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

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026**

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

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

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# INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY (A SAUDI JOINT STOCK COMPANY)

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Printing and Packaging Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2026, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2026, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") 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 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 statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

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

## Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the interim condensed consolidated financial statements, which indicates that, as at 30 June 2026, the Group's current liabilities exceeded its current assets by ⃁ 353.1 million (31 December 2025: ⃁ 399.7 million) and the Group had accumulated losses of ⃁ 607.8 million (31 December 2025: ⃁ 590.3 million), representing approximately 93.2% of the Company's share capital (31 December 2025: 98.4%). Note 2.1 also describes the Group's continuing losses, dependence on successful implementation of management's restructuring plans, continued shareholder and lender support, and the risk of a limited liquidity headroom if key actions are delayed or not completed. These events and conditions together with the other matters indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

for Ernst & Young Professional Services

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

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سجل تجاري ١٠١٠٣٨٣٨٢١
CR. 1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Riyadh: 23 Safar 1448H
(6 August 2026)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

| | Notes | *30 June 2026 (Unaudited)* ⃁ | *31 December 2025 (Audited)* ⃁ |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | **397,022,284** | 438,643,762 |
| Intangible assets and goodwill | 10 | **175,211,632** | 175,298,458 |
| Investment properties | 17 | **5,760,969** | 5,870,732 |
| Right-of-use assets | | **3,160,309** | 3,374,064 |
| Restricted bank balances | 8 | **9,792,852** | 9,792,852 |
| **TOTAL NON-CURRENT ASSETS** | | **590,948,046** | 632,979,868 |
| **CURRENT ASSETS** | | | |
| Prepayments and other current assets | | **22,832,892** | 12,134,465 |
| Inventories | 6 | **77,855,681** | 98,139,171 |
| Trade receivables | 7 | **111,631,224** | 123,854,124 |
| Cash and short-term deposits | 8 | **23,318,918** | 6,527,529 |
| **TOTAL CURRENT ASSETS** | | **235,638,715** | 240,655,289 |
| Assets held for sale | | **191,910** | - |
| **TOTAL ASSETS** | | **826,778,671** | 873,635,157 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Issued capital | 11 | **652,070,640** | 600,000,000 |
| Contractual reserve | 11 | **2,909,935** | 2,909,935 |
| Accumulated losses | | **(607,856,061)** | (590,302,148) |
| Share discount | 11 | **(9,737,210)** | - |
| Other reserves | | **(212,378)** | (324,272) |
| **TOTAL EQUITY** | | **37,174,926** | 12,283,515 |
| **NON-CURRENT LIABILITIES** | | | |
| Loans and Murabaha | 12 | **95,574,979** | 115,454,004 |
| Loan from Shareholder | 13 | **75,000,000** | 75,000,000 |
| Employees' defined benefit liabilities | | **25,431,007** | 25,495,796 |
| Lease liabilities | | **3,491,032** | 3,648,678 |
| Trade payables | | **1,147,001** | 1,403,099 |
| **TOTAL NON-CURRENT LIABILITIES** | | **200,644,019** | 221,001,577 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 15 | **74,034,615** | 80,074,672 |
| Accrued expenses and other current liabilities | 16 | **34,912,285** | 38,764,368 |
| Loans and Murabaha | 12 | **416,829,625** | 470,734,575 |
| Loan from Shareholder | 13 | **10,052,136** | 10,052,136 |
| Lease liabilities | | **359,134** | 346,896 |
| Due to a related party | 14 | **47,380,150** | 31,339,181 |
| Dividends payable | | **697,151** | 697,151 |
| Zakat and taxation | 5 | **4,694,630** | 8,341,086 |
| **TOTAL CURRENT LIABILITIES** | | **588,959,726** | 640,350,065 |
| **TOTAL LIABILITIES** | | **789,603,745** | 861,351,642 |
| **TOTAL EQUITY AND LIABILITIES** | | **826,778,671** | 873,635,157 |

Finance Director | Chief Executive Officer | Chairman

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements

## Saudi Printing and Packaging Company

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2026

| | Notes | *For the three-month period ended 30 June* | | *For the six-month period ended 30 June* | |
|---|---|---|---|---|---|
| | | *2026 (Unaudited)* ⃁ | *2025 (Unaudited)* ⃁ | *2026 (Unaudited)* ⃁ | *2025 (Unaudited)* ⃁ |
| **Continuing operations** | | | | | |
| Revenue | 3 | **108,013,983** | 146,548,160 | **199,838,445** | 296,547,487 |
| Cost of revenue | | **(101,742,984)** | (139,626,346) | **(190,549,339)** | (279,702,879) |
| **Gross profit** | | **6,270,999** | 6,921,814 | **9,289,106** | 16,844,608 |
| Selling, marketing and distribution expenses | | **(5,285,357)** | (8,779,969) | **(10,903,918)** | (15,664,613) |
| General and administrative expenses | | **(10,614,880)** | (16,281,698) | **(22,566,625)** | (32,069,920) |
| Impairment of trade receivables | 7 | **(1,217,571)** | (1,019,522) | **(2,512,679)** | (1,019,522) |
| Impairment of Property, plant and equipment | 9 | **(4,348,725)** | - | **(7,917,052)** | - |
| **Operating loss for the period** | | **(15,195,534)** | (19,159,375) | **(34,611,168)** | (31,909,447) |
| Other income /(loss), net | | **(332,132)** | (901,020) | **4,060,875** | (408,881) |
| Gain on the loan conversion into equity | 11 | **-** | - | **31,346,538** | - |
| Finance costs | | **(9,402,015)** | (11,426,162) | **(17,452,477)** | (23,389,310) |
| **Loss before zakat and tax from continuing operations** | | **(24,929,681)** | (31,486,557) | **(16,656,232)** | (55,707,638) |
| Zakat and tax expense | 5 | **-** | 1,466,597 | **-** | 2,022,599 |
| **Loss for the period from continuing operations** | | **(24,929,681)** | (30,019,960) | **(16,656,232)** | (53,685,039) |
| **Discontinued operations** | | | | | |
| Profit / (Loss) after zakat and tax for the period from discontinued operations | 4 | **169,925** | (1,162,510) | **(897,681)** | (1,899,299) |
| **Loss for the period** | | **(24,759,756)** | (31,182,470) | **(17,553,913)** | (55,584,338) |
| **Other comprehensive income:** | | | | | |
| **Items that may be reclassified subsequently to profit or loss:** | | | | | |
| Foreign currency translation differences – foreign operations | | **2** | (4) | **111,894** | 62,241 |
| **Other comprehensive income for the period** | | **2** | (4) | **111,894** | 62,241 |
| **Total comprehensive loss** | | **(24,759,754)** | (31,182,474) | **(17,442,019)** | (55,522,097) |
| **Loss per share-basic and diluted** | | **(0.39)** | (0.52) | **(0.27)** | (0.93) |
| **Loss per share-basic and diluted from continuing operations** | | **(0.39)** | (0.50) | **(0.26)** | (0.89) |

