

SAUDI PAPER MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)
DAMMAM – SAUDI ARABIA
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2025
WITH INDEPENDENT AUDITOR’S REVIEW REPORT

SAUDI PAPER MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)
DAMMAM – SAUDI ARABIA
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2025
WITH INDEPENDENT AUDITOR’S REVIEW REPORT

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction:

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

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review:

We conducted our review in accordance with the International Standard on Review Engagements No. 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statement consists of making inquiries, primarily from people responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

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

Other matters:

The Company's financial statements for the fiscal year ended December 31, 2024, were audited by another auditor, who expressed an unmodified opinion on those financial statements on Shawwal 01, 1446H (corresponding to March 30, 2025). Also the company's financial statements for the period ended September 30, 2024, were reviewed by another auditor who expressed an unmodified conclusion on those financial statements on Jumada 'I 02, 1446H (corresponding to November 04, 2024).

Al-Khobar: Jumada 'I 20, 1447H
November 11, 2025




FOR EL SAYED EL AYOUTY & CO.

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

SAUDI PAPER MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)
DAMMAM – SAUDI ARABIA
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025

(All amounts in Saudi Riyals)

	Note	30-09-2025 (un-audited)	31-12-2024 (audited)
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment – Net		709,060,341	690,798,541
Right of use assets		16,227,001	18,238,906
Intangible assets		23,113,447	23,385,001
Investment in an associate		25,609,551	23,895,074
Total non-current assets		774,010,340	756,317,522
<u>Current assets</u>			
Inventories		135,078,890	153,768,060
Trade receivables	(5)	274,691,178	232,760,334
Prepayments and other debit balances		93,615,584	66,990,927
Cash and cash equivalents		66,546,067	14,088,302
Total current assets		569,931,719	467,607,623
Total Assets		1,343,942,059	1,223,925,145
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
Share capital		370,700,000	370,700,000
Treasury shares		(3,882,987)	(3,882,987)
Translation reserve		(5,296,488)	(5,696,417)
Other reserve		1,843,506	1,843,506
Retained earnings		198,885,039	149,823,520
Equity attributable to the shareholders of the company		562,249,070	512,787,622
Non-controlling interest		827,376	773,590
Total equity		563,076,446	513,561,212
<u>LIABILITIES</u>			
<u>Non-current liabilities</u>			
Medium and long-term loans - non-current portion	(6)	154,370,640	190,766,523
Deferred government grant - non-current portion		21,379,819	16,406,684
Employees defined benefit obligations		25,778,210	25,321,278
Lease liabilities – non-current portion		11,750,050	14,214,211
Total non-current liabilities		213,278,719	246,708,696
<u>Current liabilities</u>			
Short-term loans	(6)	324,135,355	206,955,609
Medium and long-term loans – current portion	(6)	83,392,541	68,364,734
Deferred government grant – current portion		3,661,391	2,526,231
Trade payables		87,953,318	110,322,083
Accrued expenses and other current liabilities		61,005,959	64,898,815
Zakat provision		1,893,765	5,426,267
Lease liabilities – current portion		5,544,565	5,161,498
Total current liabilities		567,586,894	463,655,237
Total Liabilities		780,865,613	710,363,933
Total equity and Liabilities		1,343,942,059	1,223,925,145


CFO
Khalid Walid Abu Hana


CEO
Abdulaziz Bin Raed Al-Mishaal


Chairman
Abdulrahman Bin Raed Al-Mishaal

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements

SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2025

(All amounts in Saudi Riyals)

