



الشركة السعودية للطباعة والتغليف  
Saudi Printing & Packaging co.

# Shareholders Circular

Saudi Printing and Packaging Company

[www.sppc.com.sa](http://www.sppc.com.sa)

## Saudi Printing and Packaging Company



### A. Shareholders Circular

Saudi Printing and Packaging Company (referred to hereinafter as "SPPC" or the "Company") is a Saudi joint stock company established with Commercial Registration number 1010219709 issued in Riyadh dated 1 Jumada Al-Ula 1427H (corresponding to 28 May 2006G) with a share capital of six hundred million Saudi Riyals (SAR 600,000,000) divided into sixty million (60,000,000) ordinary shares at ten Saudi Riyals (SAR 10) per share, having its head office at Riyadh. The principal activities of the Company are as set out in the Company's Bylaws.

This Circular has been prepared by the Company in accordance with the requirements of Article (59) of the Rules on the Offer of Securities and Continuing Obligations in relation to the proposed capital increase of the Company in connection with the conversion of the remaining outstanding amount of debt owed to Alinma Bank (referred to hereinafter as "Alinma") by issuing new ordinary shares to Alinma and Alinma Capital (referred to hereinafter as "Alinma Capital", formerly known as "Alinma Investment" and referred to collectively with Alinma as the "Creditors"), such debt amount being in aggregate one hundred and seventy-eight million, one hundred and seventy-nine thousand, nine hundred and eighty Saudi Riyals (SAR 178,179,968) which includes the aggregate principal amount and profit accrued as at 31 December 2024G. The debt will be settled through the sale of two parcels of land previously owned by the Company to Alinma, amounting to a market value of one hundred and ten million Saudi Riyals (SAR 110,000,000). The five million five hundred thousand Saudi Riyal (SAR 5,500,000) has been paid by Alinma on the basis that the Company bears such real estate transaction tax as part of the issuance of the New Shares. In addition, the Company will issue New Shares worth an aggregate value of seventy-three million, six hundred and seventy-nine thousand, nine hundred and eighty Saudi Riyals (SAR 73,679,968), in exchange for issuing new ordinary shares in SPPC to the Creditors (referred to hereinafter as "Debt Conversion"), whereas two million six hundred three thousand five hundred thirty-two (2,603,532) new ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per ordinary share will be issued to Alinma and two million six hundred three thousand five hundred thirty-two (2,603,532) new ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per ordinary share will be issued to Alinma Capital, with an aggregate of five million, two hundred and seven thousand and six hundred (5,207,064) new ordinary shares (referred to hereinafter as the "New Shares") with an aggregate nominal value of fifty-two million, seven hundred thousand, six hundred and forty (52,070,640) Saudi Riyals, subject to the SPPC Extraordinary General Assembly's approval of the Debt Conversion having been obtained (referred to hereinafter as the "Effective Date"). For further details about the Debt Conversion see Section 3 (Conversion of Debt to Shares Through Capital Increase) of this Circular.

The requisite Company shareholder approval must be obtained to increase the capital by issuing New Shares to convert the debt as contemplated by the Debt Conversion and as set out in more detail in Section 3 (Conversion of Debt to Shares Through Capital Increase) of this Shareholder Circular (referred to hereinafter as the "Circular").

The capital increase taking place through the issuance of New Shares in order to effect the Debt Conversion under this Circular is conditional on the approval of the shareholders of the Company (referred to hereinafter as the "Shareholders"), and a call was published for the SPPC's Extraordinary General Assembly to be held to approve the issuance of the New Shares on 29/07/1447H (corresponding to 18 January 2026G). The Shareholders ought to be aware that if their approval is not obtained for issuance of the New Shares that are the subject to this Circular, the issuance will not take place and the Debt Conversion process will not take effect, this Circular will then be considered null and void, in which case Shareholders will be notified of this on the Saudi Stock Exchange's (Tadawul) website.

This will result in the increase of SPPC's capital from six hundred million Saudi Riyals (SAR 600,000,000) to six hundred fifty-two million seven hundred thousand six hundred forty Saudi Riyals (SAR 652,070,640), and the increase of the number of ordinary shares from sixty million (60,000,000) ordinary shares to sixty-five million two hundred seven thousand six hundred (65,207,064) ordinary shares. The increase percentage represents eight-point seven percent (8.7%) of SPPC's entire issued share capital before the increase, and eight-point zero percent (8.0%) of SPPC's capital after the increase. The New Shares shall be issued to Alinma and Alinma Capital, whom will own four-point zero percent (4.0%) and four-point zero percent (4.0%) respectively of SPPC's capital following the Debt

Conversion. (for further details about the Agreed Price, see Section 3.4 (Valuation of Debt That is Subject to the Transaction and the Resulting Share Valuation and Number of Shares to be Issued, the Agreed Debt Conversion Valuation Terms Including Agreed Debt Valuation, and the Resulting Share Valuation and Number of Shares to be Issued)). The New Shares shall have all the rights of the existing shares, including voting rights, dividend and repurchase rights, or the right to surplus assets upon liquidation, dissolution, etc., and any other rights.

SPPC's current share capital amounts to six hundred million Saudi Riyals (SAR 600,000,000), divided into sixty million (60,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share (referred to hereinafter as the "Shares"). Eighteen million seven hundred fourteen thousand three hundred and fourteen (18,714,314) ordinary shares are currently listed on the Saudi Stock Exchange market (Tadawul) (referred to hereinafter as the "Exchange" or "Tadawul"), which represent thirty-one per cent (31%) of the total shares, and the Company's shares were listed on 19 Jumada Al-Akhira 1428H (corresponding to 4 July 2007G).

In its Board resolution dated 3 Jumada Al-Ula 1446H (corresponding to 5 November 2024), SPPC's Board of Directors (referred to hereinafter as the "Board" or "Board of Directors") recommended to increase SPPC's capital by fifty-two million, seven hundred thousand, six hundred and forty Saudi Riyals (SAR 52,070,640) by issuing New Shares with a nominal value of ten Saudi Riyals (SAR 10) per share. New Shares amounting to five million two hundred seven thousand six hundred (5,207,064) shall be granted to Alinma and Alinma Capital, as set out in Section 5.2 (Details of Debt Conversion Documents) of this Circular, against the settlement of the remaining outstanding amount of the Alinma Loan amounting to seventy three million, six hundred seventy nine thousand, nine hundred and sixty eight Saudi Riyals (73,679,968), subject to SPPC obtaining the requisite statutory and Shareholder approvals (for further details, see Section 3 (Conversion of Debt to Shares Through Capital Increase) hereof).

After obtaining the approval of the Capital Market Authority (referred to hereinafter as the "CMA") to publish this Circular, SPPC will invite the Shareholders to attend an Extraordinary General Assembly meeting in order to consider and vote on the following resolutions:

- (i) voting on increasing SPPC's capital by converting the debt;
- (ii) authorising the Board of Directors to take all financial, statutory and other procedures relating to the completion of the Debt Conversion, including signing all contracts and documents needed for the Debt Conversion process;
- (iii) voting on the following:
  - approval of the Debt Conversion Agreement concluded between SPPC, Alinma and Alinma Capital (as defined in Section 1 (Definitions and Abbreviations Used in this Circular) hereof);
  - issuing the New Shares for SPPC and granting them to Alinma and Alinma Capital in accordance with the terms and conditions of the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital (for further details about the Debt Conversion Agreement, see Section 5.2 (Details of Debt Conversion Documents) hereof); and
  - amendments to SPPC's Bylaws to reflect the changes related to the Debt Conversion.

This increase in SPPC's capital aims to improve SPPC's liquidity and credit position in order to provide greater solvency in relation to its financial obligations, and to improve SPPC's ability to achieve its growth goals (for further details about the reasons for the Debt Conversion, see Section 3.1 (Reasons for The Debt Conversion and The Implications for SPPC) hereof) and Section 5.2 (Details of Debt Conversion Documents) hereof). SPPC has entered into the Debt Conversion Agreement with Alinma and Alinma Capital (conditional on obtaining the approval of SPPC's Extraordinary General Assembly), under which SPPC's capital shall be increased by converting the debt to New Shares for SPPC.

The nominal value of these New Shares shall be ten Saudi Riyals (SAR 10) per share, and Alinma and Alinma Capital shall be granted all of the New Shares against the settlement of remainder of the Alinma Loan owed by SPPC (which will be settled automatically and concurrently with the approval of SPPC's Extraordinary General Assembly for the Debt Conversion), noting that the Agreed Price was determined based on the combination of Discounted Cash flows

projections and Comparable Company Analysis valuation model of the New Shares. The completion of the Debt Conversion and allocation of New Shares to Alinma and Alinma Capital pursuant to the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital will constitute the final clearance and settlement between SPPC and Alinma in respect of the concerned part of the Alinma Loan. (for further details about the Debt Conversion, see Section 5.2 (Details of Debt Conversion Documents) hereof).

The Debt Conversion does not involve transactions with any Related Parties.

As at the date of this Circular, neither Alinma nor Alinma Capital own any shares in SPPC's capital. However, after completion of the Debt Conversion, Alinma will own two million, six hundred and three thousand, five hundred and thirty two (2,603,532) shares which amount to (4.0%) of the Company's issued share capital and Alinma Capital will own two million, six hundred and three thousand, five hundred and thirty two (2,603,532) shares which amount to (4.0%) of the Company's issued share capital. The Creditors aggregate shareholding will be (8.0%) of SPPC's issued share capital. The New Shares shall be issued to Alinma and Alinma Capital at the value of the debt. Further, the number of New Shares to be issued will be calculated based on the Agreed Price between SPPC and Alinma, being fourteen Saudi Riyals and fifteen halalas (SAR 14.15), as set out in Section 5.2 (Details of Debt Conversion Documents) hereof.

The capital increase was determined according to the number of New Shares, which were determined based on the Agreed Price of fourteen Saudi Riyals and fifteen halalas (SAR 14.15), the total value of the New Shares will be determined based on the closing price of the Company's share on the exchange on the closing price of the Company's share as at the last trading day before the Extraordinary General Assembly of the transaction, without resulting in any change in the number of shares to be issued or the value of the capital increase, and the effect will be limited only to the value of the actual issuance premium. The total shares value and the increase in the issuance premium may vary substantially. Any difference between the closing price of the Company's shares and the Agreed Price will affect the Company's profit or loss in the period in which the New Shares are issued.

An application has been submitted to the CMA for the securities' registration and offering and to the Exchange for the listing of the securities. The Board of Directors acknowledge that all the statutory requirements necessary for the purpose of Debt Conversion have been met. In addition to the Extraordinary General Assembly's approval of the decision about the Debt Conversion, all approvals relating to the Debt Conversion were obtained from the CMA and the Exchange.

This Circular should be read carefully in full, with particular attention to the (Important Notice) and Section 2 (Risk Factors) hereof, before voting in the Extraordinary General Assembly meeting to approve or disapprove the Debt Conversion.

This Circular includes information provided as part of the application for registration and offer of securities in accordance with the Rules on the Offer of Securities and Continuing Obligations of the CMA and the application for listing of securities in compliance with the Listing Rules of the Exchange. The Board of Directors, whose names appear in this Circular, collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Circular, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Circular. If understanding the contents of such Circular is difficult, an authorised financial advisor must be appointed.

Moreover, each of the members of the Board of Directors confirm that they have exercised due diligence, as they deem fit under the circumstances, and that the Debt Conversion promotes the interests of SPPC and its Shareholders.

This Circular has been issued on 10/07/1447H (corresponding to 30 December 2025G) and has been prepared in both the Arabic and English languages, and the Arabic form shall prevail in the event of any discrepancy between the Arabic and English texts.

The Company has appointed EFG Hermes as financial advisor in relation to the Debt Conversion.

Financial Advisor



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## B. Important Notice

SPPC has prepared this Circular to provide information to its Shareholders, so that they can make an informed decision when voting on SPPC Board of Directors' recommendation to increase SPPC's capital by converting the debt, through the issue of five million two hundred seven thousand sixty-four (5,207,064) new ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per ordinary share to Alinma and Alinma Capital pursuant to the Debt Conversion. The Agreed Price between SPPC and Alinma was determined based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares.

SPPC has submitted an application to the CMA for registration and offer of the New Shares, and to the Exchange for listing of the New Shares.

This Circular provides full details and information on the Debt Conversion. The votes of the Shareholders voting on the Debt Conversion in the meeting of SPPC's Extraordinary General Assembly to be held for this purpose shall be solely based on the information contained in this Circular, electronic copies of which can be obtained by visiting SPPC's website ([www.sppc.com.sa](http://www.sppc.com.sa)), the Financial Advisor's website ([www.efghermesksa.com](http://www.efghermesksa.com)), the CMA's website ([www.cma.org.sa](http://www.cma.org.sa)), or the Exchange's website ([www.tadawul.com.sa](http://www.tadawul.com.sa)). Neither the delivery of this Circular nor any oral, written or printed information related to the Debt Conversion is intended to be, nor should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events.

The Financial Advisor and Legal Advisor mentioned in this Circular have been engaged to assist in taking the actions necessary to assist the Company in completing the Debt Conversion. The information contained in this Circular on the date of its issuance may subsequently change. In particular, SPPC's financial position and the value of its shares may be adversely affected as a result of future developments, such as inflation or economic, political or other factors beyond its control (for further details, see Section 2 (**Risk Factors**)). Neither the delivery of this Circular nor any oral, written or printed information in relation to the Debt Conversion is intended to be, nor should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events.