Finance Director

Chief Executive Officer

Chairman

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2026

| | *Issued capital* ⃁ | *Share discount* ⃁ | *Contractual reserve* ⃁ | *Accumulated losses* ⃁ | *Other reserves* ⃁ | *Total* ⃁ |
|---|---|---|---|---|---|---|
| Balance at 1 January 2025 (audited) | 600,000,000 | - | 2,909,935 | (321,109,835) | (386,517) | 281,413,583 |
| Loss for the period (unaudited) | - | - | - | (55,584,338) | - | (55,584,338) |
| Other comprehensive income for the period (unaudited) | - | - | - | - | 62,241 | 62,241 |
| Total comprehensive loss for the period (unaudited) | - | - | - | (55,584,338) | 62,241 | (55,522,097) |
| Balance at 30 June 2025 (unaudited) | 600,000,000 | - | 2,909,935 | (376,694,173) | (324,276) | 225,891,486 |
| | | | | | | |
| Balance at 1 January 2026 (audited) | 600,000,000 | - | 2,909,935 | (590,302,148) | (324,272) | 12,283,515 |
| Loss for the period (unaudited) | - | - | - | (17,553,913) | - | (17,553,913) |
| Other comprehensive income for the period (unaudited) | - | - | - | - | 111,894 | 111,894 |
| Total comprehensive loss for the period (unaudited) | - | - | - | (17,553,913) | 111,894 | (17,442,019) |
| Increase in capital issued (note 11) | **52,070,640** | **(9,737,210)** | - | - | - | 42,333,430 |
| **Balance at 30 June 2026 (unaudited)** | **652,070,640** | **(9,737,210)** | **2,909,935** | **(607,856,061)** | **(212,378)** | **37,174,926** |

Finance Director Chief Executive Officer Chairman

The attached notes 1 to 21 form an integral part of these interim condensed consolidated financial statements

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2026

| | Note | *30 June 2026 (Unaudited)* ⃁ | *30 June 2025 (Unaudited)* ⃁ |
|---|---|---|---|
| **OPERATING ACTIVITIES:** | | | |
| Loss before zakat and tax from continuing operations | | **(16,656,232)** | (55,707,638) |
| Loss before zakat and tax from discontinued operations | 4 | **(897,681)** | (1,899,299) |
| *Adjustment to reconcile loss before zakat to net cash inflows:* | | | |
| Depreciation and amortization | | **22,758,208** | 25,809,215 |
| Finance costs | | **17,452,477** | 23,406,144 |
| Impairment of Property, plant and equipment | | **7,917,052** | - |
| Impairment loss of trade receivables | | **2,512,679** | 1,019,522 |
| Loss on disposal of property, plant and equipment | | **316,013** | 679,720 |
| Provision of slow-moving inventory | | - | 351,699 |
| Gain on loan conversion | | **(31,346,538)** | - |
| Derivative financial instruments | | - | 800,427 |
| Provision for employees' defined benefit liabilities | | **1,666,627** | 2,557,841 |
| | | **3,722,605** | (2,982,369) |
| ***Working capital adjustments:*** | | | |
| Inventories | | **20,283,490** | 19,865,980 |
| Trade receivables | | **9,710,221** | 13,659,754 |
| Due to a related party | | **13,413,307** | 7,249,802 |
| Prepayments and other current assets | | **(10,698,427)** | 7,605,460 |
| Trade payables | | **(6,296,155)** | (5,608,214) |
| Accrued expenses and other current liabilities | | **1,647,917** | 2,525,476 |
| **Cash generated from operating activities** | | **31,782,958** | 42,315,889 |
| Employees' defined benefit liabilities paid | | **(1,731,416)** | (3,536,833) |
| Zakat paid | | **(3,646,456)** | - |
| **Net cash flows from operating activities** | | **26,405,086** | 38,779,056 |
| **INVESTING ACTIVITIES:** | | | |
| Additions to property, plant and equipment | | **(2,076,730)** | (5,998,105) |
| Proceeds from disposal of property, plant and equipment | | **12,925,368** | 113,772 |
| **Net cash from / (used in) investing activities** | | **10,848,638** | (5,884,333) |
| **FINANCING ACTIVITIES:** | | | |
| Proceeds from loans and murabaha | | **129,929,199** | 261,560,201 |
| Payments of loans and murabaha | | **(130,831,310)** | (285,302,421) |
| Payments of finance cost | | **(19,431,270)** | (22,210,895) |
| Proceeds from termination of derivative financial instruments | | - | 2,497,829 |
| Payment of lease liabilities | | **(240,848)** | (895,311) |
| **Cash used in financing activities** | | **(20,574,229)** | (44,350,597) |
| Increase / (decrease) in Cash and short-term deposits | | **16,679,495** | (11,455,874) |
| Foreign currency translation adjustments | | **111,894** | 62,241 |
| **Cash and short-term deposits at the beginning of the period** | | **6,527,529** | 19,987,523 |
| **Cash and short-term deposits at the end of the period** | | **23,318,918** | 8,593,890 |