	Note	For the three months period ended		For the nine months period ended	
		30-09-2025 (un-audited)	30-09-2024 (un-audited)	30-09-2025 (un-audited)	30-09-2024 (un-audited) (Restated-Note 12)
Revenue	(8)	189,040,957	215,337,923	626,054,058	646,841,890
Cost of revenue		(132,060,502)	(150,646,602)	(428,999,117)	(432,839,808)
Gross profit		56,980,455	64,691,321	197,054,941	214,002,082
General and administrative expenses		(12,992,740)	(12,857,153)	(45,479,009)	(42,703,333)
Selling and distribution expenses		(21,071,062)	(21,968,862)	(66,991,130)	(63,622,803)
Allowance for impairment of trade					
Receivables	(5)	(7,592,930)	(719,963)	(12,305,397)	(3,858,379)
Share in results of an associate		582,913	138,492	1,714,478	1,085,046
Other income		2,462,905	1,996,154	6,486,614	9,689,000
Other expenses	(9)	(217,598)	---	(9,214,052)	(441,840)
Profit before finance charges and zakat		18,151,943	31,279,989	71,266,445	114,149,765
Finance charges	(8)	(9,055,750)	(9,999,675)	(26,172,786)	(28,051,116)
Profit before zakat		9,096,193	21,280,314	45,093,659	86,098,649
Zakat		(614,019)	404,924	(1,727,334)	(1,586,580)
Net profit for the period from continuing operations		8,482,174	21,685,238	43,366,325	84,512,069
Net profit / (loss) for the period from discontinued operations	(11)	6,159,832	(928,916)	6,159,832	(1,114,049)
Net profit for the period		14,642,006	20,756,322	49,526,157	83,398,020
Other comprehensive income (loss):					
<i>Item that will may be reclassified subsequently to profit or loss:</i>					
Foreign exchange translation differences		(48,358)	786,564	356,757	525,689
Other comprehensive (loss) / income for the period		(48,358)	786,564	356,757	525,689
Total comprehensive income for the period		14,593,648	21,542,886	49,882,914	83,923,709
Net profit from continuing operation attributable to:					
Shareholders of the company		8,319,015	21,523,372	42,901,687	83,961,162
Non-controlling interest		163,159	161,866	464,638	550,907
Net profit for the period		8,482,174	21,685,238	43,366,325	84,512,069
Net profit attributable to:					
Shareholders of the company		14,478,847	20,594,456	49,061,519	82,847,113
Non-controlling interest		163,159	161,866	464,638	550,907
Net profit for the period		14,642,006	20,756,322	49,526,157	83,398,020
Total comprehensive income attributable to:					
Shareholders of the company		14,422,087	21,368,504	49,461,448	83,412,207
Non-controlling interest		171,561	174,382	421,466	511,502
Total comprehensive income for the period		14,593,648	21,542,886	49,882,914	83,923,709
Basic and diluted earnings per share (SR) attributable to shareholders of the company					
Net profit from continuing operations	(10)	0.23	0.58	1.16	2.27
Net profit	(10)	0.39	0.56	1.33	2.24


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SAUDI PAPER MANUFACTURING COMPANY

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DAMMAM – SAUDI ARABIA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

(All amounts in Saudi Riyals)

	Share capital	Treasury shares	Statutory reserve	Translation reserve	Other reserves	Retained earnings	Total shareholders' equity	Non-controlling interest	Total equity
<u>Nine-month period ended 30-09-2024</u>									
Balance as at 01-01-2024 – (audited)	337,000,000	(3,882,987)	15,340,512	(6,122,002)	812,785	129,458,169	472,606,477	797,158	473,403,635
Net profit for the period	---	---	---	---	---	82,847,113	82,847,113	550,907	83,398,020
Other comprehensive income / (loss) for the period	---	---	---	565,094	---	---	565,094	(39,405)	525,689
Total comprehensive income for the period	---	---	---	565,094	---	82,847,113	83,412,207	511,502	83,923,709
Transfer to retained earnings (note 1)	---	---	(15,340,512)	---	---	15,340,512	---	---	---
Transaction with owners of the company									
Increase in share capital (note 1)	33,700,000	---	---	---	---	(33,700,000)	---	---	---
Dividend paid (note 1)	---	---	---	---	---	(44,513,028)	(44,513,028)	(718,468)	(45,231,496)
Balance as at 30-09-2024 (un-audited)	370,700,000	(3,882,987)	---	(5,556,908)	812,785	149,432,766	511,505,656	590,192	512,095,848
<u>Nine-month period ended 30-09-2025</u>									
Balance as at 01-01-2025 – (audited)	370,700,000	(3,882,987)	---	(5,696,417)	1,843,506	149,823,520	512,787,622	773,590	513,561,212
Net profit for the period	---	---	---	---	---	49,061,519	49,061,519	464,638	49,526,157
Other comprehensive income / (loss) for the period	---	---	---	399,929	---	--	399,929	(43,172)	356,757
Total comprehensive income for the period	---	---	---	399,929	---	49,061,519	49,461,448	421,466	49,882,914
Dividend paid to NCI	---	---	---	---	---	---	---	(367,680)	(367,680)
Balance as at 30-09-2025 (un-audited)	370,700,000	(3,882,987)	---	(5,296,488)	1,843,506	198,885,039	562,249,070	827,376	563,076,446