This Circular is not a recommendation by the Financial Advisor or other advisors to vote in favour of the Debt Conversion.

SPPC does not intend to take any action to register this Circular or the New Shares proposed to be issued in any country other than KSA. It is expressly prohibited to distribute this Circular in any country other than KSA. All recipients of this Circular must familiarise themselves with all statutory restrictions relating hereto and to the issue of New Shares and comply with the same. An application has been submitted to the CMA for registering and offering the New Shares, and to Tadawul to list the New Shares, provided that SPPC Extraordinary General Assembly's approval is obtained for increasing SPPC capital by converting the debt, as indicated in this Circular.

In accordance with the Rules on the Offer of Securities and Continuing Obligations (ROSCO) and the Listing Rules, SPPC shall submit a Supplementary Circular to the CMA if SPPC becomes aware of the following at any time after the Circular's date of publication and before the Extraordinary General Assembly meeting is held: (a) there has been a significant change in any material matters mentioned in this Circular, or (b) any significant issues have arisen that should have been included in this Circular. SPPC does not intend to update or revise any information contained in this Circular, except in the cases mentioned above, whether as a result of new information, future events or otherwise.

SPPC's consolidated financial statements for the financial year ended 31 December 2022G (referred to hereinafter as the "**2022G Financial Statements**"), SPPC's consolidated financial statements for the financial year ended 31 December 2023G (referred to hereinafter as the "**2023G Financial Statements**"), SPPC's consolidated financial statements for the financial year ended 31 December 2024G (referred to hereinafter as the "**2024G Financial Statements**"), and SPPC's consolidated financial statements for the nine (9) month period ending on 30 September 2025G (referred to hereinafter as the "**the Nine Month Period Ending on 30 September 2025G Financial Statements**") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in KSA, and other standards and publications adopted by the Saudi Organization for Certified Public Accountants (SOCPA). In addition, the 2022G Financial Statements, 2023G Financial Statements, 2024G Financial Statements, and the Nine (9) Month Period Ending on 30 September 2025G have been audited by Ernst & Young Professional Services (referred to hereinafter as the "**Auditor**"). The 2022G, 2023G, 2024G and the Nine (9) Month Period Ending on 30 September 2025G financial statements are included in (**Annex A - Consolidated Financial Statements and Auditor's Report**).

SPPC's pro forma consolidated financial information for the nine (9) month period ending on 30 September 2025G and financial year ended 31 December 2024G has been prepared by Baker Tilly Professional Services under the applicable standards and in accordance with the requirements set forth in Annex Nineteen (19) of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The auditor has presented a reasonable assurance report in accordance with International Standard on Assurance Engagements (ISAE) 3420 (Assurance Engagements for Reporting on the Compilation of Pro Forma Financial Information Included in a Prospectus, as adopted in the KSA) on the preparation of SPPC's pro forma consolidated financial information for the nine (9) month period ending on 30 September 2025G and financial year ended 31 December 2024G. SPPC's pro forma consolidated financial information for the nine (9) month period ending on 30 September 2025G and the financial year ended 31 December 2024G has been included in (**Annex B - Pro Forma Consolidated Financial Information**).

The financial and statistical information contained in this Circular may be approximated. Accordingly, if the numbers mentioned in the tables are added, there may be a slight difference in the numbers mentioned in this Circular compared to those mentioned in the financial statements.



For further clarification on the terms and abbreviations used in this Circular, see Section 1 (**Definitions and Abbreviations Used in this Circular**) hereof.

The Shareholders' approval must be obtained for increasing the capital by Debt Conversion and the issue of New Shares under this Circular. A meeting of SPPC's Extraordinary General Assembly was called to approve the issue of New Shares on 20/08/1447H (corresponding to 8 February 2026G). The Shareholders should note that if the requisite approval is not obtained to issue the New Shares constituting the subject matter hereof, they will not be issued, the Debt Conversion shall be suspended, and this Circular shall then be considered null and void. In such a case, the Shareholders shall be notified of the same via SPPC's page on the Tadawul website.



## C. Corporate Directory

### SPPC's Address

#### Saudi Printing and Packaging Company ("SPPC")

Nakheel Tower- King Fahad Road  
PO Box 50202 Riyadh 11523  
Kingdom of Saudi Arabia  
Tel.: +966 11 203 2022  
Fax: 0112032027  
E-mail: info@sppc.com.sa  
Website: www.sppc.com.sa



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### SPPC's Representatives

#### Name: Saleh bin Hasan Al-Dowais

Title: Board Member  
Nakheel Tower- King Fahad Road, PO Box 50202  
Riyadh 11523, Kingdom of Saudi Arabia  
Tel.: +966 11 212 8000 (5525)  
E-mail: saleh.aldowais@sppc.com  
Website: www.sppc.com.sa

#### Name: Mohammed Alanazi

Title: Investor Relations Manager & Board Secretary  
Nakheel Tower- King Fahad Road, PO Box 50202  
Riyadh 11523, Kingdom of Saudi Arabia  
Tel.: +966 11 203 2022 (138)  
E-mail: mohammed.alanazi@sppc.com.sa  
Website: www.sppc.com.sa

### Stock Exchange

#### Saudi Stock Exchange (Tadawul)

King Fahad Road – Olaya 6798  
P.O Box 60612  
Riyadh 11555  
Kingdom of Saudi Arabia  
Tel.: +966 (11) 920001919  
Fax: +966 (11) 218 9133  
E-mail: csc@tadawul.com.sa  
Website: www.saudiexchange.com.sa





## Advisors<sup>(1)</sup>

### Financial Advisor

#### EFG Hermes

Sky Towers, Northern Tower, 3rd floor,  
King Fahd Road, Olaya, Riyadh  
Kingdom of Saudi Arabia  
Tel: +966 (0)11 2938048/49  
Fax: +966 (0)11 2938032/34  
E-mail: [contact-ksa@efg-hermes.com](mailto:contact-ksa@efg-hermes.com)  
Website: [www.efghermesksa.com](http://www.efghermesksa.com)



### Legal Advisor

#### Addleshaw Goddard LLC

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King Fahad Road, Riyadh 12232-8052  
Kingdom of Saudi Arabia  
Tel.: +966 555 388 762  
E-mail: [riyadh@aglaw.com](mailto:riyadh@aglaw.com)  
Website: [www.addleshawgoddard.com](http://www.addleshawgoddard.com)



### Auditor

(for the financial years ended 31 December 2022G, 31 December 2023G,  
31 December 2024G and the nine (9) month period ending on 30 September 2025G)

#### Ernst & Young Professional Services

Al Faisaliah Office Tower - 14th Floor,  
King Fahad Road, PO Box 2732  
Riyadh 1146, Kingdom of Saudi Arabia  
Tel.: +966 11 215 9898  
Fax: +966 11 273 4730  
E-mail: [ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
Website: [www.ey.com/en\\_sa](http://www.ey.com/en_sa)



### Auditor

(for the pro forma consolidated financial information for the financial year ended 31 December 2024G  
and the nine (9) month period ending on 30 September 2025G)

#### Baker Tilly Professional Services

7533, Othman Bin Affan Road  
Al-Taawon District, Riyadh 12476-4260  
Kingdom of Saudi Arabia  
Tel.: +966 11 835 1600  
E-mail: [info@bakertilly.sa](mailto:info@bakertilly.sa)  
Website: <https://www.bakertilly.sa>



1 Note: The Financial advisor, Legal Advisor and Auditor referred to above have given and not withdrawn their written approval, until the date of this Circular, to include their names, logos and statements in the form and content appearing herein. None of the Financial advisor, Legal Advisor and Auditor, their employees (forming part of the engagement team serving the Company), and the relatives of these employees has shares or interests of any kind in SPPC or SPPC's Subsidiaries in a manner which would impair their independence as at the date of this Circular.



## D. Summary of the Circular

| <b>Company Name, Description and Incorporation</b>  | <p>SPPC is a Saudi public joint stock company established with Commercial Registration number 1010219709 issued in Riyadh dated 1 Jumada Al-Ula 1427H (corresponding to 28 May 2006G). SPPC was listed on the Exchange on 19 Jumada Al-Akhira 1427H (corresponding to 04 July 2007G).</p> <p>The principal activities of the Company are as set out in the Company's Bylaws.</p> <p>The share capital of SPPC is six hundred million Saudi Riyals (SAR 600,000,000), divided into sixty million (60,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share.</p>  |                     |                        |                       |                     |                       |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
|---|---|---------------------|------------------------|-----------------------|---------------------|-----------------------|--|--|------------------|---------------------|-------------|------------------|---------------------|-------------|---|------------|----|--------|------------|----|--------|---|-----------|----|--------|-----------|----|-------|--|-----------|----|-------|-----------|----|-------|--|-----------|----|-------|-----------|----|-------|--------------|-------------------|-----------|---------------|-------------------|-----------|---------------|
| <b>Brief of SPPC's Activities as per its Bylaws</b>   | <p>SPPC engages in various activities as outlined in its commercial register and Bylaws, including the following:</p> <ol style="list-style-type: none"> <li>a. Manufacturing Industries: <ol style="list-style-type: none"> <li>1. Manufacture of pulp, paper, and paperboard;</li> <li>2. Manufacture of corrugated paper, paperboard, and containers made from paper and paperboard;</li> <li>3. Manufacture of other types of paper and paperboard;</li> <li>4. Printing;</li> <li>5. Services related to printing;</li> <li>6. Manufacture of plastics and synthetic rubber in their primary forms;</li> <li>7. Manufacture of plastic products.</li> </ol> </li> <li>b. Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles: <ol style="list-style-type: none"> <li>1. Wholesale sale of other household goods;</li> <li>2. Wholesale sale of computers, computer peripherals, and software;</li> <li>3. Wholesale sale of other machinery and equipment;</li> <li>4. Wholesale sale of waste, scrap, and other products not classified elsewhere;</li> <li>5. Retail sale of computers, computer peripherals, software, and communications equipment in specialized stores;</li> <li>6. Retail sale of books, newspapers, and stationery in specialized stores;</li> <li>7. Retail sale of other new goods in specialized stores.</li> </ol> </li> <li>c. Transportation and Storage: <ol style="list-style-type: none"> <li>1. Storage services.</li> </ol> </li> <li>d. Information and Communication: <ol style="list-style-type: none"> <li>1. Publishing books;</li> <li>2. Publishing newspapers, magazines, and periodicals.</li> </ol> </li> <li>e. Financial and Insurance Activities: <ol style="list-style-type: none"> <li>1. Activities of holding companies, i.e., units that acquire assets and hold a controlling stake in the capital of a group of subsidiaries, where the primary activity is the ownership and management of the group.</li> </ol> </li> <li>f. Real Estate Activities: <ol style="list-style-type: none"> <li>1. Real estate activities in owned or leased properties.</li> </ol> </li> <li>g. Professional, Scientific, and Technical Activities: <ol style="list-style-type: none"> <li>1. Activities of head offices: supervising and managing other units within the company or organization;</li> <li>2. Advertising services.</li> </ol> </li> </ol> |                     |                        |                       |                     |                       |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
| <b>Substantial Shareholders and their ownership before and after Debt Conversion</b>              | <p>The table below shows SPPC's Substantial Shareholders as at the date of this Circular and their shareholding before and after the Debt Conversion (as at 18/3/1447H corresponding to 10/9/2025G)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Shareholders</th> <th colspan="3">Before Debt Conversion</th> <th colspan="3">After Debt Conversion</th> </tr> <tr> <th>Number of Shares</th> <th>Nominal Value (SAR)</th> <th>Ownership %</th> <th>Number of Shares</th> <th>Nominal Value (SAR)</th> <th>Ownership %</th> </tr> </thead> <tbody> <tr> <td>Saudi Research and Media Group ("SRMG")</td> <td>25,200,000</td> <td>10</td> <td>42.00%</td> <td>25,200,000</td> <td>10</td> <td>38.65%</td> </tr> <tr> <td>Intellectual Advertising and Media Holding Company Limited Liability Company (an SRMG subsidiary)</td> <td>6,300,000</td> <td>10</td> <td>10.50%</td> <td>6,300,000</td> <td>10</td> <td>9.66%</td> </tr> <tr> <td>Saudi Research and Publishing Company Limited Liability Company (an SRMG subsidiary)</td> <td>4,200,000</td> <td>10</td> <td>7.00%</td> <td>4,200,000</td> <td>10</td> <td>6.44%</td> </tr> <tr> <td>Scientific Classification Holding Company Limited Liability Company (an SRMG subsidiary)</td> <td>4,200,000</td> <td>10</td> <td>7.00%</td> <td>4,200,000</td> <td>10</td> <td>6.44%</td> </tr> <tr> <td><b>Total</b></td> <td><b>39,900,000</b></td> <td><b>10</b></td> <td><b>66.50%</b></td> <td><b>39,900,000</b></td> <td><b>10</b></td> <td><b>61.19%</b></td> </tr> </tbody> </table>  | Shareholders        | Before Debt Conversion |                       |                     | After Debt Conversion |  |  | Number of Shares | Nominal Value (SAR) | Ownership % | Number of Shares | Nominal Value (SAR) | Ownership % | Saudi Research and Media Group ("SRMG") | 25,200,000 | 10 | 42.00% | 25,200,000 | 10 | 38.65% | Intellectual Advertising and Media Holding Company Limited Liability Company (an SRMG subsidiary) | 6,300,000 | 10 | 10.50% | 6,300,000 | 10 | 9.66% | Saudi Research and Publishing Company Limited Liability Company (an SRMG subsidiary) | 4,200,000 | 10 | 7.00% | 4,200,000 | 10 | 6.44% | Scientific Classification Holding Company Limited Liability Company (an SRMG subsidiary) | 4,200,000 | 10 | 7.00% | 4,200,000 | 10 | 6.44% | <b>Total</b> | <b>39,900,000</b> | <b>10</b> | <b>66.50%</b> | <b>39,900,000</b> | <b>10</b> | <b>61.19%</b> |
| Shareholders  | Before Debt Conversion  |                     |                        | After Debt Conversion |                     |                       |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
|   | Number of Shares  | Nominal Value (SAR) | Ownership %            | Number of Shares      | Nominal Value (SAR) | Ownership %           |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
| Saudi Research and Media Group ("SRMG")   | 25,200,000  | 10                  | 42.00%                 | 25,200,000            | 10                  | 38.65%                |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
| Intellectual Advertising and Media Holding Company Limited Liability Company (an SRMG subsidiary) | 6,300,000   | 10                  | 10.50%                 | 6,300,000             | 10                  | 9.66%                 |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
| Saudi Research and Publishing Company Limited Liability Company (an SRMG subsidiary)              | 4,200,000   | 10                  | 7.00%                  | 4,200,000             | 10                  | 6.44%                 |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
| Scientific Classification Holding Company Limited Liability Company (an SRMG subsidiary)          | 4,200,000   | 10                  | 7.00%                  | 4,200,000             | 10                  | 6.44%                 |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |
| <b>Total</b>  | <b>39,900,000</b>   | <b>10</b>           | <b>66.50%</b>          | <b>39,900,000</b>     | <b>10</b>           | <b>61.19%</b>         |  |  |                  |                     |             |                  |                     |             |   |            |    |        |            |    |        |   |           |    |        |           |    |       |  |           |    |       |           |    |       |  |           |    |       |           |    |       |              |                   |           |               |                   |           |               |