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six-month period ended 30 June 2026

| | *30 June 2026 (Unaudited)* ⃁ | *30 June 2025 (Unaudited)* ⃁ |
|---|---|---|
| **Significant non-cash transaction:** | | |
| Settlement of loans through share issuance to Alinma Bank | **68,179,968** | - |
| Settlement of real estate transaction tax through share issuance to Alinma Bank | **5,500,000** | - |
| Accrued interest cost on loan from shareholder transfer to due to related party | **2,627,662** | - |
| Deferred tax asset | - | 2,721,722 |
| Right-of-use assets and lease liabilities additions | - | 382,320 |

Finance Director

Chief Executive Officer

Chairman

## 1. CORPORATE INFORMATION

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

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

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

| | | **Effective ownership interest** | |
|---|---|---|---|
| **Subsidiary** | **Country of incorporation** | **30 June 2026** | 31 December 2025 |
| Hala Printing Company | Saudi Arabia | **100%** | 100% |
| Al-Madinah Al Munawarah Printing & Publishing Company | Saudi Arabia | **100%** | 100% |
| Future Industrial Investment Company ("FIIC") | Saudi Arabia | **100%** | 100% |
| Emirates National Factory for Plastic Industries ("ENPI") (a) | United Arab Emirates | **100%** | 100% |

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

| | | **Effective ownership interest** | |
|---|---|---|---|
| **Subsidiary** | **Country of incorporation** | **30 June 2026** | 31 December 2025 |
| City Pack Company | United Arab Emirates | **100%** | 100% |
| Future Printing Company | United Arab Emirates | **100%** | 100% |
| United International Clear Packaging Company | United Arab Emirates | **100%** | 100% |
| United Security Company | United Arab Emirates | **100%** | 100% |
| Commercial United Packaging Company | United Arab Emirates | **100%** | 100% |
| Future Plastic Industries | United Arab Emirates | **100%** | 100% |
| Future Plus Company | Saudi Arabia | **100%** | 100% |
| Taiba Printing and Publishing Company | Saudi Arabia | **100%** | 100% |
| Flexible Packaging Company | Saudi Arabia | **100%** | 100% |

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

The head office of the Group is located at Riyadh and the registered address is as follows:
King Abdulaziz Branch Road – Al Muruj District
PO Box 12282
Riyadh 7117
National address RHGA7117

**Recent geopolitical developments in the Middle East**

During the period, geopolitical tensions in parts of the Middle East intensified, leading to regional instability. Given that the majority of the Group's operations are conducted within the region, management continues to monitor these developments closely as the situation remains evolving, and any further escalation or prolonged continuation of the conflict could potentially affect its business. Management determined that, as at 30 June 2026, these events had no material adverse impact on the carrying values of the Group's assets and liabilities.

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION AND GOING CONCERN

As at 30 June 2026, the Group's current liabilities exceeded its current assets by ⃁ 353.1 million (31 December 2025: ⃁ 399.7 million). In addition, the Group had accumulated losses of ⃁ 607.8 million as at 30 June 2026 (31 December 2025: ⃁ 590.3 million), representing approximately 93.2% of the Company's share capital (31 December 2025: 98.4%). The Group also continued to incur losses during the period and remains dependent on the successful execution of its restructuring plans, continued shareholder and lender support to meet its obligations as they fall due. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In accordance with Article 132 of the Companies Law, an Extraordinary General Assembly was convened on 7 October 2025, at which the shareholders approved the Board of Directors' recommendation to continue the Group's operations despite accumulated losses exceeding half of the Company's share capital. The shareholders also considered the Board-approved plan to address these losses and strengthen the Group's capital structure.

Management has prepared a Board-approved business plan and cash flow forecast covering at least twelve months from the date of approval of these interim condensed consolidated financial statements. The plan includes revenue stabilisation initiatives, operational efficiency improvements, cost optimisation, closure of loss-making operations, asset optimisation and capital restructuring measures. During the period, the Group completed certain mitigating actions, including the settlement and partial conversion of the Alinma facility into equity, and received financial support from its major shareholder which is recoverable through set-off against future service invoices.

However, certain key actions remain subject to completion and are not fully within management's control, including obtaining required regulatory and shareholder approvals for the proposed capital reduction, concluding negotiations with lenders on further restructuring arrangements, and securing the timing and availability of continued shareholder and lender support. Management's downside scenarios indicate that delays or non-completion of these actions could result in a limited liquidity headroom during the going concern assessment period.

Accordingly, the Group's ability to continue as a going concern is dependent on the successful and timely implementation of management's plans, continued support from its major shareholder and lenders, and the Group's ability to generate forecasted cash flows. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, based on management's assessment and the mitigating actions available, the interim condensed consolidated financial statements have been prepared on a going concern basis.