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SAUDI PAPER MANUFACTURING COMPANY

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DAMMAM – SAUDI ARABIA

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED

SEPTEMBER 30, 2025

(All amounts in Saudi Riyals)

	Note	Sep. 30, 2025 (un-audited)	Sep. 30, 2024 (un-audited)
Cash flows from operating activities:			
Net profit for the period from continued operations		43,366,325	84,512,069
Net profit/(loss) for the period from discontinued operations		6,159,832	(1,114,049)
Adjustments for:			
Depreciation of property, plant and equipment		39,459,641	37,786,657
Depreciation of right of use assets		4,715,581	3,135,024
Finance charges		26,172,786	28,051,116
Allowance for impairment of trade receivables		12,305,397	3,858,379
Loss on translation of financial liability		9,027,195	---
Provision for employees' end of service benefits		2,954,503	3,222,309
Zakat expenses		1,727,334	1,586,580
Amortization of intangible assets		1,137,801	796,351
Amortization of upfront fee		768,804	---
Share in results of an associate		(1,714,477)	(1,085,046)
Deferred government grant recognised – SIDF loan		(2,773,086)	---
Reversal of allowance for slow moving inventories		---	(744,638)
Loss on disposal of subsidiary's net assets		---	1,114,049
Gain on disposal of property, plant and equipment		---	(71,968)
Cash flows generated from operating activities		143,307,636	161,046,833
Changes in operating assets and liabilities:			
Trade receivables		(54,236,241)	(49,344,721)
Inventories		18,689,170	(16,160,397)
Prepayments and other debit balances		(26,624,657)	(14,899,268)
Trade payables		(22,368,765)	17,450,251
Accrued expenses and other current liabilities		(3,892,858)	4,020,117
Cash generated from operations		54,874,285	102,112,815
Finance charges paid		(29,870,714)	(25,917,540)
Zakat paid		(5,259,836)	(7,789,839)
Defined benefit obligations paid to employees		(2,497,573)	(1,447,207)
Net cash flows generated from operating activities		17,246,162	66,958,229
Cash flows from investing activities			
Additions to property, plant and equipment		(53,466,469)	(105,193,001)
Proceeds from disposal of subsidiaries		---	3,487,447
Proceeds from disposal of property, plant and equipment		---	78,995
Additions to intangible assets		(142,070)	(275,500)
Net cash flows used in investing activities		(53,608,539)	(101,902,059)
Cash flows from financing activities			
Repayment of medium and long-term loans		(22,085,651)	(54,708,913)
Receipt of medium and long-term loans		---	80,948,500
Change in short term loans, net		115,840,780	45,111,286
Lease payments (principal)		(4,691,064)	(3,145,981)
Dividend paid		---	(44,513,028)
Dividend paid to non-controlling interest		(367,680)	(718,468)
Net cash flows generated from financing activities		88,696,385	22,973,396
Net change in cash and cash equivalents during the period		52,334,008	(11,970,434)
Cash and cash equivalents at the beginning of the period		14,088,303	35,006,492
Effect of exchange rate fluctuations		123,756	(197,561)
Cash and cash equivalents at the end of the period		66,546,067	22,839,497
Supplemental cashflow information			

(13)

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SAUDI PAPER MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)
DAMMAM – SAUDI ARABIA
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