| Public and Creditor Ownership before and after Debt Conversion             | The table below shows the public and Alinma's ownership before and after the Debt Conversion (as at 18/3/1447H corresponding to 10/9/2025G)  |                        |               |                   |                       |               |  |
|--|--|------------------------|---------------|-------------------|-----------------------|---------------|--|
|  | Shareholders   | Before Debt Conversion |               |                   | After Debt Conversion |               |  |
| Number of Shares   |  | Nominal Value (SAR)    | Ownership %   | Number of Shares  | Nominal Value (SAR)   | Ownership %   |  |
| Public <sup>(1)</sup>  | 19,562,188   | 10                     | 32.60%        | 19,562,188        | 10                    | 30%           |  |
| Alinma <sup>(2)</sup>  | -  | -                      | -             | 2,603,532         | 10                    | 3.99%         |  |
| Alinma Capital <sup>(2)</sup>  | -  | -                      | -             | 2,603,532         | 10                    | 3.99%         |  |
| Nomou Media Holding Company <sup>(3)</sup>                                 | 533,181  | 10                     | 0.89%         | 533,181           | 10                    | 0.82%         |  |
| Board Members and Executive Management <sup>(4)</sup>                      | 4,631  | 10                     | 0.01%         | 4,631             | 10                    | 0.01%         |  |
| <b>Total</b>   | <b>20,100,000</b>  | <b>10</b>              | <b>33.50%</b> | <b>25,307,064</b> | <b>10</b>             | <b>38.81%</b> |  |
|  | <p>(1) Board Members and Executive Management are excluded from the "Public" definition in the Listing Rules</p> <p>(2) Alinma will hold its shareholding in SPPC through Alinma and Alinma Capital which is a wholly owned company by Alinma and are considered to be concert parties owning more than 5% of the share class to be issued.</p> <p>(3) Nomou Media Holding Company is an SRMG subsidiary and is considered with SRMG concert parties owning more than 5% of the share class to be issued.</p> <p>(4) Board Members and Executive Management are excluded from the "Public" definition in the Listing Rules.</p>  |                        |               |                   |                       |               |  |
| <b>SPPC's Capital</b>  | Six hundred million Saudi Riyals (SAR 600,000,000).  |                        |               |                   |                       |               |  |
| <b>SPPC's Total Shares</b>   | Sixty million (60,000,000) ordinary shares paid in full.   |                        |               |                   |                       |               |  |
| <b>Share's Nominal Value</b>   | Ten Saudi Riyals (SAR 10).   |                        |               |                   |                       |               |  |
| <b>Total New Shares</b>  | Five million two hundred seven thousand sixty-four (5,207,064) new ordinary shares.  |                        |               |                   |                       |               |  |
| <b>Ratio of New Shares to SPPC's Capital following the Debt Conversion</b> | The New Shares constitute 8.0% of SPPC's capital after the increase.   |                        |               |                   |                       |               |  |
| <b>Ratio of New Shares to SPPC's Current Capital</b>                       | The New Shares constitute 8.7% of SPPC's current capital.  |                        |               |                   |                       |               |  |
| <b>Agreed Price</b>  | The agreed price of the New Shares determined under the Debt Conversion Agreement based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares, i.e. fourteen Saudi Riyals and fifteen halalas (SAR 14.15) per share .  |                        |               |                   |                       |               |  |
| <b>Issue Price</b>   | The nominal value of the New Shares is ten Saudi Riyals (SAR 10) per share and the actual issue price will be determined based on the closing price of the Company's share as at the last trading day before the Extraordinary General Assembly.   |                        |               |                   |                       |               |  |
| <b>Total Issue Value</b>   | The total nominal value of the New Shares is fifty-two million seven hundred thousand six hundred forty Saudi Riyals (SAR 52,070,640) and the actual issue price will be determined based on the closing price of the Company's share as at the last trading day before the Extraordinary General Assembly.  |                        |               |                   |                       |               |  |
| <b>Debt Conversion</b>   | The increase of SPPC's capital by converting SPPC debt owed to Alinma under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, and issuing two million six hundred and three thousand five hundred and thirty two (2,603,532) new ordinary shares to Alinma and two million six hundred and three thousand five hundred and thirty two (2,603,532) to Alinma Capital will be at the Agreed Price determined based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares, i.e. fourteen Saudi Riyals and fifteen halalas (SAR 14.15) per share. This Debt Conversion aims to settle the remaining Loan amounting to seventy-three million, six hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (SAR 73,679,968) by granting Alinma and Alinma Capital ownership of these New Shares. The Loan will be settled in full automatically and concurrently with SPPC Extraordinary General Assembly's approval of the Debt Conversion. As such, all the New Shares will be issued to Alinma and Alinma Capital and will be deposited in their respective portfolios within five (5) business days prior to the Completion Date as stipulated in the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital as set out in section 5.2 ( <b>Details of Debt Conversion Documents</b> ). |                        |               |                   |                       |               |  |



| <b>Key details of the Debt Conversion</b>          | <p>This agreement is intended to settle all due and outstanding debt owed by the Company to Alinma, such outstanding debt being one hundred and seventy-eight million one hundred seventy-nine thousand nine hundred sixty-eight Saudi Riyal (SAR 178,179,968) which includes the aggregate principal amount and profit accrued as at 31 December 2024G.</p> <p>During the fourth quarter of 2024G, the Alinma Loan was partially settled through the transfer of two plots of land worth SAR 110,000,000, with the Company bearing the real estate transactions tax in the amount of SAR 5,500,000 related to the transfer of ownership of the two plots of land. Under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, the real estate transactions tax expenses amounting to SAR 5,500,000 were initially paid by Alinma, but are to be borne by the Company by increasing the amount of debt owed by the Company. This was based on the Company's Board of Directors resolution dated 29 October 2024G, approving the Debt Conversion Agreement, including the transfer of land ownership. As a result, two million six hundred three thousand five hundred and thirty-two (2,603,532) new ordinary shares will be issued to Alinma, and two million six hundred three thousand five hundred and thirty-two (2,603,532) new ordinary shares will be issued to Alinma Capital with a nominal value of SAR 10 per share, in addition to an issuance premium of SAR 4.15, bringing the total to SAR 73,679,968, subject to shareholders approval at the Extraordinary General Assembly. In implementation of the Company's Board of Directors resolution issued on 29 October 2024G, the land plots were transferred and the real estate transactions tax was paid by Alinma.</p> <p>– <b>Pro Forma Consolidated Financial Statements – Accounting Treatment</b></p> <p>In the pro forma income statement, the transaction is assumed to have been completed at the beginning of the period (e.g. 1 January 2024G) in order to reflect the full financial impact of the transaction during the reporting period. In contrast, for the pro forma balance sheet, the transaction is assumed to have occurred as of the balance sheet date (e.g. 30 September 2025G or 31 December 2024G), and therefore, only final balances are presented.</p> <p>This methodology aligns with Annex 19 of the Rules on the Offer of Securities and Continuing Obligations and with international accounting practices consistent with ISAE 3420 (Assurance Engagements to Report on the Compilation of Pro Forma Financial Information), as described in Note (2) of the pro forma consolidated financial statements.</p> <p>As part of the Debt Conversion Agreement to issue the New Shares entered into with Alinma and Alinma Capital, the actual transaction execution date is 5 December 2024G. However, the pro forma balance sheet assumes execution as of 30 September 2025G and 31 December 2024G.</p> <p>The table below summarises the transaction details as of 31 December 2024G:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>31 Dec 2024G (Projected) (SAR)</th> </tr> </thead> <tbody> <tr> <td>Alinma loan balance (A)</td> <td>178,179,968</td> </tr> <tr> <td>Value of land transferred (B)</td> <td>(110,000,000)</td> </tr> <tr> <td>Real estate transaction tax paid by the issuer (C)</td> <td>5,500,000</td> </tr> <tr> <td>Net debt converted to shares (D = A + B + C)</td> <td>73,679,968</td> </tr> <tr> <td>Rounding off the shares (E)</td> <td>12</td> </tr> <tr> <td>Net remaining debt after rounding (F)</td> <td>73,679,956</td> </tr> <tr> <td>Agreed share price (G)</td> <td>14.15</td> </tr> <tr> <td>Number of new shares issued (H = D ÷ G)</td> <td>5,207,064</td> </tr> <tr> <td>Nominal value per share (I)</td> <td>10</td> </tr> <tr> <td>Increase in share capital (J = H × I)</td> <td>52,070,640</td> </tr> <tr> <td>Share premium (D – J)</td> <td>21,609,328</td> </tr> </tbody> </table> <p>Under the terms of the Debt Conversion Agreement, the Company will issue a total of 5,207,065 new shares, allocated equally between Alinma and Alinma Capital (2,603,532 shares to be issued to each of them). This issuance corresponds to the outstanding loans and Murabaha balance, which has reached SAR 178,179,968 as of 31 December 2024G.</p> | Description | 31 Dec 2024G (Projected) (SAR) | Alinma loan balance (A) | 178,179,968 | Value of land transferred (B) | (110,000,000) | Real estate transaction tax paid by the issuer (C) | 5,500,000 | Net debt converted to shares (D = A + B + C) | 73,679,968 | Rounding off the shares (E) | 12 | Net remaining debt after rounding (F) | 73,679,956 | Agreed share price (G) | 14.15 | Number of new shares issued (H = D ÷ G) | 5,207,064 | Nominal value per share (I) | 10 | Increase in share capital (J = H × I) | 52,070,640 | Share premium (D – J) | 21,609,328 |
|--|--|-------------|--------------------------------|-------------------------|-------------|-------------------------------|---------------|--|-----------|--|------------|-----------------------------|----|---------------------------------------|------------|------------------------|-------|---|-----------|-----------------------------|----|---------------------------------------|------------|-----------------------|------------|
| Description  | 31 Dec 2024G (Projected) (SAR)   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Alinma loan balance (A)                            | 178,179,968  |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Value of land transferred (B)                      | (110,000,000)  |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Real estate transaction tax paid by the issuer (C) | 5,500,000  |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Net debt converted to shares (D = A + B + C)       | 73,679,968   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Rounding off the shares (E)                        | 12   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Net remaining debt after rounding (F)              | 73,679,956   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Agreed share price (G)                             | 14.15  |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Number of new shares issued (H = D ÷ G)            | 5,207,064  |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Nominal value per share (I)                        | 10   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Increase in share capital (J = H × I)              | 52,070,640   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| Share premium (D – J)                              | 21,609,328   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| <b>Debt Conversion Structure</b>                   | <p>SPPC entered into the Debt Conversion Agreement with Alinma and Alinma Capital for the debt amounting to seventy-three million six hundred and seventy nine thousand nine hundred and sixty-eight Saudi Riyals (SAR 73,679,968). Under this agreement, SPPC's capital will be increased by converting the debt to New Shares, subject to the requisite Shareholder and statutory approvals having been obtained. The nominal value of these New Shares shall be ten Saudi Riyals (SAR 10) per share, and Alinma and Alinma Capital shall be granted all New Shares against the settlement of the remaining Loan owed by SPPC. The completion of the Debt Conversion and allocation of New Shares to Alinma and Alinma Capital pursuant to this agreement will constitute the final clearance and settlement between SPPC and Alinma in respect of the Debt, in accordance with the Conversion Ratio which is (0.0706713), which is calculated by dividing the aggregate amount of the New Shares (5,207,064) by the net debt converted to shares, the provisions of section (b) of Article (126) of the Companies Law, as well as the conditions and requirements set forth in Article (59) of the Rules on the Offer of Securities and Continuing Obligations, and the terms and conditions of the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital (for further details about the Debt Conversion, see Section 5.2 (<b>Details of Debt Conversion Documents</b>)).</p>  |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| <b>Objective of Debt Conversion</b>                | <p>To improve SPPC's liquidity and credit position in order to provide greater solvency in relation to its financial obligations, and to improve SPPC's ability to achieve its growth goals (for further details about the reasons for the Debt Conversion, see Section 3.1 (<b>Reasons for The Debt Conversion and The Implications for SPPC</b>)).</p>   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |
| <b>Related Parties</b>                             | <p>The Debt Conversion does not involve transactions with any Related Parties.</p>   |             |                                |                         |             |                               |               |  |           |  |            |                             |    |                                       |            |                        |       |   |           |                             |    |                                       |            |                       |            |