**a) Basis of measurement**

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

**b) Functional and presentation currency**

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

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

### 2.2 USE OF ESTIMATES AND JUDGEMENTS

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

### 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

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

**Annual Improvements to IFRS accounting Standards – Volume 11**

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

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

**Contracts Referencing Nature -dependent Electricity – Amendments to IFRS 9 and IFRS 7**

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature- dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity, and they:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in -scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

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

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**

**2.5 Standards issued but not yet effective**

In April 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements* and becomes effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces new requirements and updates to the statement of profit or loss, with the main objective of improving comparability in the statement of profit or loss and enhancing transparency over management-defined performance measures.

The key new concepts introduced by IFRS 18 include:

- A revised structure of the statement of profit or loss, requiring classification of income and expenses into five defined categories based on the entity's main business activities and presentation of mandatory subtotals;
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general; and
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).

The Group has completed its preliminary assessment of the impact of IFRS 18 and expects the following changes to its financial statements presentation.

**Structure of the Statement of Profit or Loss**

The standard is expected to result in changes to the presentation of certain line items and subtotals in the statement of profit or loss namely operating, investing, financing, zakat/income tax and discontinued operations. This classification depends on the main business activities of the entity.

Based on the Group preliminary assessment and the nature of its main business activities, performed to date, the Group expects changes to the current structure of Statement of Profit or Loss to result in:

- The Group's specified main business activity is manufacturing and selling printing and packaging products. Accordingly, investing and financing activities are not considered specified main business activities.
- Interest income arising from bank deposits and other financial assets is expected to be classified within the investing category.
- Finance costs relating to bank borrowings, funding arrangements, lease liabilities under IFRS 16 and other financing arrangements are expected to be classified within the financing category.
- Interest costs relating to employee benefit obligations, where applicable, which are currently included within operating expenses, will be presented within the financing category.
- Foreign exchange gains and losses will be classified in the same category as the related underlying transactions. Accordingly, foreign exchange differences arising from trade receivables, trade payables and operating transactions are expected to be classified within the operating category, while foreign exchange differences relating to financing arrangements will be classified within the financing category.
- Impairment losses on financial assets measured at amortised cost, including expected credit losses on trade receivables, are expected to be presented as a separate line item within the operating category of the statement of profit or loss.

The Group expects the introduction of mandatory subtotals, including Operating Profit and Profit before Financing and Zakat, to result in changes to the presentation of the consolidated statement of profit or loss.

**Aggregation and Disaggregation**

The new aggregation and disaggregation requirements will lead into changes to present the most useful structured summary. The Group is assessing how items are aggregated and disaggregated in the primary financial statements and the notes on the basis of similar and dissimilar characteristics.

Certain profit or loss line items description, aggregations and subtotals may change to provide useful structured summaries and disclose additional material information in the notes. The Group is performing a detailed assessment to determine the appropriate classification of items. The Group expects changes in this regard especially as a result of reclassifying foreign exchange gains and losses, finance costs relating to bank borrowings, shareholder funding and lease liabilities, interest expense on employee benefit obligations, impairment losses on goodwill and other non-financial assets, gains and losses on disposal of property, plant and equipment. The Group also expects expanded is closure requirements relating to the aggregation and disaggregation of information.

**2.5 Standards issued but not yet effective (continued)**

**Aggregation and Disaggregation (continued)**

The Group is also assessing line items currently labeled as "Other income/(loss)" and will use more informative labels that describes the aggregated items as precisely as possible.

**Management Performance Measures ("MPMs")**
Management defined performance measures (MPMs) are subtotals of income and expenses used in public communications outside the financial statements that communicate to users management's view of an aspect of the financial performance of the entity as a whole. IFRS 18 requires specific information about MPMs to be disclosed in a single note in the financial statements, including a reconciliation of each MPM to the most directly comparable subtotal specified by IFRS Accounting Standards.

Management is currently assessing its public communications, including earnings releases, investor presentations and management commentary, to determine whether any measures used meet the definition of an MPM.

Based on this initial assessment, the Group does not expect significant MPM disclosures; however, the assessment is ongoing, and any MPMs disclosed by the Group following adoption of IFRS 18 will be determined based on public communications issued by the Group relating to the reporting period of initial application.

**Consequential Amendments**
The Group is also evaluating the consequential amendments arising from IFRS 18, including amendments to IAS 7 Statement of Cash Flows and IAS 34 Interim Financial Reporting.

The Group currently uses loss before zakat for the period as the starting point in the reconciliation of cash flows from operating activities under the indirect method. Certain adjusting items included in the reconciliation may change as a result of the revised statement of profit or loss categories introduced by IFRS 18.

The consequential amendments also remove the presentation alternatives for interest and dividend cash flows. The Company will classify cash flows from interest paid as financing activities rather than operating activities. Cash flows from interest received will be classified as investing activities, and dividends paid will continue to be classified as financing activities.

The Group's assessment remains ongoing and further refinements to the expected impact may arise as implementation activities progress and additional industry and regulatory guidance becomes available. Based on the assessment performed to date, the Group expects the principal impact of IFRS 18 to relate to presentation and disclosure requirements rather than to the recognition or measurement of assets, liabilities, income and expenses.

## 2.6 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

## 3. OPERATING SEGMENTS

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

### a) Basis for segments

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

The following summary describes the operations of each reportable segment

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

The Board of Directors monitors the results of the operations of the business units independently for the purpose of making decisions on resource allocation and performance assessment.

### b) Information about reportable segments

The following tables present revenue and profit / loss before zakat information for the Group’s continued operating segments for the six-months ended 30 June 2026 and 2025, respectively.