1. GENERAL

- Saudi Paper Manufacturing Company ("the Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2050028141 issued in Dammam on Muharram 10, 1415H (June 20, 1994). The Company's share capital as of September 30, 2025, is SR 370.7 million (December 31, 2024: SR 370.7 million) divided into 37.07 million shares of SR 10 each.
- The principal activities of the Company and its subsidiaries (the "Group"), each of which operates under individual commercial registration, are to manufacture tissue paper rolls, convert tissue paper rolls into facial, kitchen and toilet tissue papers and collect, sort, transport and press waste papers.
- The Company's registered office is P.O. Box 2598, Unit number 2, Dammam 34326-7169, the Kingdom of Saudi Arabia.
- The Group's financial year begins on the first of January and ends on the thirty-first of December of each calendar year. The condensed consolidated interim financial statements presented cover the financial period from January 1, 2025, to September 30, 2025.
- On April 25, 2024, in the Company Extraordinary General Assembly (EGM) the shareholders approved increase in share capital of the Company by SR 33.7 million (10%) through issuance of bonus shares. The Board recommended to grant one share for every ten shares owned by the shareholders to support the capital base, which contributes to enhancing future growth plans and maximizing total returns to shareholders. Further shareholders based on the Board recommendation approved to distribute cash dividends amounting to SR 16.85 million (5%) to the shareholders and transfer the full amount of statutory reserve held at December 31, 2023, to the retained earnings. Furthermore, on August 12, 2024, the Board resolved to distribute cash dividend, amounting to SR 27.80 million (7.5%) to the shareholders. The amount of dividend paid during the year ended December 31, 2024 had been adjusted to reflect the dividend related to the treasury shares amounting to SR 52,630 and SR 86,842 for first and second dividend distribution during 2024, respectively.

1.1 Structure of the group

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

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

- * On September 30, 2024, the Group announced the signing of an agreement to sell its subsidiary in the Kingdom of Morocco (Morocco Paper Manufacturing Company), which had ceased operations, for a total consideration of 19 million Moroccan dirhams (equivalent to 7.2 million Saudi riyals at the date of the sale agreement). The agreement included a number of conditions that were fully met, and the related regulatory procedures were completed during the period ended September 30, 2025. (Note 11).

2. BASIS OF CONSOLIDATION

2.1 Statement of compliance

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

SAUDI PAPER MANUFACTURING COMPANY
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DAMMAM – SAUDI ARABIA
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

2. BASIS OF CONSOLIDATION (Continued)

2.2 Preparation of the interim condensed consolidated financial statements

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

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

3.1 Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

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

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

3.2 Measurement of Employee Benefits Obligations

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2025

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

3.3 Provision for Expected Credit Losses

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

3.4 Useful Lives of Property, Plant, and Equipment

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

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

3.5 Impairment of non-financial assets

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

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

3.6 Duration of lease contracts

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

3.7 Measurement of fair value

The fair value of the assets and liabilities

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

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

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

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

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. As at September 30, 2025 and December 31, 2024, there are no transfers between levels.

3.8 Going concern principle

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

4. Changes in significant accounting policies

4.1 New standards, Amendments to standards and Interpretations

There The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adopted amendments to International Financial Reporting Standards ("IFRS") as elaborated below.

The Group has adopted the following relevant amendments to IFRS as endorsed in KSA, which are effective for periods beginning on or after 1 January 2025, and have no material impact on the Group:

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4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 New standards, Amendments to standards and Interpretations (Continued)

LACK OF EXCHANGABILITY - AMENDMENTS TO IAS 21 THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

The amendment prescribes accounting when there is a lack of exchangeability in the currency of an entity when it has a transaction or an operation in a foreign currency. 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. As there are no major transactions or the operations of the Group where the entity is subject to lack of exchangeability, this amendment does not have any material impact on the Group's condensed consolidated interim financial statements.