|  |   |
|--|---|
| <p><b>A Summary of The Key Steps Required Until The Completion of The Capital Increase and The Listing of New Shares</b></p> | <ul style="list-style-type: none"> <li>- To fulfil the conditions of the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital (for further details about the Debt Conversion Agreement, see Section 5.2.2 (<b>Debt Conversion Agreement</b>)).</li> <li>- To obtain the approval of the Shareholders, based on the Board of Directors' recommendation, at SPPC Extraordinary General Assembly meeting on increasing SPPC's capital by converting the debt and issuing New Shares against the full settlement of the Alinma Loan owed by SPPC and to approve the amendment of SPPC's Bylaws.</li> <li>- To obtain the approval of the CMA in relation to the application for registering and offering the New Shares.</li> <li>- To obtain the Exchange's conditional approval of the application to list the New Shares submitted in accordance with the Listing Rules.</li> <li>- To issue and register SPPC's New Shares in Alinma and Alinma Capital's name and list them on the Exchange.</li> <li>- To amend SPPC's Bylaws and Commercial Registration</li> <li>- To fulfil any other regulatory requirements, if any.</li> </ul> <p>The Shareholders should read this Circular in full carefully and pay special attention to Section B (<b>Important Notice</b>) and Section 2 (<b>Risk Factors</b>) before making their decision on voting for or against SPPC's capital increase by converting the debt.</p> |
| <p><b>Rights to Dividends with respect to the New Shares</b></p>   | <p>The New Shares provide the same rights as the existing shares, including the right to receive dividends which are due after, not before, the New Shares are issued in accordance with the Companies Law and SPPC's Bylaws.</p>   |
| <p><b>Consents and Approvals Required for Capital Increase</b></p>   | <ul style="list-style-type: none"> <li>- The SPPC Extraordinary General Assembly's approval of the Debt Conversion.</li> <li>- The CMA's approval of the application for registering and offering the securities.</li> <li>- The Exchange's conditional approval of the application to list the shares submitted in accordance with the Listing Rules.</li> <li>- The Ministry of Commerce's approval on the proposed amendments to the bylaws of the Company.</li> <li>- The fulfilment of other regulatory requirements, if any.</li> </ul>   |
| <p><b>Voting Rights for New Shares</b></p>   | <p>The new shares shall carry the same voting rights as the existing shares of the Company, without any restrictions, in accordance with the Companies Law and the Company's Bylaws.</p>  |
| <p><b>Restrictions on the New Shares</b></p>   | <p>There are no restrictions whatsoever on the New Shares.</p>  |
| <p><b>Voting Rights for Current Shares</b></p>   | <p>All current shares have the same voting rights and there are no preferential rights for certain shares over the rest of the Company's issued shares.<br/>All of the Company shares are of the same class.</p>  |
| <p><b>Restrictions on the Current Shares</b></p>   | <p>There are no restrictions on the current shares of the Company.</p>  |
| <p><b>Restrictions on the Trading</b></p>  | <p>There are no restrictions on the New Shares or the current shares as a result of the Debt Conversion.</p>  |

This summary of the Circular provides a short background of the information contained in this Circular and does not provide all the details that may be important for current Shareholders to get acquainted with. Moreover, this summary should be carefully read as an introduction to this Circular. The current Shareholders should read and review this Circular in full and make their decision on approving the Debt Conversion and issuance of New Shares after understanding this Circular as a whole.

The Shareholders should pay a special attention to Section B (**Important Notice**) and Section 2 (**Risk Factors**) before making their decision on voting for or against the Debt Conversion.

The requisite Shareholders' approval must be obtained to increase the capital by issuing New Shares to convert the debt under this Circular in the meeting of SPPC's Extraordinary General Assembly. A meeting of SPPC's Extraordinary General Assembly was called to approve the issue of New Shares on 20/08/1447H (corresponding to 8 February 2026G). The Shareholders should note that if the requisite approval is not obtained to issue the New Shares constituting the subject matter hereof, they will not be issued, the Debt Conversion shall be suspended, and this Circular shall then be considered null and void. In such a case, the Shareholders shall be notified of the same via SPPC's page on the Tadawul website



## E. Debt Conversion Key Dates and Milestones

SPPC will announce on its page on the Exchange website in the event there are any changes to the table below.

| Proposed Duration for Debt Conversion   |   |
|---|---|
| Event   | Date  |
| <b>1. Required procedures related to the Extraordinary General Assembly meeting held to vote on increasing the Company's capital through Debt Conversion</b>  |   |
| The announcement on the Tadawul website regarding the invitation to the Company's Extraordinary General Assembly for voting on increasing SPPC's capital through Debt Conversion (provided that the second meeting of the Assembly will be convened one hour after the time set for the first meeting ends if the quorum is not satisfied). | 29/07/1447H (corresponding to 18 January 2026G)   |
| Publish the Circular  | 02/08/1447H (corresponding to 21 January 2026G)   |
| Make the relevant documents available for inspection  | From 9:00 AM to 5:00 PM from 29/07/1447H (corresponding to 18 January 2026G) until the date of holding the Company's EGM relating to the Conversion |
| Allow a period of time during which SPPC's Shareholders can vote on the Debt Conversion using modern technological means  | 02/08/1447H (corresponding to 21 January 2026G)   |
| Convene SPPC's Extraordinary General Assembly meeting (the first meeting) – the quorum for which is satisfied with the attendance by the Shareholders holding at least 50% of SPPC's shares   | 20/08/1447H (corresponding to 8 February 2026G)   |
| Announce the results of SPPC's Extraordinary General Assembly meeting or failure to convene the first meeting (in case that the quorum is not satisfied)  | 21/08/1447H (corresponding to 9 February 2026G)   |
| <b>2. Procedures required to be adopted in case that the quorum is not met for the first Extraordinary General Assembly meeting to vote on SPPC's capital increase through Debt Conversion</b>  |   |
| Convene the second meeting of the Extraordinary General Assembly (the quorum will be deemed satisfied in case the Shareholders present represent at least 25% of SPPC's capital)  | One hour after the end of the period set for the first EGM, in which the quorum was not reached.  |
| Publish the decisions taken during the second Extraordinary General Assembly meeting by SPPC  | Not applicable.   |
| <b>3. Procedures required to be adopted in case the quorum is not met for the second Extraordinary General Assembly meeting to vote on SPPC's capital increase through Debt Conversion</b>  |   |
| Convene the third meeting of SPPC's Extraordinary General Assembly (in case that the quorum in the first and second meetings is not satisfied)  | Not applicable.   |
| Allow a period of time during which SPPC's Shareholders can vote on the Debt Conversion using modern technological means  | Not applicable.   |
| Convene the third meeting of SPPC's Extraordinary General Assembly (the third meeting shall be deemed valid regardless of the number of shares represented therein)   | Not applicable.   |
| Publish of the results of the third SPPC Extraordinary General Assembly meeting by SPPC   | Not applicable.   |
| <b>4. Procedures required to be adopted in case of the Extraordinary General Assembly's approval of SPPC's capital increase through debt conversion</b>   |   |
| Provide the CMA with a copy of the Extraordinary General Assembly meeting minutes   | Within ten (10) business days from the date of approval of the Conversion by the EGM. 30/08/1447H (corresponding to 18 February 2026G).             |
| Publish any amendments of the Bylaws via the portal of the Ministry of Commerce before amending the Bylaws officially with the Ministry of Commerce   | Within seven (7) business days of the date of the EGM's approval of the Conversion. 29/08/1447H (corresponding to 17 February 2026G).               |
| Issue and register SPPC's New Shares and list them on the Exchange, and allocate them to the Creditors  | 22/08/1447H (corresponding to 10 February 2026G)  |
| Amend SPPC's Bylaws and Commercial Registration   | Within three (3) calendar weeks of the EGM's approval of the Conversion. 11/09/1447H (corresponding to 1 March 2026G).                              |



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# Definitions and Abbreviations Used in this Circular

# 1



## 1. Definitions and Abbreviations Used in this Circular



|   |   |
|---|---|
| <b>2022G Financial Statements</b>                     | Consolidated audit financial statements of SPPC for the year ended 31 December 2022G.   |
| <b>2023G Financial Statements</b>                     | Consolidated audit financial statements of SPPC for the year ended 31 December 2023G.   |
| <b>2024G Financial Statements</b>                     | Consolidated audit financial statements of SPPC for the year ended 31 December 2024G.   |
| <b>Agreed Price</b>                                   | The agreed price of the New Shares determined under the Debt Conversion Agreement based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares, i.e. fourteen Saudi Riyals and fifteen halalas (SAR 14.15) per share.  |
| <b>Alinma</b>   | Alinma Bank   |
| <b>Alinma Capital</b>                                 | Alinma Capital (formerly known as Alinma Investment Company).   |
| <b>Auditor</b>  | Ernst & Young Professional Services for the 2022G financial Statements, the 2023G Financial Statements, the 2024G financial Statements and the Nine month period ended September 30, 2025G.   |
| <b>Authority or CMA</b>                               | Saudi Capital Market Authority.   |
| <b>Board of Directors or Board</b>                    | Company's Board of Directors and a "Director" shall mean any one of them.   |
| <b>Bylaws</b>   | SPPC's Bylaws.  |
| <b>Capital Increase</b>                               | The increase of SPPC's capital from six hundred million Saudi Riyals (SAR 600,000,000) to six hundred fifty-two million seventy thousand six hundred forty Saudi Riyals (SAR 652,070,640) through the issue of New Shares.  |
| <b>Chairman or Chairman of the Board of Directors</b> | Chairman of SPPC's Board of Directors.  |
| <b>Circular</b>                                       | This Shareholder Circular prepared by SPPC in connection with the Debt Conversion.  |
| <b>Conversion Ratio</b>                               | The ratio that determines the number of New Shares granted for each monetary unit of net debt converted into shares, calculated by dividing the total number of New Shares to be issued by the net value of the outstanding debt to be converted into shares (number of new shares ÷ net converted debt).   |
| <b>Committees</b>                                     | Audit Committee, Nomination and Remuneration Committee, and Executive Committee.  |
| <b>Companies Law</b>                                  | The Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G).  |
| <b>Company or SPPC</b>                                | Saudi Printing and Packaging Company, being a Saudi public joint stock company established a under Commercial Registration number 1010219709 issued in Riyadh dated 1 Jumada Al-Ula 1427H (corresponding to 28 May 2006G). The principal activities of SPPC are as set out in the Company's Bylaws.   |
| <b>Completion Date</b>                                | The date of completion of the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, upon fulfilment of the completion obligations thereunder.   |
| <b>Corporate Governance Regulations</b>               | The Corporate Governance Regulations issued by CMA Board Resolution No. 8-16-2017 dated 16 Jumada Al-Ula 1438H (corresponding to 13 February 2017G), as amended pursuant to CMA Board Resolution No. 8-5-2023 dated 25 Juamada Al-Akher 1444H (corresponding to 18 January 2023G), pursuant to the Companies Law.   |
| <b>Debt</b>   | Part of the financial liabilities owed by SPPC to Alinma in the amount of seventy-three million, six hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (SAR 73,679,968), which will be converted into shares in SPPC through the Debt Conversion and concurrently with SPPC Extraordinary General Assembly's approval of the Debt Conversion.  |
| <b>Debt Conversion</b>                                | The increase of SPPC's capital from six hundred million Saudi Riyals (SAR 600,000,000), divided into sixty million (60,000,000) ordinary shares, to six hundred fifty-two million seventy thousand six hundred forty Saudi Riyals (SAR 652,070,640), divided into sixty-five million, two hundred seven thousand sixty-four (65,207,064) ordinary shares, by issuing five million two hundred seven thousand sixty-four (5,207,064) new ordinary shares to Alinma and Alinma Capital with a nominal value of ten Saudi Riyals (SAR 10) per share, with a total nominal value of fifty-two million seventy thousand six hundred forty Saudi Riyals (SAR 52,070,640) for the New Shares, and an Agreed Price of fourteen Saudi Riyals and fifteen halalas (SAR 14.15) per share with a total of seventy three million six hundred and seventy nine thousand nine hundred and sixty eight (73,679,968) Saudi Riyals for the New Shares, in exchange for converting the debt that will be owed by SPPC to Alinma in the amount of seventy-three million, six hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (SAR 73,679,968). |