## 3. OPERATING SEGMENTS (continued)

### b) Information about reportable segments (continued)

| 30 June *2026* | Printing ⃁ | Packaging ⃁ | All other segments ⃁ | Total ⃁ | Adjustments & Eliminations ⃁ | Total ⃁ |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | 16,845,591 | 182,992,854 | - | 199,838,445 | - | 199,838,445 |
| Inter-segments | | 12,846,003 | - | 12,846,003 | (12,846,003) | - |
| **Total revenue** | **16,845,591** | **195,838,857** | **-** | **212,684,448** | **(12,846,003)** | **199,838,445** |
| **Segment profit / (loss)** | **(3,860,564)** | **(38,363,782)** | **25,568,114** | **(16,656,232)** | **-** | **(16,656,232)** |

Columns 2–5 under "Reportable segments".

| 30 June *2025* | Printing ⃁ | Packaging ⃁ | All other segments ⃁ | Total ⃁ | Adjustments & Eliminations ⃁ | Total ⃁ |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| External customers | 26,995,069 | 269,552,418 | - | 296,547,487 | - | 296,547,487 |
| Inter-segments | - | 25,905,085 | - | 25,905,085 | (25,905,085) | - |
| **Total revenue** | **26,995,069** | **295,457,503** | **-** | **322,452,572** | **(25,905,085)** | **296,547,487** |
| **Segment loss** | **(585,765)** | **(45,180,302)** | **(7,918,972)** | **(53,685,039)** | **-** | **(53,685,039)** |

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2026 and 31 December 2025, respectively:

| | Reportable segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Printing ⃁ | | Packaging ⃁ | | Other ⃁ | | Total ⃁ | |
| | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 | **30 June 2026** | 31 December 2025 |
| **Total assets** | **40,775,902** | 54,075,665 | **784,127,462** | 818,473,310 | **1,875,307** | 1,086,182 | **826,778,671** | 873,635,157 |
| **Total liabilities** | **(8,261,888)** | (7,552,127) | **(458,433,656)** | (472,135,224) | **(322,908,201)** | (381,664,291) | **(789,603,745)** | (861,351,642) |

**3. OPERATING SEGMENTS (continued)**

**c) Geographical information**

The printing and packaging sectors are mainly managed from Saudi Arabia and the United Arab Emirates, respectively. The geographical information below shows the Group revenues, assets, liabilities, and operating assets in the countries where the Group operates. When presenting the following geographical information, the sector's revenues were based on the geographical location and assets of the sector based on the geographical location of the assets.

| **Revenues from customers** | **30 June 2026** ⃁ | 30 June 2025 ⃁ |
|---|---|---|
| Saudi Arabia | **77,196,171** | 130,321,700 |
| United Arab Emirates | **87,444,911** | 87,234,925 |
| Others | **35,197,363** | 78,990,862 |
| | **199,838,445** | 296,547,487 |

| **Total assets** | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|
| Saudi Arabia (including Goodwill) | **309,051,798** | 333,107,106 |
| United Arab Emirates | **517,726,873** | 540,528,051 |
| | **826,778,671** | 873,635,157 |
| **Total liabilities** | | |
| Saudi Arabia | **(721,298,362)** | (768,889,915) |
| United Arab Emirates | **(68,305,383)** | (92,461,727) |
| | **(789,603,745)** | (861,351,642) |
| **Non-current assets (*)** | | |
| Saudi Arabia | **134,986,662** | 159,789,580 |
| United Arab Emirates | **455,961,384** | 473,190,288 |
| | **590,948,046** | 632,979,868 |

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

**4. Discontinued and ceased operations**

On 2 February 2026, the Group publicly announced that its Board of Directors had approved the commencement of formal procedures for the permanent cessation of operations of City Pack Company ("City Pack Co"), a wholly owned subsidiary held through the Emirates National Factory for Plastic Industries in the United Arab Emirates. Consequently, the results of City Pack Company have been presented as discontinued operation for the period ended 30 June 2026.

Following its classification as a discontinued operation, this segment is no longer presented in the segment information as at 30 June 2026,

*The results of City Pack Company for the period are presented below:

| | **30 June 2026** ⃁ | 30 June 2025 ⃁ |
|---|---|---|
| Revenue | **14,909,345** | 28,545,014 |
| Expenses | **(15,961,128)** | (30,427,480) |
| Operating loss | **(1,051,783)** | (1,882,466) |
| Finance costs | **(9,846)** | (16,833) |
| Loss before tax from discontinued operations | **(1,061,629)** | (1,899,299) |
| Tax expense | **-** | - |
| Loss for period from discontinued operations | **(1,061,629)** | (1,899,299) |
| Gain on sale of the discontinued operations | **163,948** | - |
| **Net loss for the period from discontinued operations** | **(897,681)** | (1,899,299) |

**4. Discontinued and ceased operations (continued)**

On 1 June 2026, the Board of Directors approved the commencement of formal procedures to permanently cease the operations of United Security Company, a wholly owned subsidiary in the United Arab Emirates. Following this decision, management initiated a wind-down plan involving the fulfilment of remaining customer orders, collection of receivables, disposal of inventories and other operating assets, and settlement of obligations within the normal course of operation, therefore, no single coordinated plan existed to dispose of the entire assets and liabilities, accordingly, the results of United Security Company continue to be presented within continuing operations as at 30 June 2026. Management has assessed the recoverability of the subsidiary's net assets and liabilities and recorded the necessary write-downs to reflect the estimated net realizable or recoverable amounts.

