related party	Sale of goods	734,611	12,210	1,815,724	81,958
Zamil Plastic Industries Company	Other related party	Sale of goods	353,236	174,187	889,101	443,459
Modern Plastics Industry Company	Other related party	Sale of goods	540,575	283,618	883,243	775,537
Zamil Central and Air Conditioner Company	Other related party	Sale of goods	3,042	6,091	44,798	67,496
Zamil Food Industries Limited	Other related party	Sale of goods	956,347	1,372,904	2,471,040	2,174,071
Zamil Group Company for Trading and Services	Other related party	Purchase of goods	7,590	-	7,590	-
Techno Val Information System	Other related party	IT services	438,451	376,033	770,196	83,977
Founding shareholders of the Company	Shareholders	IPO related expenses *	8,671,040	-	10,216,749	-

* The founding shareholders of the Company have reimbursed the Company for IPO related expenses (refer to Note 9).

During the six-month period ended June 30, 2025, the Company completed its IPO and collected the proceeds on behalf of the founding shareholders. Subsequently, the Company remitted the proceeds to the founding shareholders, at face value, after adjusting related deductions pre-approved by the founding shareholders.

UNITED CARTON INDUSTRIES COMPANY**(A Saudi Joint Stock Company - Note 1)****Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025**

(All amounts in Saudi Riyals unless otherwise stated)

14.2 Related party balances

Significant period-end balances arising from transactions with related parties are as follows:

(i) Due from related parties – classified within trade receivables

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
National Biscuits and Confectionary Company	7,388,767	8,531,919
Zamil Air Conditioner and Home Appliances	1,231,129	705,260
National Food Industries Company	1,222,137	1,908,194
Modern Plastics Industry Company	338,856	356,376
Zamil Plastic Industries Company	288,685	345,653
Zamil Food Industries Limited	10,436	425,924
Zamil Group Company for Trading and Services	7,590	-
Zamil Central and Air Conditioner Company	3,498	40,275
	10,491,098	12,313,601

Outstanding balances are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The balances are payable/receivable within normal commercial terms up to 3 months.

14.3 Related party commitment

During 2024, the Company and its founding shareholders have entered into an agreement wherein the foreign founding shareholder has committed to reimburse the Company for the increased income tax burden due to the foreign shareholding, effective from January 1, 2024 onwards. During the six-month period ended June 30, 2025, such foreign founding shareholder has reimbursed the amount of Saudi Riyals 7.4 million relating to the year ended December 31, 2024.

14.4 Key management personnel and BoD compensation

Key management personnel comprise chief executive officer (“CEO”), chief financial officer, senior vice president and certain vice presidents and heads of departments. Compensation of the Group’s key management personnel includes salaries and other employee benefits.

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits (salaries and other allowances)	2,429,686	2,718,282	5,393,478	5,048,930
Post-employment benefit (end- of-service benefit)	164,109	61,758	342,578	337,152
	2,593,795	2,780,040	5,736,056	5,386,082
Board of Directors' (“BoD”) compensation	700,000	550,000	1,400,000	1,100,000

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month
and six-month periods ended June 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

15 Segment information

An operating segment is a component of an entity:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). For management purposes, the Group is organised into business units based on their products and has the following reportable segments:

Corrugated

Corrugated segment which manufactures and sells corrugated boxes, digital printing products, retail boxes etc.

Duplex

Duplex segment involves manufacturing of folding cartons and pulp products.

Paper and packaging material

Paper segment involves manufacturing of paper, packing and packaging material.

The Group's CODM (CEO and BoD) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit/(loss) before zakat and tax for each segment.

The management has identified that revenue from transportation services is not an operating segment, and such revenue has been allocated to corrugated and duplex segments.

The Group's consolidated financial information by business segments were as follows:

	Corrugated	Duplex	Paper and packaging material	Total
June 30, 2025 (Unaudited)				
Property, plant and equipment	259,443,364	67,068,543	63,639,674	390,151,581
Right-of-use assets	37,650,158	924,435	18,948,318	57,522,911
Trade receivables	203,176,750	19,453,419	40,142,231	262,772,400
Allowance for impairment of trade receivables	(9,533,075)	(308,561)	(41,040)	(9,882,676)
Trade receivables - net	193,643,675	19,144,858	40,101,191	252,889,724
June 30, 2025 (Unaudited)				
Total assets	758,229,107	111,540,395	152,584,026	1,022,353,528
Total liabilities	370,853,498	30,059,547	41,846,620	442,759,665

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

	Corrugated	Duplex	Paper and packaging material	Total
<u>December 31, 2024 (Audited)</u>				
Property, plant and equipment	268,816,482	66,344,028	58,337,375	393,497,885
Right-of-use assets	34,402,835	1,159,935	17,645,063	53,207,833
Trade receivables	186,093,669	17,998,912	40,263,695	244,356,276
Allowance for impairment of trade receivables	(9,033,263)	(308,561)	-	(9,341,824)
Trade receivables - net	177,060,406	17,690,351	40,263,695	235,014,452

December 31, 2024 (Audited)

Total assets	736,610,671	127,542,387	133,526,783	997,679,841
Total liabilities	328,771,909	84,622,243	38,761,230	452,155,382

For the six-month period ended June 30, 2025 (Unaudited)