|  |   |
|--|---|
| <b>Debt Conversion Agreement</b>   | The agreement concluded by SPPC with Alinma and Alinma Capital on 03 Jumada Al-Awwal-1446H (corresponding to 5 November 2024G) and its annexes dated 10/7/1446H (corresponding to 10/01/2025G), 30/10/1446H (corresponding to 28/4/2025G), 06/01/1447H (corresponding to 01/07/2025G) and 15/05/1447H (corresponding to 06/11/2025G), which shall constitute complete fulfilment of all financial obligations related to the Credit Facility Agreement dated 25 Rabi' Al-Awwal 1442H (corresponding to 11 November 2020G), and the Credit Facility Agreement Amendment Appendix signed between the two parties on 23 Shawwal 1445H corresponding to 2 May 2024G.  |
| <b>Debt Conversion Documents</b>   | All documents related to the Debt Conversion, including the Loan Agreement, Debt Conversion Agreement, and any amendments made to these documents, as well as any other documents that SPPC's Board of Directors considers to be relevant to the Debt Conversion.   |
| <b>Exchange or Tadawul</b>   | Saudi Stock Exchange (Tadawul).   |
| <b>Extraordinary General Assembly</b>  | SPPC Shareholders' Extraordinary General Assembly in which the vote on the Debt Conversion will be held.  |
| <b>Financial Advisor</b>   | EFG Hermes KSA.   |
| <b>G (Gregorian)</b>   | The Gregorian date.   |
| <b>General Assembly</b>  | The General Assembly of SPPC, which consists of SPPC's Shareholders.  |
| <b>Group</b>   | SPPC and its Subsidiaries.  |
| <b>H (Hijri)</b>   | The Hijri date.   |
| <b>KSA</b>   | Kingdom of Saudi Arabia.  |
| <b>Legal Advisor</b>   | Addleshaw Goddard LLC.  |
| <b>Listing Rules</b>   | Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 09 Rabi' Al-Awwal 1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No 2-53-2025 dated 21 Dhu AlQida 1446H (corresponding to 7 May 2025G) as amended form time to time.  |
| <b>Loan Agreement</b>  | The loan agreement concluded between Alinma and SPPC on 10 Dhul-Qidah 1433H (corresponding to 26 September 2012G), as amended on 25 Rabi' Al-Awwal 1440H (corresponding to 3 December 2018G) and each of its addendums, under which Alinma extended a loan to SPPC in the amount of four hundred and eighty million Saudi Riyals (SAR 480,000,000) one hundred seventy-eight million subject to an annual profit as per the prevailing commercial rates. The outstanding debt owed by the Company in connection with the Alinma Loan as at 31 December 2024G is approximately one hundred and seventy-eight million one hundred seventy-nine thousand nine hundred sixty-eight Saudi Riyal (SAR 178,179,968). |
| <b>Ministry of Commerce</b>  | Saudi Ministry of Commerce.   |
| <b>New Shares</b>  | Five million two hundred seven thousand sixty-four (5,207,064) ordinary shares to be issued under a capital increase in connection with the Debt Conversion.  |
| <b>Nine month period ended 30 September 2025G</b>                            | Consolidated audit financial statements of SPPC for the nine (9) month period ended 30 September 2025G.   |
| <b>Ordinary General Assembly</b>   | SPPC Shareholders' Ordinary General Assembly.   |
| <b>Pro Forma Financial Information</b>                                       | Pro forma consolidated financial information of SPPC for the year ended 31/12/2024G and the Nine month period ended 30 September 2025G. The pro forma consolidated financial information shows that the Debt Conversion has been completed on 31 December 2024G and 30 September 2025G.   |
| <b>Related Party</b>   | <ol style="list-style-type: none"> <li>Affiliates of SPPC, excluding companies that are wholly owned by the Company.</li> <li>Substantial Shareholders of SPPC.</li> <li>Directors and senior executives of SPPC.</li> <li>Directors and senior executives of affiliates of SPPC.</li> <li>Directors and senior executives of Substantial Shareholders of SPPC.</li> <li>Any relatives of persons described at (1), (2), (3), or (5) above.</li> <li>Any company or other entity controlled by any person described at (1), (2), (3), (4), or (6) above.</li> </ol> <p>For the purpose of Paragraph (6) of this definition, "relatives" shall include the father, mother, spouse, and children.</p>           |
| <b>ROSCOs or Rules on the Offer of Securities and Continuing Obligations</b> | The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017 dated 09/4/1439H (corresponding to 27/12/2017G), pursuant to the Capital Market Law issued by Royal Decree No. (M/30), dated 02/06/1424H, as amended by the CMA Board's Resolution No. 1-94-2025 dated 09/03/1447H (corresponding to 01/09/2025G) as amended form time to time.   |
| <b>Saudi Arabian Riyal (SAR)</b>   | The official currency of KSA.   |
| <b>Shareholders</b>  | Shareholders of SPPC.   |
| <b>Shares</b>  | Sixty million (60,000,000) ordinary shares, with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share.  |



| Subsidiaries                   | Subsidiary  | Country of incorporation | Effective ownership |
|--------------------------------|---|--------------------------|---------------------|
|                                | Hala Printing Company   | Saudi Arabia             | 100%                |
|                                | Al Madina Al-Munawarah Printing and Publishing Company  | Saudi Arabia             | 100%                |
|                                | Future Industrial Investment Company  | Saudi Arabia             | 100%                |
|                                | Emirates National Factory for Plastic Industries (which has nine (9) subsidiaries).   | United Arab Emirates     | 100%                |
|                                | <p>a. Hala Printing Company is a Saudi limited liability company registered in KSA and operating under the Commercial Registration No. 1010220149 issued in the city of Riyadh on 11 Jumada Al-Aula 1427H (corresponding to 7 June 2006G). The Company operates in the field of the production and wholesale and retail trade in publications, paper and its products and publications of written materials under the media license issued by the Ministry of Culture and Media No. 3435, dated 9 Thul-Qi'dah 1414H (corresponding to 20 April 1994G), which was renewed on 13 Shawwal 1437H.</p> <p>b. Al Madina Printing and Packaging Company is a Saudi limited liability company registered in KSA. The Company operates under the Commercial No. 4030004369 issued in the city of Jeddah on 23 Rajab 1338H (corresponding to 9 December 1963G). The Company operates in the field of producing photocopy paper, textbooks and publications under the license issued by the Ministry of Media No. 510 on 24 Dhul-Hijjah 1413H (corresponding to 14 June 1993G).</p> <p>c. Future Industrial Investment Company is a Saudi limited liability company registered in KSA and operating under Commercial Registration No. 1010353704 issued in the city of Riyadh on 19 Dhul-Hijjah 1433H (corresponding to 4 November 2012G). The principal activity of the Company includes the wholesale and retail trade of printing and packaging materials and machines, their tools, inks, paper, plastics and their raw materials.</p> <p>d. Emirates National Factory for Plastic Industries is a limited liability company registered with the Department of Economic Development – Government of Sharjah in the United Arab Emirates and operating under Commercial Registration No. 3742 issued on 5 December 1995. The Company is licensed to manufacture various types of paper, plastic, and aluminium packaging and containers, and has 9 subsidiary companies:</p> <ol style="list-style-type: none"> <li>1. Future Pack L.LC (UAE);</li> <li>2. United International Clear Packaging LLC (UAE);</li> <li>3. Citi Pack (UAE);</li> <li>4. Future Plast Industries LLC (UAE);</li> <li>5. United Security L.L.C (UAE)</li> <li>6. Future Plus P.J.S.C (KSA)</li> <li>7. Flexible Packaging Company Limited (KSA)</li> <li>8. Taiba Printing and Packaging Company (KSA)</li> <li>9. Commercial United Packaging Establishment (UAE)</li> </ol> |                          |                     |
| <b>Substantial Shareholder</b> | Any person who owns 5% or more of SPPC's shares   |                          |                     |



**Risk Factors**

**2**



## 2. Risk Factors



Shareholders should consider the following risk factors related to the increase of SPPC's capital through the Debt Conversion and issuance of New Shares, together with all the information set out in this Circular and reach their own conclusions prior to voting on the Debt Conversion in the Extraordinary General Assembly.

The Board of Directors currently believe that the risks and uncertainties described below are all material risks and uncertainties known to them at the date of this Circular and related to the Debt Conversion and issuance of New Shares. However, these risks and uncertainties do not necessarily include all risks and there may be further risks and uncertainties related to the Debt Conversion and the issue of New Shares that are currently unknown to SPPC and the Board of Directors, or currently considered by the Board of Directors to be immaterial. Materialisation of any of these risks or uncertainties may adversely affect SPPC's activity, financial position, results of operations and prospects. As a result, the price of the shares may decline, SPPC's ability to pay dividends could be impaired and/or Shareholders may lose all or part of their investments.

The Directors confirm that, to the best of their knowledge and belief and based on the information available to them as at the date of this Circular, there are no material risks nor uncertainties undisclosed below that may affect the decision of the existing Shareholders to vote on the Debt Conversion and the issuance of New Shares.

To the extent any party violates, terminates, or fails to complete the Debt Conversion Agreement concluded between SPPC, Alinma and Alinma Capital, this will affect the Company's ability to repay Alinma's Debt, which will have an adverse impact on the Company's business, financial position, operational results, and future expectations.

The realisation of the risks mentioned in this section may negatively affect the Company's activity, financial position, results of its operations, financial flows, future expectations, and the profitability of its share. Also, the realisation of any risks other than the risks listed below (either because the Board of Directors is not aware of them or because the Board of Directors does not classify them as material but they turn out to be material when they occur) may also negatively affect the Company's activity, financial position, results of its operations, financial flows, future expectations, and the profitability of each Share.

If any Shareholder has any doubts about the content of this Circular, the action he should take, or how to vote on the transaction decisions, they should consult an independent financial advisor licensed by the CMA.

The risks stated below are not arranged in order of importance or expected impact on SPPC and/or the Share price.

### 2.1 Commercial Risks

#### 2.1.1 Risks Related to Insufficient Cash Flows, Inability to Obtain Necessary Loans and Financing, or Inability to Distribute Future Dividends

SPPC needs to invest in the development of production lines, expand its operations, and to make continuous improvement of its long-term assets in compliance with business requirements, the relevant regulatory requirements or new standards approved by SPPC's management, or for the purpose of addressing unexpired liabilities and obligations.

There is no assurance that the Debt Conversion will ensure the adequacy of the cash flows generated from SPPC's existing operations and long-term capital investments, or SPPC's ability to obtain bank loans and other external financing in a timely manner, at reasonable costs, and on favourable terms, needed to finance SPPC's existing operations and long-term capital investments and ability to distribute any future dividends.

The total value of SPPC's loans and murabaha as of 30 September 2025G amounted to SAR 607,668,980 (31 December 2024G: SAR 653,090,861, (31 December 2023G: 773,413,292), (31 December 2022G: SAR 818,772,430). The ratio of loans to equity prior to the Debt Conversion as of 30 September 2025G was 328% (31 December 2024G: 232%) and will reach 206% as of 30 September 2025G (31 December 2024G: 163%) post-completion of the Debt Conversion. For further details, please see the table in section 2.1.7 (**Liquidity Risks**) and (**Annex A - Consolidated Financial Statements and Auditor's Report**) of this Circular.

The value of accounts payable amounted to SAR 149,219,291 for the financial year ended 31 December 2022G, SAR 129,609,000 for the financial year ended 31 December 2023G, SAR 145,827,259 for the financial year ended 31 December 2024G, and 111,842,970 for the Nine month period ended 30 September 2025G.

The Company's cash flows amounted to SAR 28,988,331 for the financial year ended 31 December 2022G, , SAR 26,558,722 for the financial year ended 31 December 2023G, SAR 19,987,523 for the financial year ended 31 December 2024G, and SAR 10,224,204 for the Nine month period ended 30 September 2025G.

If SPPC is unable to obtain the loans and financing necessary for business growth or SPPC's cash flow is insufficient, this will have an adverse impact on SPPC's business, financial position, results of operations, and prospects.



## 2.1.2 Risks Related to Failure to Complete Debt Conversion

The Company's objective behind the Debt Conversion is to repay the Alinma Debt, improve its liquidity ratios, and enhance its ability to achieve its growth targets. If the Company fails to achieve its intended objectives from the transaction namely, improving its credit position and liquidity ratios and if any party violates or terminates the Debt Conversion Agreement between SPPC, Alinma and Alinma Capital or does not complete the agreement prior to or after SPPC Extraordinary General Assembly approval of the Debt Conversion this would affect the Company's ability to repay the Alinma Loan and will have an adverse impact on the Company's business, financial position, results of operations, and prospects. For more details on the settlement agreement entered into between SPPC, Alinma and Alinma Capital, please refer to section 5.2.2 (**Debt Conversion Agreement**) of this Circular.