5. TRADE RECEIVABLES

	30-09-2025	31-12-2024
	(un-audited)	(audited)
Trade receivables	309,564,833	255,328,592
Allowance for impairment of trade receivables (Note: 5.1)	(34,873,655)	(22,568,258)
	274,691,178	232,760,334

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

	30-09-2025	31-12-2024
	(un-audited)	(audited)
Balance at the beginning of the period / year	(22,568,258)	(17,429,744)
Provision for the period / year	(12,305,397)	(5,138,514)
Balance at the end of the period / year	(34,873,655)	(22,568,258)

6. LOANS

a) Medium and long-term loans

	30-09-2025	31-12-2024
	(un-audited)	(audited)
Saudi Industrial Development Fund (SIDF) loans (Note 6.1)	92,450,000	62,421,496
Commercial bank loans (Note 6.2)	145,313,181	196,709,761
	237,763,181	259,131,257
Current maturity of long-term loans	(83,392,541)	(68,364,734)
	154,370,640	190,766,523

6.1 SIDF loan

In 2024, the Company has signed a financing facility of SR 150 million. As of period end 86% of the total facility amount was withdrawn, the repayment of the loan starts from February 2026. The loans do not bear financial charges, however, an upfront fee is charged on the loan and these are secured against mortgaged of property, plant and equipment of the Company equal to the carrying amount of the loan. The difference between the amount received and fair value of loan is recognized as deferred government grant and amortized over the loan period.

6.2 Commercial bank loans

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

These bank loans are secured against promissory notes amounting to SR. 1,168.76 million (December 31, 2024: SR. 1,184.99 million).

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

b) Short term loans

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

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7. RELATED PARTIES' TRANSACTIONS AND RELATED BALANCES

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

Key management personnel compensation

**For the Nine-months period ending
September, 30**

2025	2024
(un-audited)	(un-audited)
4,493,498	5,473,631
2,010,000	1,904,247
263,380	456,217

Short-term employees benefits

BOD and related committees remuneration

Employees defined benefit obligation

Payable balance to key management personnel as of period end amounted to SR.2.29 million (December 31, 2024: SR. 4.53 million)

Other related parties transactions

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

Related party	Relationship	Nature of transaction	Transaction during the nine months period	Balance as at September 30,
2025:				
East Gas Limited	Associate	Purchase of gas	7,683,315	(2,794,836)
2024:				
East Gas Limited	Associate	Purchase of gas	7,882,990	(2,267,877)

8. OPERATING SEGMENTS

a) Basis for segmentation

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

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

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

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

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

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8. OPERATING SEGMENTS (Continued)

b) Information about reportable segments

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

Nine months period ended September 30, 2025 (Un-audited)

	Manufacturing		Trading and others		Total	
	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024
Segment revenue	702,060,027	735,756,149	46,641,416	39,227,103	748,701,443	774,983,252
Intra / inter segment revenue	(107,385,319)	(114,393,694)	(15,262,066)	(13,747,668)	(122,647,385)	(128,141,362)
External revenue	594,674,708	621,362,455	31,379,350	25,479,435	626,054,058	646,841,890
Finance charges	25,956,558	27,847,733	216,228	203,383	26,172,786	28,051,116
Depreciation and amortization	43,126,080	39,765,050	2,184,943	1,952,982	45,313,023	41,718,032
Net profit before zakat	45,155,026	82,139,349	6,098,465	2,845,251	51,253,491	84,984,600
Segment assets	1,303,252,684	1,174,506,948	40,689,375	31,528,285	1,343,942,059	1,206,035,233
Segment liabilities	746,140,231	659,753,520	34,725,383	34,185,865	795,832,934	693,939,385

Three months period ended September 30, 2025 (Un-audited)

	Manufacturing		Trading and others		Total	
	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024
Segment revenue	217,121,888	244,222,641	16,035,829	12,816,243	233,157,717	257,038,884
Intra / inter segment revenue	(38,027,481)	(37,971,318)	(6,089,279)	(3,729,643)	(44,116,760)	(41,700,961)
External revenue	179,094,407	206,251,323	9,946,550	9,086,600	189,040,957	215,337,923
Finance charges	8,986,161	9,885,709	69,589	113,966	9,055,750	9,999,675
Depreciation and amortization	15,078,694	13,161,673	733,396	855,812	15,814,050	14,017,485
Net profit / (loss) before zakat	9,385,123	21,735,829	5,870,902	(1,384,431)	15,256,025	20,351,398