**5. ZAKAT AND TAXATION**

**5.1 ZAKAT**

Zakat provision is estimated and charged to the interim condensed consolidated statement of comprehensive loss. The Group submitted zakat returns for all years up to 2025. As at 30 June 2026, the status of the Zakat assessments remains unchanged from what was reported in the Group's annual consolidated financial statements for the year ending 31 December 2025.

Movement in zakat provision is as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | **⃁** | ⃁ |
| Balance as at 1 January | **8,341,086** | 18,525,514 |
| Charge during the period/year | **-** | 200,000 |
| Paid during the period/year | **(3,646,456)** | (4,214,214) |
| Settlement of zakat payable against advance | **-** | (6,170,214) |
| | **4,694,630** | 8,341,086 |

**5.2 TAXATION**

**UAE Corporate Tax Law**

The Company has incurred losses and, a deferred tax asset has not been recognized at this stage, as the utilization of the deductible temporary differences cannot currently be supported. However, if the Company were to expect taxable profits in the more distant future, the deferred tax asset amounting ⃁ 13,938,216 would be recognized to the extent that the related temporary differences become recoverable.

**6. INVENTORIES**

The total provision for slow-moving inventories as at 30 June 2026 is ⃁ 16.43 million (31 December 2025: ⃁ 19.76 million).

**7. TRADE RECEIVABLES**

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | **⃁** | ⃁ |
| Trade receivables | **227,405,382** | 238,629,327 |
| Less: Allowance for expected credit losses | **(115,774,158)** | (114,775,203) |
| | **111,631,224** | 123,854,124 |

Movement in allowance for expected credit losses is as follows:

| | **30 June 2026** | 31 December 2025 |
|---|---|---|
| | **⃁** | ⃁ |
| Balance at the beginning of the period/year | **114,775,203** | 103,339,199 |
| Impairment loss on trade receivables | **2,512,679** | 11,839,457 |
| Write-off | **(1,513,724)** | (403,453) |
| | **115,774,158** | 114,775,203 |

## 8. CASH AND SHORT-TERM DEPOSITS

| | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|
| Cash in hand | **299,073** | 18,276 |
| Cash at banks | **32,812,697** | 16,302,105 |
| **Cash and short-term deposits and restricted bank balances** | **33,111,770** | 16,320,381 |
| **Restricted bank balances** (*) | **(9,792,852)** | (9,792,852) |
| **Cash and short-term deposits** | **23,318,918** | 6,527,529 |

(*) The restricted bank accounts represent a deposit against a loan obtained (note 12).

## 9. PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2026, the cost of property, plant and equipment amounted to ⃁ 1,117.5 million (31 December 2025: ⃁ 1,150.1 million) and the accumulated depreciation and impairment as at 30 June 2026 amounted to ⃁ 720.5 million (31 December 2025: ⃁ 711.5 million). During the six-month period ended 30 June 2026, the Group acquired assets with a cost of ⃁ 2.1 million (31 December 2025: ⃁ 8.64 million).

The Group management team, in line with the strategic plan, has resolved to reallocate specific assets to enhance resource distribution among the companies, aiming to ensure efficient use and to maximize returns. The Group evaluated certain assets to determine whether their recoverable amount exceeds their carrying amount. Following this evaluation, the management has recognized an impairment loss of ⃁ 7.9 million during six months of 2026.

The Group's total net book value of assets amounted to ⃁ 397 million as at 30 June 2026 (31 December 2025: ⃁ 438.6 million).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to ⃁ 3.9 million as at 30 June 2026 (2025: ⃁ 3.4 million). These are expected to be delivered in 2026.

## 10. INTANGIBLE ASSETS AND GOODWILL

The carrying value of intangibles assets amounted to ⃁ 175.2 million as at 30 June 2026 (31 December 2025: ⃁ 175.3 million). The following is a breakdown of netbook value of Intangible assets and goodwill:

| | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|
| Goodwill (Emirates National Factory for Plastic Industries) * | **174,924,436** | 174,924,436 |
| Software | **287,196** | 374,022 |
| | **175,211,632** | 175,298,458 |

*During 2012, the Group acquired 100% of the shares of Emirates National Factory for Plastic Industries LLC ("Emirates Factory"), a Limited Liability Company, established in the Emirates of Sharjah, in the United Arab Emirates, for a net consideration of approximately ⃁ 642 million.

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

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

**10. INTANGIBLE ASSETS AND GOODWILL (continued)**

On 1 July 2014, the Group restructured the packaging sector by merging Future Plus Company and Flexible Packaging Company with Emirates National Factory for Plastic Industries. Accordingly, the carrying amount of goodwill has increased to ⃁ 380 million after adding the goodwill of these two companies. During 2017, 2023, 2024 and 2025, the group has recognized impairment on the goodwill amounted to ⃁ 20.3 million, ⃁ 35 million, ⃁ 50 million and ⃁ 110 million, respectively.

| | ENPI ⃁ | Hala ⃁ | Total ⃁ |
|---|---|---|---|
| Initial value of goodwill at the of acquisition | **380,013,551** | **10,216,885** | **390,230,436** |
| Impairment of goodwill. | **(205,089,115)** | **(10,216,885)** | **(215,306,000)** |
| | **174,924,436** | **-** | **174,924,436** |

**Goodwill impairment test**

Management performs an annual goodwill impairment test to identify whether an impairment needs to be recognised at the end of each financial year. Although management expects the Group's market share of the printing and packaging market to be stable over the forecast period, any decline in the market share would result in a further impairment. The management found, through the goodwill impairment testing performed, that the recoverable amount was less than the book value of the goodwill as at 31 December 2025 accordingly an impairment of ⃁ 110 million was recorded in prior year.