If the Company is unable to achieve its intended objectives from the transaction namely, improving its credit standing and liquidity ratios, after completing the transaction and converting the Alinma Debt, this will negatively affect the Company's financial performance and operational results.

## 2.1.3 Risks Related to Failure to Meet Strategic Growth Objectives

SPPC periodically assesses its strategic growth objectives, including potential expansion and growth opportunities, such as the expansion of production lines and / or introducing new products. The execution of SPPC's strategic objectives requires effective executive management and related capital expenditures, in addition to recruiting employees and workers with the required level of expertise and technical skill. There is no guarantee that the Debt Conversion will contribute to SPPC's ability to realise its strategic growth objectives. If SPPC is unable to achieve its strategic growth objectives, this will have an adverse impact on SPPC's business, financial position, results of operations and prospects.

## 2.1.4 Risks Related to The Interest Rate Fluctuation.

Variable interest rates are payable on the loans granted to SPPC under the credit facilities provided to SPPC and its Subsidiaries. Any increases in variable interest rates which are unprotected under hedging agreements may increase the cost of loans obtained by SPPC, increase the interest expenses, and reduce the cash flows. As a result, the Company is exposed to interest prices and particularly while the interest rates are increasing which will have an impact on the profitability of the Company.

Interest rates are affected by factors beyond SPPC control, including factors related to the government, monetary and tax policies, international and regional economic and political conditions, and others.

In case the Extraordinary General Assembly disapproves the Debt Conversion, this will cause SPPC to pay financial costs on the debt as per the interest rates prevailing at that time due to the loan being a short term loan. This will adversely affect SPPC's business, financial position, results of operations and prospects. In addition, SPPC will incur extra costs if the variable interest rates, which are not protected under hedging agreements, increase.

## 2.1.5 Risks Related to Liquidity and Accumulated Losses

On 8 Dhul Qida 1446H (corresponding to 6 May 2025G) SPPC announced its financial results for the period of three months ending on 31 March 2025G which included that its accumulated losses reached 57.59% of its capital. Reasons which negatively affected SPPC's results included a decline in sales in the printing and packaging sectors due to challenging market conditions, increase in financing costs, a SAR 30.46 million impairment of property, plant and equipment and unproductive spare parts in the printing sector. If the Debt Conversion is not completed, the Company will not be able to decrease its accumulated losses.

The Debt Conversion will help improve the accumulated losses as at 30 September 2025G amounting to SAR 417,198,275 which represents 69.50% of the Company's issued share capital. Therefore, if the Debt Conversion is not completed, the Company will not be able to fulfil its obligations which will have a negative impact on the Company's liquidity and credit position.

Whereas the accumulated losses reached 50% or more, SPPC will be subject to stricter requirements, including those set out in Article 132 of the Companies Law which requires the Board of Directors to disclose any losses and the recommendations it has made regarding those losses within sixty (60) days from the date it becomes aware that such losses have occurred. Furthermore, the Board must convene an Extraordinary General Assembly within one hundred and eighty (180) days from the date of awareness to assess the company's continuity and take any necessary measures to address the losses or to consider dissolution.

In light of the above, on 16 Dhul Qida 1446H (corresponding to 14 May 2025G) SPPC announced its Board of Directors' recommendation to optimise the capital structure which included decreasing the Company's capital following the Completion of the Debt Conversion aiming to decrease the accumulated losses to less than (50%) of the capital.

According to the financial statements for the financial year ended 31 December 2022G, total current assets amounted to SAR 604,584,633 while total current liabilities amounted to SAR 735,245,102 for the financial year ended 31 December 2022G, resulting in a current ratio of 0.822.

Total current assets amounted to SAR 470,898,824, and total current liabilities amounted to SAR 805,252,055 for the financial year ended 31 December 2023G, resulting in a current ratio of 0.584.

Total current assets amounted to SAR 401,575,613, and total current liabilities amounted to SAR 734,398,288 for the financial year ended 31 December 2024G, resulting in a current ratio of 0.547.



While the total current assets amounted to SAR 309,444,057 and total current liabilities amounted to SAR 685,779,241 for the nine months period ending on 30 September 2025G, resulting in a current ratio of 0.451.

For further details on the implications of the Debt Conversion, see Section 4 (**Financial Information**) of this Circular.

## 2.1.6 Risks Related to the Company's Financing Obligations

The Company entered into a facilities agreement with Alinma on 10 Dhul Qida 1433H (corresponding to 26 September 2012G) for a principal amount of four hundred eighty million Saudi Riyals (SAR 480,000,000). The purpose of the loan was to finance the acquisition of the Emirates National Factory, with the duration of the loan being seven (7) years and six (6) months with a grace period of two (2) years and six (6) months.

Subsequently, on 25 Rabi' Al-Awwal 1440H (corresponding to 3 December 2018G) the Company entered into a debt rescheduling agreement with Alinma for an amount of two hundred million Saudi Riyals (SAR 200,000,000) to be repaid in ten semi-annual instalments over a period of seven (7) years with a grace period of two (2) years (the "**Alinma Loan**").

The outstanding debt owed by the Company in connection with the Alinma Loan as at 31 December 2024G one hundred seventy-eight million, one hundred seventy-nine thousand, nine hundred sixty-eight (SAR 178,179,968).

Subsequently, the Company entered into a settlement agreement with Alinma and Alinma Capital on 25 Rabi' Al-Thani 1446H (corresponding to 28 October 2024G), which included the settlement of an amount of seventy-three million, six hundred seventy-nine thousand, nine hundred sixty-eight (SAR 73,679,968) through the issuance of two million, six hundred three thousand, five hundred thirty-two (2,603,532) new ordinary shares in favour of Alinma and two million, six hundred three thousand, five hundred thirty-two (2,603,532) new ordinary shares in favour of Alinma Capital, at the Agreed Price of fourteen Saudi Riyals and fifteen Halalas (SAR 14.15).

The term of this agreement was extended on 15/5/1447H (corresponding to 6 November 2025G) until 31 December 2025G.

The Company (through its subsidiary Emirates National Factory for Plastic Industries) also entered into a Shariah compliant banking facility agreement dated 24 January 2021G with a local bank in the United Arab Emirates for an aggregate principal amount of four hundred and seventy-five million Emirati Dirhams (AED 475,000,000) representing the following:

- a. long-term financing of three hundred seventy-five million Emirati Dirhams (AED 375,000,000), repayable over eight (8) years. The facility was obtained for the purposes of financing capital projects in the amount of one hundred million Emirati Dirhams (AED 100,000,000), in addition to early payment of existing facilities in favour of other banks in the United Arab Emirates, totalling two hundred and seventy-five million Emirati Dirhams (AED. 275,000,000); and
- b. short-term financing of one hundred million Emirati Dirhams (AED 100,000,000) for financing the working capital requirements. The Company's outstanding debt in respect of this loan as of 31 December 2024G, amounts to approximately three hundred and seventeen million, eight hundred thousand, Emirati Dirhams (AED 317,800,000).

The Company has also entered into a facilities agreement with Banque Saudi Fransi dated 41 Shawal 1437H (corresponding to 19 July 2016G) for an aggregate value of one hundred and fifty million Saudi Riyals (SAR 150,000,000), for financing the working capital requirements. The Company's outstanding debt in respect of this loan as of 31 December 2024G, amounts to approximately one hundred and sixty two million, five hundred and forty one thousand four hundred and twenty Saudi Riyals (SAR 162,541,420).

The Company also entered into several less material short-term financing facility agreements with other banks.

Should any of the above facilities are not rescheduled or restructured or the rescheduling or restructuring results in unforeseen or onerous new requirements, it is possible that the Company may not be able to obtain the necessary facilities or that the Company's cash flow will not be sufficient to continue its activities in an optimal manner, which would have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

## 2.1.7 Credit Risks

Credit risk is the risk that a counterparty may cause the Group to incur a financial loss by failing to meet its obligations. Credit risk arises in the course of the Company's ordinary business activities. The Company mitigates credit risk related to customers by setting credit limits for each customer and monitoring outstanding receivables.

The Company's net trade and other receivables amounted to SAR 326.5 million as of 31 December 2022G, SAR 268.2 million as of 31 December 2023G, SAR 221.9 million as of 31 December 2024G, and 174.6 million as of 30 September 2025G. If debtors fail to meet their payment obligations to the Company, this will have a material adverse effect on the Company's financial condition and results of operations.

### Maximum Exposure to Credit Risk Concentration:

Risk concentrations arise when a number of counterparties engage in similar business activities, operate within the same geographical region, or share similar economic characteristics that could affect their ability to meet contractual obligations, especially in response to changes in economic, political, or other conditions. Concentration refers to the relative sensitivity of the Company's performance to developments affecting a specific sector or geographical region.



With respect to credit risk arising from the Group's other financial assets, which include amounts due from related parties, bank balances, and deposits, credit risk exposure arises from counterparty default, and is limited to the carrying value of those instruments. Bank balances and deposits are held with reputable financial institutions.

The Company's trade receivables amounted to SAR 359,856,138 as of 31 December 2022G, SAR 309,437,310 as of 31 December 2023G, SAR 291,959,184 as of 31 December 2024G, and SAR 257,420,380 as of 30 September 2025G. In the event that debtors fail to pay the amounts due to the Company, this would have a material adverse effect on the Company's financial condition and results of operations.

## 2.1.8 Liquidity Risks

Liquidity risk represents the difficulties the Company may face in securing funds to meet its obligations related to financial instruments. Maturity dates are monitored by management to ensure sufficient liquidity is maintained. The Company identifies liquidity risk by ensuring the availability of bank facilities and financing from shareholders.

The Company's business conditions generally require payments to be made in accordance with contractual arrangements. It is the Company's policy to obtain short-term loans and bank borrowings that mature within the next twelve months, with a renewal option at the discretion of both parties. This may have a negative impact on the Company's liquidity and credit position.

The table below summarizes the maturity dates of the Group's obligations based on undiscounted contractual payment obligations and management's assumptions. The liquidity exposure of financial obligations reflects expected cash outflows, including future commission payments and management's forecasts over the life of these financial obligations.

| As at 31 December 2024G              |                     |                     |                    |
|--------------------------------------|---------------------|---------------------|--------------------|
|                                      | Less than 12 months | More than 12 months | Total              |
|                                      | SAR                 | SAR                 | SAR                |
| Loans and Murabaha                   | 497,878,818         | 155,212,043         | 653,090,861        |
| Trade receivables                    | 144,179,514         | 1,647,745           | 145,827,259        |
| Prepayments and other current assets | 28,772,303          | -                   | 28,772,303         |
| Provision for Zakat                  | 18,525,514          | -                   | 18,525,514         |
| Lease liabilities                    | 994,137             | 5,326,591           | 6,320,728          |
| <b>Total</b>                         | <b>690,350,286</b>  | <b>162,186,379</b>  | <b>852,536,665</b> |

| As at 31 December 2023G              |                     |                     |                    |
|--------------------------------------|---------------------|---------------------|--------------------|
|                                      | Less than 12 months | More than 12 months | Total              |
|                                      | SAR                 | SAR                 | SAR                |
| Loans and Murabaha                   | 595,760,604         | 177,652,688         | 773,413,292        |
| Trade receivables                    | 129,609,000         | -                   | 129,609,000        |
| Prepayments and other current assets | 22,494,873          | -                   | 22,494,873         |
| Provision for Zakat                  | 14,689,304          | -                   | 14,689,304         |
| Lease liabilities                    | 1,424,574           | 6,169,516           | 5,898,559          |
| <b>Total</b>                         | <b>763,978,355</b>  | <b>183,822,204</b>  | <b>946,105,028</b> |

| As at 31 December 2022G              |                     |                     |                      |
|--------------------------------------|---------------------|---------------------|----------------------|
|                                      | Less than 12 months | More than 12 months | Total                |
|                                      | SAR                 | SAR                 | SAR                  |
| Loans and Murabaha                   | 486,469,540         | 332,302,893         | 818,772,433          |
| Trade receivables                    | 149,219,291         | -                   | 149,219,291          |
| Prepayments and other current assets | 23,920,099          | -                   | 23,920,099           |
| Provision for Zakat                  | 6,329,483           | -                   | 6,329,483            |
| Lease liabilities                    | 1,252,773           | 3,868,890           | 5,121,663            |
| <b>Total</b>                         | <b>667,191,186</b>  | <b>336,171,783</b>  | <b>1,003,362,969</b> |



## 2.1.9 Currency Risk

Currency risk represents the risk arising from fluctuations in the value of financial instruments due to changes in foreign exchange rates. Currency risk is managed based on limits set by management and the continuous assessment of the Company's existing positions as well as current and expected exchange rate movements.

Management believes that there is minimal risk of material losses due to currency fluctuations because the Company does not conduct any significant transactions in currencies other than the Saudi Riyal, the US Dollar, and the Emirati Dirham.

Balances and transactions denominated in US Dollars do not present significant risk as the Saudi Riyal is pegged to the US Dollar. As for the Emirati Dirham, the Company's management believes that its exposure to currency risk related to the Emirati Dirham is limited, given that the Saudi Riyal is pegged to the Emirati Dirham.