	Corrugated	Duplex	Paper and packaging material	Total
Segment revenue	584,329,105	47,198,853	57,336,420	688,864,378
Inter-segment revenue	(833,979)	-	(3,206,035)	(4,040,014)
Revenue from external customers	583,495,126	47,198,853	54,130,385	684,824,364
Gross profit	84,081,307	5,332,927	3,321,431	92,735,665
Depreciation and amortization	30,905,422	6,626,179	3,407,866	40,939,467
Finance costs	1,210,399	1,254,445	588,458	3,053,302
Profit/ (loss) before zakat and income tax	34,491,836	(941,260)	(806,895)	32,743,681
Additions to property, plant and equipment	16,902,439	7,094,817	7,931,845	31,929,101

For the three-month period ended June 30, 2025 (Unaudited)

	Corrugated	Duplex	Paper and packaging material	Total
Segment revenue	283,344,738	24,018,489	29,059,929	336,423,156
Inter-segment revenue	(434,309)	-	(994,305)	(1,428,614)
Revenue from external customers	282,910,429	24,018,489	28,065,624	334,994,542
Gross profit	36,740,947	2,752,105	1,887,867	41,380,919
Depreciation and amortization	15,459,444	3,260,942	1,741,735	20,462,121
Finance costs	661,485	583,471	301,500	1,546,456
Profit/ (loss) before zakat and income tax	12,251,590	(247,344)	(288,905)	11,715,341
Additions to property, plant and equipment	9,005,899	820,430	6,894,225	16,720,554

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month and six-month periods ended June 30, 2025

(All amounts in Saudi Riyals unless otherwise stated)

For the six-month period ended June 30, 2024 (Unaudited)

	Corrugated	Duplex	Paper and packaging material	Total
Segment revenue	575,408,009	41,115,713	55,172,384	671,696,106
Inter-segment revenue	(701,506)	-	(313,574)	(1,015,080)
Revenue from external customers	574,706,503	41,115,713	54,858,810	670,681,026
Gross profit	129,360,574	694,464	3,772,612	133,827,650
Depreciation and amortization	27,727,963	5,930,170	3,134,572	36,792,705
Finance costs	739,355	556,869	536,878	1,833,102
Profit/ (loss) before zakat and income tax	78,356,351	(6,083,759)	(26,079)	72,246,513
Additions to property, plant and equipment	6,362,542	9,252,795	-	15,615,337

For the three-month period ended June 30, 2024 (Unaudited)

	Corrugated	Duplex	Paper and packaging material	Total
Segment revenue	269,030,880	18,977,249	27,458,649	315,466,778
Inter-segment revenue	(298,393)	-	-	(298,393)
Revenue from external customers	268,732,487	18,977,249	27,458,649	315,168,385
Gross profit/(loss)	57,065,262	1,563,218	1,625,121	60,253,601
Depreciation and amortization	13,861,461	3,053,325	1,567,299	18,482,085
Finance costs	351,903	14,491	271,270	637,664
Profit/ (loss) before zakat and income tax	33,643,813	(1,914,752)	(622,366)	31,106,695
Additions to property, plant and equipment	3,124,790	8,423,025	-	11,547,815

The Group's operations are conducted principally in Saudi Arabia and United Arab Emirates. Selected financial information as follows:

	Kingdom of Saudi Arabia	United Arab Emirates	Total
As at June 30, 2025 (Unaudited)			
Non-current assets	385,175,699	110,427,943	495,603,642
As at December 31, 2024 (Audited)			
Non-current assets	385,402,385	112,075,995	497,478,380

Refer to Note 12 for the geographical analysis of revenue.

16 Assets classified as held for sale

In 2024, the Group's subsidiary entered into an agreement for purchase of certain items of property, plant and equipment amounting to Saudi Riyals 10.4 million, out of which Saudi Riyals 2.1 million was paid in advance. During the six-month period ended June 30, 2025, the ownership of these assets was transferred to the subsidiary and the balance amount was paid.

On the date of acquisition, certain machinery and equipment assets amounting to Saudi Riyals 4.1 million were classified as assets held for sales. The subsidiary has signed an agreement with a third party, for sale of these machinery and equipment, for Saudi Riyals 4.2 million out of which an aggregate amount of Saudi Riyals 2.4 million has been received during the six-month period ended June 30, 2025. The assets are currently allocated under paper and packaging material segment. There are no outstanding liabilities related to assets held for sale.

UNITED CARTON INDUSTRIES COMPANY
(A Saudi Joint Stock Company - Note 1)
Notes to the condensed consolidated interim financial information for the three-month
and six-month periods ended June 30, 2025
(All amounts in Saudi Riyals unless otherwise stated)

17 Commitments and bank guarantees

The capital expenditure contracted by the Group but not incurred until June 30, 2025 was Saudi Riyals 32.5 million (December 31, 2024: Saudi Riyals 29.9 million).

At June 30, 2025, the Group has outstanding bank guarantees amounting to Saudi Riyals 3.7 million (December 31, 2024: Saudi Riyals 3.8 million) issued in the normal course of business.

18 Fair value measurement of financial instruments

At June 30, 2025 and December 31, 2024, the fair values of all financial assets and liabilities, measured at amortised cost, are considered to approximate their carrying amounts.

During the six-month period ended June 30, 2025, and the year ended December 31, 2024, there were no transfers into or out of Level 3 fair value measurements.

The table below presents the financial assets at their fair values as at June 30, 2025, and December 31, 2024, based on the fair value hierarchy:

June 30, 2025 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	-	8,373,586	8,373,586
	-	-	8,373,586	8,373,586
December 31, 2024 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	-	-	7,476,616	7,476,616
	-	-	7,476,616	7,476,616

19 Approval of the condensed consolidated interim financial information

This condensed consolidated interim financial information was approved by the Board of Directors of the Group on July 27, 2025.