The recoverable amount was determined on the basis of the information used to calculate the present value of the five-year expected cash flows along with cash flow to perpetuity, based on the financial budget approved by the management. The estimated average annual growth rate of revenue of the Emirates National Factory for Plastic Industries is 6 %.

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

**Sensitivity to changes in assumptions.**

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

The key assumptions used in the estimation of the recoverable amount as at 31 December 2025 and period ended 30 June 2026 are set out below. The values assigned to key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

| | Emirates National Factory for Plastic Industries % |
|---|---|
| Discount rate | **9.90** |
| Estimated total margin | **8.5** |
| Average annual growth rate of revenue | **6** |
| Terminal growth rate | **2.5** |

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

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## 11. ISSUED CAPITAL AND RESERVES

**Issued capital**

As at 30 June 2026, the fully paid-up share capital of the company is ⃁ 652.1 million (31 December 2025: ⃁ 600 million) divided into 65.2 million shares (31 December 2025: 60 million shares) with a nominal value of ⃁ 10 each.

During the period ended 30 June 2026, the Company completed the conversion of the Alinma Bank loan into equity through the issuance of 5,207,064 ordinary shares at a par value of ⃁ 10 per share, resulting in an increase in issued capital of ⃁ 52,070,640. The conversion resulted in the derecognition of the related loan liability and recognition of the corresponding equity balances. Such conversion resulted in a gain of ⃁ 31,346,538 upon extinguishment of the Alinma Bank loan which has been recognised in the statement of profit or loss for the six-month period ended 30 June 2026, and the recognition of a share discount reserve of ⃁ 9,737,210 within equity, representing the excess of the par value over the fair value of shares issued.

**Contractual reserve**

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

## 12. LOANS AND MURABAHA

The Group has signed several financing agreements and banking facilities with a number of local and foreign banks, which include loans and Murabaha, credit facilities, letters of credit and letters of guarantee, on different periods subject to renewal. The credit limit for total facilities was ⃁ 542.9 million as at 30 June 2026 (31 December 2025 ⃁ 611.7 million). These agreements are subject to the terms and conditions of banking facilities that apply to all types of facilities provided by banks to their clients. The purpose of these facilities is to finance the activity, working capital, investments and capital expenditures as well as to finance the import of raw materials and equipment related to the Group's activities and projects. These facilities are subject to interest charges according to the relevant agreements, ranging from 0.5% to 3.5% per annum in addition to SAIBOR or EIBOR as applicable.

The loan agreements contain covenants, mainly relating to certain current ratio, leverage ratio, total debt to equity ratio, and others. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group did not comply with certain loans covenants as at 31 December 2025 and on 30 June 2026.

- The Group obtained the facility limit of ⃁ 101.95 million in January 2021 for the new capital expenditure with the moratorium period of 18 months. Against which ⃁ 8.90 million is utilized against this facility as of 31 December 2023. In October 2022, the same facility was renewed with the limit ⃁ 107.57 million for the period of 15 months and again the drawdown was of 8.90 million, In February 2023, facility limit is reduced to ⃁ 76.46 million, As at 30 June 2026, total drawdowns are ⃁ 17.8 million (.2025: ⃁ 17.8 million)

The loans agreements remain unchanged from what was reported in the Group's annual consolidated financial statements for the year ending 31 December 2025. The following is an analysis of the loans and Murabaha transactions:

| | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---:|---:|
| Long term loans* | **179,724,355** | 250,555,916 |
| Short term loans | **303,107,439** | 314,461,999 |
| Overdrafts | **28,584,528** | 15,480,486 |
| Accrued finance cost | **988,282** | 5,690,178 |
| **Total** | **512,404,604** | 586,188,579 |

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

## 12. LOANS AND MURABAHA (continued)

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

| | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|
| Current portion | **416,829,625** | 470,734,575 |
| Non-current portion | **95,574,979** | 115,454,004 |
| | **512,404,604** | 586,188,579 |

## 13. LOAN FROM SHAREHOLDER

In prior year ended 31 December 2025, the Group's major shareholder, Saudi Research and Media Group, approved and fully disbursed a loan amounting to ⃁ 75 million to the Group. The loan carries a compounded interest rate of 6.8% and is repayable after a three-years period.

In addition, the shareholder extended a short-term loan amounting to ⃁ 10 million, repayable within 12 months. This short-term loan is interest-free and includes a share conversion option, whereby the loan may be converted into shares at the share price on the transaction date, subject to obtaining the required regulatory and shareholder approvals at the time of exercise.

The following is the movement of the loan from Shareholder:

| | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|
| Opening balance | **85,052,136** | - |
| Proceeds during the period/year | **-** | 85,000,000 |
| Interest charged during the period /year | **2,627,662** | 1,498,437 |
| Accrued finance cost transfer to the current account | **(2,627,662)** | (1,446,301) |
| Ending balance | **85,052,136** | 85,052,136 |

## 14. RELATED PARTIES

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

**Transactions with key management personnel**

| | **30 June 2026** ⃁ | 30 June 2025 ⃁ |
|---|---|---|
| Expenses and allowances of the Board of Directors | **634,003** | 875,630 |
| Remuneration of key management personnel | **2,221,886** | 4,009,062 |

**Remuneration of key management personnel**

| | **30 June 2026** ⃁ | 30 June 2025 ⃁ |
|---|---|---|
| Short-term employee benefits | **2,156,051** | 3,849,580 |
| Long-term employee benefits | **65,835** | 159,482 |
| | **2,221,886** | 4,009,062 |