The effect of reasonably possible changes in the exchange rate of the Saudi Riyal against the US Dollar and Emirati Dirham, assuming all other variables remain constant, would be reflected in the consolidated income statement.

## 2.2 Legal Risks

### 2.2.1 Risks Related to the Debt Conversion Agreement

The Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital contains terms and conditions, such as obtaining the approval of CMA, Tadawul, and SPPC's Extraordinary General Assembly for the Debt Conversion. In the event of any failure to fulfil these terms and conditions by SPPC, then SPPC will be required to compensate Alinma for any resulting profit (to review these terms and conditions please see section 5.2.2 (**Debt Conversion Agreement**), which will have an adverse impact on SPPC's business, financial position, results of operations and prospects (for further details about the Debt Conversion Agreement, see Section 5.2 (**Details of Debt Conversion Documents**)).

Also, if the Debt Conversion Agreement is terminated, SPPC will not be able to achieve the Debt Conversion goals, which will adversely affect SPPC's business, financial position, results of operations and prospects due to the fact that the Debt Conversion will help improve the Company's credit position (for further details about the Debt Conversion goals, please refer to Section 3.1 (**Reasons for The Debt Conversion and The Implications for SPPC**) hereof).

In addition, there are risks associated with the possibility that Alinma will claim additional interest in the future amounting to approximately SAR 6.3 million for the period ending in September 2025G.

### 2.2.2 Risks Related to Litigation

SPPC may be a party - whether as a plaintiff or defendant - to lawsuits and legal proceedings arising during the Debt Conversion, including in relation to the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, such that SPPC may be involved in lawsuits and claims for compensation lodged by Alinma in case it defaults in any of its obligations under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital. It should also be noted that SPPC in its ordinary course of business, may be subject to proceedings, lawsuits and other claims (for further information, please refer to Section 5.6 (**Substantial Lawsuits**) that could substantially affect the SPPC's Business and its Subsidiaries or its financial position. Any unfavourable outcome in such potential litigation, claims or proceedings would have a material adverse impact on SPPC's business, financial position, results of operations and prospects, according to their relative relevance. Furthermore, regardless of the outcome of the lawsuits or proceedings, these lawsuits or proceedings will result in SPPC incurring high costs and may require SPPC to commit significant resources to defend it, which will have an adverse impact on SPPC's business, financial position, results of operations and prospects. The Company also confirms that it has initiated 152 commercial cases related to outstanding receivables totalling SAR 67,934,832. Provisions have been made for these lawsuits in the amount of SAR 53,430,686 based on the Company's estimates. The Company affirms that a number of these claims have been ruled in its favour, while the remaining cases are currently under review by the competent courts.

Additionally, two labour-related lawsuits have been filed against the Company, with total claims amounting to SAR 155,200, as well as one commercial lawsuit with a total claim of SAR 349,000.

### 2.2.3 Risks Related to Relying on Information Not Contained in this Circular

Certain public and media sources may cover financial and economic information and analysis regarding the Company and the Debt Conversion, which may not include much of the relevant information and risks contained in this Circular. Shareholders should not rely on these sources. These or other sources may also provide statements that are not directly attributable or may be incorrectly attributable to members of the Board of Directors or the Company's officers or employees, may include incorrect reports about statements made or that may be made by members of the Board of Directors or the Company's officers or employees, or may include misleading statements due to the omission of information provided by the Company, its Board of Directors, or its officers or employees. The Board of Directors has not authorised any person to provide information or statements on behalf of the Company except as disclosed in this Circular, and the Board Members, officers, employees, or advisors of the Company assume no responsibility for the accuracy and completeness of any information or statements made by third parties. Therefore, Shareholders should rely only on the information contained in this Circular when making any decision regarding voting on the Debt Conversion. If there is any doubt about the Debt Conversion, Shareholders should obtain special advice from an independent financial advisor licensed by the CMA.



## 2.2.4 Risks Related to Future Events, Uncertainties and Prospects

This Circular includes some forecasts and forward-looking statements. These forecasts and forward-looking statements can be inferred using forward-looking terms and expressions, including but not limited to “expect”, “aim”, “estimate”, “intend”, “plan”, “will”, “believe”, “seek”, “may”, “will be”, “could”, “should” or negative forms of these words or others close or similar in meaning. These forecasts and statements include, but are not limited to, known and unknown risks and certain uncertainties that may affect the Company’s results or the Debt Conversion Documents, and data related to the Company’s financial position, business strategy, plans and goals that may result from concluding the Debt Conversion Documents, other future events and other information and statements. Future events are not materially foreseeable and may differ from what is contained in this Circular, as the Company’s performance (including after entering into the Debt Conversion Documents and the impact of the Debt Conversion Documents on the financial and operating position of the Company as a result of the commitments that may arise from entering into the Debt Conversion Documents) and its ability to develop, operate and achieve its objectives and strategies will determine its actual results, which cannot be known by the Company and may relate to matters beyond the Company’s control. Any inaccuracy of these future forecasts represents one of the risks that shareholders and investors must consider. Shareholders must also read these forecasts and statements accordingly and not rely on them. If the Company’s actual results and future events differ from these forecasts and statements, it could adversely affect the Company’s business, financial position, results of operations, prospects and earnings per share after the completion of the Debt Conversion.

## 2.3 Risks Related to Issue of New Shares

### 2.3.1 Risks Related to Failure to Achieve the Main Objective of the Debt Conversion

Through the Debt Conversion, SPPC aims to improve its liquidity and credit position and enhance its ability to achieve its growth objectives. In the event that SPPC relies on funds provided by various financiers to finance its current or future operations and projects, the debt to equity ratio of SPPC will remain high, which will lead to SPPC being unable to achieve its desired objectives of Debt Conversion (for more information about the rationale of the Debt Conversion, please refer to section 3.1 (**Reasons for The Debt Conversion and The Implications for SPPC**)).

### 2.3.2 Risks Related to Greater Difficulty of Realising Earnings Per Share

The Debt Conversion requires the issue of five million two hundred seven thousand sixty-four (5,207,064) new ordinary shares (i.e., the New Shares), so that the number of SPPC’s shares post the increase will reach sixty-five million two hundred and seven thousand sixty four (65,207,064) ordinary shares. Future events that were unforeseen at the time of the Debt Conversion may occur, which may lead to SPPC being unable to achieve the desired results of the Debt Conversion, therefore adversely affecting its ability to realise earnings per share.

Since the Debt Conversion will take place through issuing New Shares in SPPC, which will increase the number of SPPC’s shares, if SPPC’s results do not improve post the Debt Conversion by a percentage greater than the increase in the number of shares, the losses per Company share will increase. Therefore, the increase in the number of issued shares in SPPC will adversely impact on the earnings per share, which may adversely affect the share price (for more information on the earning per Share pre an post-conversion, please refer to section 4.3 (**Earnings Per Share Accretion/Dilution Analysis**) and (**Annex A - Consolidated Financial Statements and Auditor’s Report**) of this Circular).

### 2.3.3 Risks Related to Sale of a Large Number of Shares

The Debt Conversion may negatively affect the price of SPPC’s shares in Tadawul if either Alinma or Alinma Capital sells a large number of shares in Tadawul following the Debt Conversion, especially in light of the fact that Alinma is not subject to any statutory lock-up period or contractual requirements with SPPC that restrict the disposal of New Shares.

Neither Alinma nor Alinma Capital currently own any shares in SPPC, and following the Debt Conversion, they will collectively own 8.0% of SPPC’s capital, which represents seventy-three million, six hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (SAR 73,679,968) of the agreed-upon value in the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital. For more information on the shareholding structure, please refer to section 3.3 (**Existing Ownership Structure (as at 18/3/1447H corresponding to 10 September 2025G) before and after Debt Conversion**) of this Circular.

### 2.3.4 Risks Related to Determination of the Agreed Price of New Shares at Nominal Value

Pursuant to the Debt Conversion Agreement, SPPC, Alinma and Alinma Capital agreed to the Agreed Price at fourteen Saudi Riyals and fifteen halalas (SAR 14.15) per share. The Agreed Price is not exactly the market price and there is no assurance that the market price of SPPC’s shares will not decline because of the Debt Conversion. The total stock value and the increase in the issuance premium may vary significantly. Any difference between the closing price of the Company’s shares and the Agreed Price will affect the Company’s profit or loss in the period in which the New Shares are issued. (for more information on the Debt Conversion Agreement, please refer to section 5.2.2 (**Debt Conversion Agreement**) of this Circular).



### 2.3.5 Risks Related to SPPC's Share Price During the Trading Period

SPPC's share price may not be stable and could be significantly affected by fluctuations resulting from a change of market trends in connection with the New Shares or SPPC's existing Shares. These fluctuations may also result from several factors including, without limitation, equity market conditions, any regulatory changes in each of SPPC's business segments, or the conditions and trends of SPPC's business sector. Moreover, these fluctuations may also be attributed to SPPC's poor performance, inability to implement plans, the entry of new competitors, announcements by SPPC or its competitors concerning mergers acquisitions, strategic alliances, or joint ventures, SPPC's sale of shares in its Subsidiaries, or changes made by experts and securities analysts concerning the financial performance estimates. In addition, some Shareholders may sell large portions of shares (or the public has a perception that Shareholders will do so), which may be adversely affected by the market price of the shares (for more information on the evolution of the share price, please refer to section 4.4 (**Evolution of SPPC's Share Price**) of this Circular).

### 2.3.6 Risks Related to a Change in The Existing Shareholders' Ownership and The Associated Decline in Voting Rights

Following the Debt Conversion, the public ownership will decrease from 32.60% to 30% and Alinma and Alinma Capital will collectively own in aggregate 8.0% of SPPC's capital. Accordingly, the percentage of shares held by current Shareholders' is reduced, thereby reducing current shareholders ability to influence SPPC's decisions, especially the strategic ones that require SPPC Shareholders' approval of in General Assemblies, such as appointing Directors, adjusting SPPC's capital, or SPPC's merger and other significant Company decisions (for more information on the change in current shareholders ownership, please refer to section 3 (**Conversion of Debt to Shares Through Capital Increase**) of this Circular).



# Conversion of Debt to Shares Through Capital Increase

# 3



### 3. Conversion of Debt to Shares Through Capital Increase



#### 3.1 Reasons for The Debt Conversion and The Implications for SPPC

On 10/11/1433 AH corresponding to 26/9/2012, the Company entered into a credit facility agreement with Alinma for four hundred and eighty million (SAR 480,000,000) Saudi Riyals. The purpose of this funding was to acquire the Emirates National Factory and subsequently repay as per the agreed upon period of seven years and six months with a grace period of two years and six months.

On 25/03/1440 AH corresponding to 03/12/2018G, the Company agreed to a debt restructuring with Alinma at a value of two hundred million Saudi Riyals (SAR 200,000,000), to be paid in 10 half-yearly instalments over a period of seven years.

The debt due on the Company had reached on 31/12/2024G one hundred and seventy eight million one hundred and seventy nine thousand and nine hundred and sixty eight Saudi Riyals (SAR 178,179,968).

The New Shares will be issued to Alinma and Alinma Capital (as Creditors on the Effective Date), as detailed in Section 5.2 (**Details of Debt Conversion Documents**), against the amounts owed to it by SPPC as a settlement of the remaining outstanding amount of the debt under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital on 25/04/1446H (corresponding to 28 October 2024G). The completion of the Debt Conversion and allocation of New Shares to Alinma and Alinma Capital pursuant to the Debt Conversion Agreement will constitute the final clearance and settlement between SPPC and Alinma in respect of the Alinma Loan (i.e., the debt), which provides that the loans and Murabaha balance amounting to SAR 178,179,968 as at 31 December 2024G will be partially settled by transferring the ownership of two land plots worth SAR 110,000,000. Under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, SPPC's capital will be increased from six hundred million Saudi Riyals (SAR 600,000,000) to six hundred and fifty two million and seventy thousand and six hundred and forty Saudi Riyals (SAR 652,070,640). The Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital states that the real estate transactions tax expenses incurred as part of the ownership transfer of the lands are to be paid by Alinma and borne by SPPC as part of the issuance of two million six hundred and three thousand and five hundred and thirty two (2,603,532) new Ordinary Shares in favour of Alinma, and two million six hundred and three thousand and five hundred and thirty two (2,603,532) new Ordinary Shares in favour of Alinma Capital with a nominal value of SAR 10 per share, in addition to an issuance premium of SAR 4.15, being an aggregate amount of SAR 73,679,968, which is subject to the Shareholders' approval at the Extraordinary General Assembly meeting. In accordance with SPPC's board resolution dated 29 October 2024G, the lands were transferred to Alinma, and the real estate transaction tax incurred as part of that transferred were paid by Alinma.

Under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, Alinma has agreed to take all measures required by SPPC to support, facilitate, and implement the Debt Conversion.

Through the Debt Conversion, SPPC aims to improve its liquidity ratio and credit position so as to be able to pay its financial obligations and in particular the Alinma Loan (which is one of the reasons behind the Company's intention to effect the Debt Conversion), and to enhance its ability to achieve its growth objectives. The capital increase through the Debt Conversion will positively affect SPPC's current performance indicators and enhance SPPC's credit position, which will help it obtain a better credit rating that provides multiple competitive sources of funding. These implications will be directly reflected in realization of SPPC's future strategic growth objectives (for further details on the implications of the Debt Conversion, see Section 4 (**Financial Information**) of this Circular).