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8. OPERATING SEGMENTS (Continued)

c) Geographic information

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

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

Nine months period ended September 30, 2025 (Un-audited)

	Manufacturing		Trading and others		Total	
	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024
Saudi Arabia	518,345,972	530,844,062	3,496,543	217,938	521,842,515	531,062,000
GCC countries	54,523,571	55,247,304	7,615,730	516,371	62,139,301	55,763,675
Other countries	21,805,165	35,271,089	20,267,077	24,745,126	42,072,242	60,016,215
Consolidated revenue	594,674,708	621,362,455	31,379,350	25,479,435	626,054,058	646,841,890

Three months period ended September 30, 2025 (Un-audited)

	Manufacturing		Trading and others		Total	
	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024
Saudi Arabia	148,871,962	173,318,764	1,379,764	35,992	150,251,726	173,354,756
GCC countries	18,482,184	18,079,645	3,026,082	292,348	21,508,266	18,371,993
Other countries	11,740,261	14,852,914	5,540,704	8,758,260	17,280,965	23,611,174
Consolidated revenue	179,094,407	206,251,323	9,946,550	9,086,600	189,040,957	215,337,923

As of period / year end

Non-current assets

	Sep. 30, 2025 (Un-audited)	December 31, 2024 (Audited)	Sep. 30, 2024 (Un-audited)
Saudi Arabia	739,425,394	721,040,900	714,258,872
GCC countries	30,428,837	31,023,774	31,558,114
Other countries	4,156,109	4,252,848	4,308,808
Consolidated non-current assets	774,010,340	756,317,522	750,125,794

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8. OPERATING SEGMENTS (Continued)

d). Timing of Revenue Recognition

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

Nine months period ended September 30, 2025 (Un-audited)	Manufacturing		Trading and others		Total	
	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024
Revenue at a point in time	577,611,146	607,228,161	31,379,350	25,479,435	608,990,496	632,707,596
Revenue over time	17,063,562	14,134,294	---	---	17,063,562	14,134,294
	594,674,708	621,362,455	31,379,350	25,479,435	626,054,058	646,841,890

Three months period ended September 30, 2025 (Un-audited)	Manufacturing		Trading and others		Total	
	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024	Sep. 30, 2025	Sep. 30, 2024
Revenue at a point in time	172,262,777	201,408,531	9,946,550	9,086,600	182,209,327	210,495,131
Revenue over time	6,831,630	4,842,792	---	---	6,831,630	4,842,792
	179,094,407	206,251,323	9,946,550	9,086,600	189,040,957	215,337,923

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9. OTHER EXPENSES

	For the three-month period		For the nine-month period	
	Sep. 30, 2025 (un-audited)	Sep. 30, 2024 (un-audited)	Sep. 30, 2025 (un-audited)	Sep. 30, 2024 (un-audited)
Loss on translation of financial liability	196,454	---	9,027,195	---
Others	21,144	---	186,857	441,848
	217,598	---	9,214,052	441,848

10. EARNINGS PER SHARE

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

Earnings per share are represented as follows:

	From July 01 to September 30,		From January 01 to September 30,	
	2025 (un-audited)	2024 (un-audited)	2025 (un-audited)	2024 (un-audited)
Net profit from continuing operations	8,319,015	21,523,372	42,901,687	83,961,162
Net profit	14,478,847	20,594,456	49,061,519	82,847,113
Issued ordinary share	37,070,000	37,070,000	37,070,000	37,070,000
Effect of treasury share held	(115,788)	(115,788)	(115,788)	(115,788)
Weighted average number of outstanding shares	36,954,212	36,954,212	36,954,212	36,954,212
Basic and diluted earning per share from continued operations	0.23	0.58	1.16	2.27
Basic and diluted earnings per share	0.39	0.56	1.33	2.24