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

| **Due from related parties** | Nature of transaction | **Sales transactions during three-month ended** **30 June 2026** ⃁ | 30 June 2025 ⃁ | **Finance charge** **30 June 2026** | 30 June 2025 | **Balances outstanding** **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|---|---|---|---|---|
| Saudi Research Publishing Company | Fellow subsidiaries (*) | **5,047,446** | 13,018,030 | - | - | - | - |
| Saudi Specialized Publishing Co. | Fellow subsidiaries (*) | **110,880** | 225,290 | - | - | - | - |
| Saudi Research and Media Group | Holding Company | **569,320** | 452,505 | **2,627,662** | - | - | - |
| Saudi Distribution Company | Fellow subsidiaries (*) | **-** | - | - | - | - | - |

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

**14. RELATED PARTIES (continued)**

| **Due to a related party** | | **Advance payments during six-month ended** | | **Balances outstanding** | |
|---|---|---|---|---|---|
| | Nature of transaction | **30 June 2026** ⃁ | 30 June 2025 ⃁ | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
| Saudi Research and Media Group | Holding Company | **(20,000,000)** | (23,000,000) | **47,380,150** | 31,339,181 |

During the six-month period ended 30 June 2026, the Company received an advance of ⃁ 20 million from Saudi Research and Media Group (SRMG), the Group's major shareholder, pursuant to a supplemental agreement dated 8 April 2026. The advance was provided to support the Company's operations and the continued provision of printing and related services to SRMG and is intended to be settled through set-off against future service invoices rendered by the Company. The advance is unsecured and non-interest-bearing. Under the terms of the agreement, SRMG may request repayment of any outstanding balance at any time upon the occurrence of specified events. In addition, any outstanding balance that has not been settled through future services may, subject to agreement between the parties, be rolled into the existing shareholder loan agreement dated 10 August 2025 and become subject to the terms and conditions of that agreement.

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

**15. TRADE PAYABLES**

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

**16 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

| | **30 June 2026** ⃁ | 31 December 2025 ⃁ |
|---|---|---|
| Accrued expenses | **19,770,109** | 18,794,775 |
| Advances from customers | **8,328,724** | 4,165,758 |
| Real estate transaction tax | - | 5,500,000 |
| Employees accruals | **4,017,099** | 7,071,955 |
| Value add tax | **1,540,214** | 1,465,291 |
| Other advances | - | 1,019,522 |
| Other | **1,256,139** | 747,067 |
| | **34,912,285** | 38,764,368 |

**17. INVESTMENT PROPERTIES**

As at 30 June 2026, the Group holds investment properties with carrying value of ⃁ 5.76 million (31 December 2025: ⃁ 5.87 million) which had a fair value of ⃁ 12.29 million as at 31 December 2025.

## 18. FINANCIAL INSTRUMENTS

The table below shows the carrying value of financial assets and liabilities as at 30 June 2026 and 31 December 2025, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost.

| | **30 June 2026** | | | 31 December 2025 | | |
|---|---|---|---|---|---|---|
| | **Amortized cost** ⃁ | **Other financial liabilities** ⃁ | **Total** ⃁ | Amortized cost ⃁ | Other financial liabilities ⃁ | Total ⃁ |
| **Financial assets not measured at fair value** | | | | | | |
| Trade receivable, net | **111,631,224** | **-** | **111,631,224** | 123,854,124 | - | 123,854,124 |
| Other current assets | **18,320,690** | **-** | **18,320,690** | 8,288,942 | - | 8,288,942 |
| | **129,951,914** | **-** | **129,951,914** | 132,143,066 | - | 132,143,066 |
| **Financial liabilities not measured at fair value** | | | | | | |
| Loans and Murabaha | **-** | **512,404,604** | **512,404,604** | - | 586,188,579 | 586,188,579 |
| Loan from Shareholder | **-** | **85,052,136** | **85,052,136** | - | 85,052,136 | 85,052,136 |
| Trade payable | **-** | **75,181,616** | **75,181,616** | - | 81,477,771 | 81,477,771 |
| Financial lease liabilities | **-** | **3,850,166** | **3,850,166** | - | 3,995,574 | 3,995,574 |
| Employee accruals | **-** | **4,017,099** | **4,017,099** | - | 7,071,955 | 7,071,955 |
| Dividend payable | **-** | **697,151** | **697,151** | - | 697,151 | 697,151 |
| | **-** | **681,202,772** | **681,202,772** | - | 764,483,166 | 764,483,166 |

## 19. COMMITMENTS AND CONTINGENT LIABILITIES

**Legal cases**

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

**Commitments**

As at 30 June 2026, contingent liabilities related to letter of credit amounted to ⃁ 8.58 million (31 December 2025: ⃁ 3.56 million). As at 30 June 2026, the Group has outstanding bank guarantee letters from a local bank amounting to ⃁ 0.37 million (31 December 2025: ⃁ 0.5 million.).

## 20. SUBSEQUENT EVENTS

Subsequent to the period ended 30 June 2026, the Company announced on 23 July 2026 the submission of its capital reduction application file to the Capital Market Authority (CMA). The proposed capital reduction involves reducing the Company's issued capital from ⃁ 652,070,640 to ⃁ 68,974,340 through the cancellation of 58,309,630 shares at a par value of ⃁ 10 per share, resulting in a total reduction amount of ⃁ 583,096,300, The purpose of the proposed reduction is to offset accumulated losses as of 31 March 2026 and support the Company's capital restructuring efforts. The proposed capital reduction remains subject to obtaining the necessary regulatory approvals, including approval from the CMA and the Extraordinary General Assembly.

## 21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors on 16 Safar 1448H (corresponding to 30 July 2026G).