11. Discontinued operations

	30-09-2025 (un-audited) (Note 11.1)	30-09-2024 (un-audited) (Note 11.2)
Net profit / (loss) from discontinued operations	6,159,832	(1,114,049)

- 11.1. On September 30, 2024, the Group announced the signing of an agreement to sell its subsidiary in the Kingdom of Morocco (Morocco Paper Manufacturing Company), which had ceased operations, for a total consideration of 19 million Moroccan dirhams (equivalent to SR. 7.2 million at the date of the sale agreement). The agreement included a number of conditions that were fully satisfied, and the related regulatory procedures were completed during the period ended September 30, 2025.

The net proceeds received, after deducting all fees and taxes, amounted to 14.84 million Moroccan dirhams (equivalent to SR. 6.16 million). The Group recognized the result of this transaction within income from discontinued operations, as the carrying amount of the subsidiary's net assets at the date of sale was SR. 1, which had previously been recognized when the subsidiary was reacquired in 2021.

It is worth noting that the Group had previously sold the same subsidiary in 2019 for SR. 13.6 million but was unable to collect the consideration from the buyer. Accordingly, during 2020, the Group's management recorded a full provision for the outstanding receivable related to that sale transaction. Based on the recommendation of the Board of Directors, a lawsuit was filed to cancel the sale and recover ownership of the subsidiary. In 2021, a court ruling was issued in favor of the Group, restoring ownership of the subsidiary. However, at that time, management was unable to determine the net recoverable value of the assets, as the company had been inactive for several years prior to the sale, and it was not possible to reliably determine the recoverable value.

- 11.2. During the period ended September 30, 2024, the Group sold its non-operating subsidiaries in the Hashemite Kingdom of Jordan (Al Madar Paper Trading and Jordanian Saudi Paper Converting Company) for an amount of SR. 3,532,715, while the net assets of the disposed subsidiaries as of the date of sale amounted to SR. 4,646,764. The resulting losses from the sale transaction were recognized as loss from discontinued operations in the statement of profit or loss as follows:

	30-09-2024 (un-audited)
Property, plant and equipment	4,151,989
Trade receivables	22,920
Prepayments, deposits and other assets	255,131
Foreign currency translation differences	578,975
Cash and cash equivalents	45,268
Trade payables	(407,519)
Net assets of the disposed subsidiary	4,646,764
Less: Consideration received	3,532,715
(Loss) from discontinued operations	1,114,049

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12. COMPARATIVE FIGURES

Some comparative figures have been reclassified to conform with the current period's presentation, in order to provide a better comparison with the current period's presentation, as follows:

	30-09-2024 (un-audited)	Reclassification	30-09-2024 (un-audited)
	Before restated		After restated
Other expenses	(1,555,897)	1,114,049	(441,848)
(Loss) from discontinued operations (Note: 11.2)	---	(1,114,049)	(1,114,049)

13. SUPPLEMENTAL CASH FLOW INFORMATION

	30-09-2025 (un-audited)	30-09-2024 (un-audited)
Adjusted deferred government grant against the Saudi Industrial Development Fund	6,108,296	1,209,696
Capitalized financing charges during the period	4,839,852	---
Right of use assets	2,609,972	2,297,909
Capitalization of intangible assets from capital work in progress	724,177	---
Addition to property, plant and equipment against advances	---	59,361,302
Increase in share capital issuance of bonus shares	---	33,700,000

14. CONTINGENCIES AND COMMITMENTS

- As of September 30, 2025, the Group had contingent liabilities in the form of bank guarantees amounting to SR. 0.59 million (December 31, 2024: SR. 0.79 million).
- As of September 30, 2025, the Group had commitments in the form of letters of credit issued in the ordinary course of business amounting to SR. 118.902 million (December 31, 2024: SR. 101.72 million).
- As of September 30, 2025, the Group's contracted capital expenditure amounted to SAR 0 (December 31, 2024: SR. 32.05 million).

15. SUBSEQUENT EVENT

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

16. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company and authorized for issued on Jumada 'I 20, 1447H (corresponding to November 11, 2025).