The net outcome of the capital increase through Debt Conversion will allow the Company to settle the outstanding amounts owed to Alinma, totalling one hundred seventy-eight million, one hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (178,179,968), by transferring the two lands for the amount of one hundred ten million Saudi Riyals (110,000,000) and issuing two million six hundred and three thousand and five hundred and thirty two (2,603,532) new Ordinary Shares in favour of Alinma, and two million six hundred and three thousand and five hundred and thirty two (2,603,532) new Ordinary Shares in favour of Alinma Capital, with a total issuing value of seventy three million six hundred and ninety seven thousand and nine hundred and sixty eight Saudi Riyals (SAR 73,679,968) in accordance with the agreed conversion ratio (0.0706713).

It is worth noting that immediately following the Debt Conversion via the capital increase, two million, six hundred and three thousand, five hundred and thirty-two (2,603,532) new Ordinary Shares will be issued in favour of Alinma, representing 4.0% of the Company's share capital. Additionally, two million, six hundred and three thousand, five hundred and thirty-two (2,603,532) new Ordinary Shares will be issued in Favor of Alinma Capital, also representing 4.0% of the Company's share capital. As a result, the combined ownership of Alinma and Alinma Capital in the Company will amount to 8.0%, and the public's ownership will decrease from 32.60% to 30%. This will dilute the percentage of Shares held by existing Shareholders, thereby reducing their ability to influence the Company's decisions.



As of the date of this Circular, the Company's Board of Directors is composed of eight members. The table below outlines the shareholding of each Board member and the impact of the debt conversion on their respective ownership:

| Member Name                   | Position                 | Number of Shares | Ownership Percentage Before Capital Increase | Date of Share Acquisition | Ownership Percentage After Capital Increase |
|-------------------------------|--------------------------|------------------|--|---------------------------|---|
| Mohammed Amin Dawood Qashqari | Chairman – Non-Executive | 10 shares        | 0.0000167%                                   | 28 March 2024G            | 0.0000153%                                  |
| Turki Omar Buqshan            | Member – Non-Executive   | 10 shares        | 0.0000167%                                   | 25 March 2024G            | 0.0000153%                                  |
| Saleh Hussain Al-Dowais       | Member – Non-Executive   | 10 shares        | 0.0000167%                                   | 25 March 2024G            | 0.0000153%                                  |
| Khaled Mohammed Al-Hogail     | Member – Non-Executive   | 3,300 shares     | 0.0055000%                                   | 16 August 2017G           | 0.0050608%                                  |
| Waleed Ali Al-Banawi          | Independent Member       | 0 shares         | Not Applicable                               | Not Applicable            | Not Applicable                              |
| Mohammed Mutlaq Al-Ammaj      | Independent Member       | 100 shares       | 0.0001667%                                   | 28 May 2024G              | 0.0001534%                                  |
| Mohammed Abdulfattah Nazer    | Member – Non-Executive   | 10 shares        | 0.0000167%                                   | 29 May 2024G              | 0.0000153%                                  |
| Abdulaziz Abdulbasit Al-Tayar | Independent Member       | 1 share          | 0.0000017%                                   | 18 April 2024G            | 0.0000015%                                  |

### 3.2 Any Envisaged Changes in the Issuer's Board of Directors or the Executive Management as a Result of the Debt Conversion

The Company anticipate there being no changes to the composition of the Board of Directors and the executive management of SPPC on and immediately following the Debt Conversion and will continue to operate under the guidance of the existing Board members and executive management.

### 3.3 Existing Ownership Structure (as at 18/3/1447H corresponding to 10 September 2025G) before and after Debt Conversion

| Shareholders  | Before Debt Conversion |                     |             | After Debt Conversion |                     |             |
|---|------------------------|---------------------|-------------|-----------------------|---------------------|-------------|
|   | Number of Shares       | Nominal Value (SAR) | Ownership % | Number of Shares      | Nominal Value (SAR) | Ownership % |
| Saudi Research and Media Group ("SRMG")                           | 25,200,000             | 252,000,000         | 42.00%      | 25,200,000            | 252,000,000         | 38.65%      |
| Intellectual Advertising and Media Holding Company <sup>(2)</sup> | 6,300,000              | 63,000,000          | 10.50%      | 6,300,000             | 63,000,000          | 9.66%       |
| Saudi Research and Publishing Company <sup>(2)</sup>              | 4,200,000              | 42,000,000          | 7.00%       | 4,200,000             | 42,000,000          | 6.44%       |
| Scientific Classification Holding Company <sup>(2)</sup>          | 4,200,000              | 42,000,000          | 7.00%       | 4,200,000             | 42,000,000          | 6.44%       |
| Nomou Media Holding Company <sup>(2)</sup>                        | 533,181                | 5,331,810           | 0.89%       | 533,181               | 5,331,810           | 0.82%       |
| Public  | 19,562,188             | 195,621,880         | 32.60%      | 19,562,188            | 195,621,880         | 30.00%      |
| Alinma <sup>(3)</sup>   | -                      | -                   | -           | 2,603,532             | 26,035,320          | 3.99%       |
| Alinma Capital <sup>(3)</sup>                                     | -                      | -                   | -           | 2,603,532             | 26,035,320          | 3.99%       |
| Board Members and Executive Management <sup>(4)</sup>             | 4,631                  | 46,310              | 0.01%       | 4,631                 | 46,310              | 0.01%       |
| <b>Total</b>  | <b>60,000,000</b>      | <b>600,000,000</b>  | <b>100%</b> | <b>65,207,064</b>     | <b>652,070,640</b>  | <b>100%</b> |

2 Subsidiaries of SRMG and are considered to be parties acting in concert collectively owning more than 5% of the share class to be issued.

3 Alinma will keep its shareholding in SPPC through Alinma and Alinma Capital which is a wholly owned subsidiary of Alinma and they are considered to be parties acting in concert collectively owning more than 5% of the share class to be issued.

4 Board members are exempt of the (Public) definitions in the Listing Rules.



### 3.4 Valuation of Debt That Is Subject to the Transaction and the Resulting Share Valuation and Number of Shares to be Issued, the Agreed Debt Conversion Valuation Terms Including Agreed Debt Valuation, and the Resulting Share Valuation and Number of Shares to be Issued

The outstanding debt amounts to one hundred seventy-eight million, one hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (SAR 178,179,968), which includes the principal and accrued profit as of 31 December 2024G. The settlement will take place pursuant to a settlement agreement entered into between SPPC, Alinma and Alinma Capital through the transfer of ownership of two land plots with a total market value of one hundred ten million Saudi Riyals (SAR 110,000,000), based on valuation reports from two separate real estate valuers.

Alinma has covered the real estate transaction tax expenses amounting to five million five hundred thousand Saudi Riyals (SAR 5,500,000). However, the Company will bear these tax expenses as part of the value of the New Shares to be issued, and the corresponding amount has been recorded in the Company's financial statements as a loss.

In addition, the Company will issue New Shares to Alinma and Alinma Capital equivalent to seventy-three million, six hundred seventy-nine thousand, nine hundred sixty-eight Saudi Riyals (SAR 73,679,968), which represents the remaining balance of Alinma Loan along with the real estate transaction tax expenses.

It should be noted that the amount of one hundred and ten million Saudi Riyals (SAR 110,000,000) was agreed upon as an approximation of the average of two independent valuation reports. It is not intended to deliberately match the book value with the market value but rather resulted from a coincidental closeness in estimates. One report valued the first plot of land at sixty-three million Saudi Riyals (SAR 63,000,000) and the second at thirty-nine million and six hundred thousand Saudi Riyals (SAR 39,600,000), totalling one hundred and two million and six hundred thousand Saudi Riyals (SAR 102,600,000). The other report valued both plots at one hundred and sixteen million, one hundred and seven thousand, nine hundred and seventy-seven Saudi Riyals (SAR 116,107,977). The mean of the two valuations is approximately (SAR 109,353,988.5, and it was agreed to round the amount to one hundred and ten million Saudi Riyals (110,000,000) within the framework of the settlement agreement entered into between SPPC, Alinma and Alinma Capital dated 25/4/1446H (corresponding to 28 October 2024G).

The real estate transaction tax, amounting to five million and five hundred thousand Saudi Riyals (SAR 5,500,000), was paid by Alinma, with the Company bearing this cost related to the transfer of the two lands. In other words: the Loans and Murabaha balance has reached SAR 178,179,968 as at 31 December 2024G, which was partially settled through the transfer of two plots of land worth 110,000,000. Under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, the real estate transactions tax expenses amounting to SAR 5,500,000 were initially paid by Alinma, which is to be borne by the Company as part of the land transfer expensed and issuing two million six hundred three thousand five hundred and thirty-two (2,603,532) new ordinary shares to Alinma, and two million six hundred three thousand five hundred and thirty-two (2,603,532) new ordinary shares to Alinma Capital with a nominal value of ten Saudi Riyals (SAR10) per share, in addition to an issuance premium of four Saudi Riyals and fifteen halalas (SAR 4.15), bringing the total to seventy three million six hundred seventy nine thousand nine hundred sixty eight Saudi Riyals (SAR 73,679,968), subject to shareholders approval at the Extraordinary General Assembly. In implementation of the Company's Board of Directors resolution issued on 29 October 2024G, the land plots were transferred and the real estate transactions tax was paid by Alinma.

The share fraction has been cancelled by twelve Saudi Riyals (SAR 12), bringing the amount to be converted into shares to seventy three million six hundred seventy nine thousand nine hundred fifty six Saudi Riyals (SAR 73,679,956).

The following table shows the amount by which SPPC's capital will increase as result of the Debt Conversion using the Agreed Price between SPPC, Alinma and Alinma Capital as per the Debt Conversion Agreement dated 25/04/1446H (corresponding to 28/10/2024G) which is (SAR 14.15) used for the purposes of preparing the pro forma consolidated financial information and determined based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares.

| Creditor<br>(on the Effective Date) | Nature of debt | Due amount to be converted to shares <sup>(5)</sup> | Capital Increase<br>(SAR) <sup>(1)</sup> |
|-------------------------------------|----------------|---|--|
| Alinma                              | loan           | 73,679,956  | 52,070,640                               |

Source: Company or SPPC

(1) The Agreed Price was calculated in accordance with the Settlement Agreement which was used for the purposes of preparing the pro forma consolidated financial information and determined based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares. The total value of the New Shares will be determined based on the closing price of the Company's shares on the exchange the last trading day prior to the date of the Extraordinary General Assembly's approval of the transaction, without resulting in any change in the number of shares to be issued, and the effect will be limited only to the value of the actual issuance premium. The total share value and the increase in the issuance premium may vary substantially. The nominal value of the share is ten Saudi riyals (SAR 10).

5 The share fraction (0.88) was cancelled to round the number of shares to the nearest whole number for the due amount to be converted to shares. The share fraction is 12 riyals.



The following table shows the number of New Shares that will be issued to Alinma and Alinma Capital as a result of the Debt Conversion using the Agreed Price, i.e., fourteen Saudi Riyals and fifteen halalas (SAR 14.15), and which is used for the purposes of preparing the pro forma consolidated financial information. Accordingly, the total issuance amount is seventy-three million, six hundred and seventy-nine thousand, nine hundred and fifty-six (73,679,956) Saudi Riyals. Fifty-two million seventy thousand six hundred and forty Saudi Riyals (SAR 52,070,640) are credited as capital at nominal value (SAR 10 per share), and the remaining twenty one million six hundred nine thousand three hundred and sixteen Saudi Riyals (SAR 21,609,316) are credited as additional paid-up capital (issuance premium).

| Debt owed to Alinma to be converted to New Shares (SAR) <sup>(6)</sup> | Agreed Price <sup>(1)</sup> | Number of New Shares  | Additional Paid-up Capital                 |
|--|-----------------------------|---|--|
| (A)  | (B)                         | (A) / (B) = (C)   | (C) * Nominal value (SAR 10) per share = D |
| 73,679,956   | 14.15                       | 2,603,532 shares for Alinma and 2,603,532 shares for Alinma Capital | 52,070,640                                 |

Source: Company or SPPC

(1) The Agreed Price was calculated in accordance with the Settlement Agreement which was used for the purposes of preparing the pro forma consolidated financial information and determined based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares. The total value of the New Shares will be determined based on the closing price of the Company's shares on the exchange the last trading day prior to the date of the Extraordinary General Assembly's approval of the transaction, without resulting in any change in the number of shares to be issued, and the effect will be limited only to the value of the actual issuance premium. The total share value and the increase in the issuance premium may vary substantially. The nominal value of the share is ten Saudi riyals (SAR 10).

The nominal value of the New Shares is ten Saudi Riyals (SAR 10) per share. The number of New Shares is determined against the debt owed to Alinma by dividing the amount of debt by the Agreed Price as per the Settlement Agreement. Whereas the total value of the New Shares, which will be included in the Company's financial statements, will be determined later based on the closing price of the Company's shares on the exchange the last trading day prior to the date of the Extraordinary General Assembly. The total nominal value of the New Shares is fifty two million seventy thousand six hundred and forty Saudi Riyals (SAR 52,070,640).

The following table illustrates the effect of the Debt Conversion on the share price using the Agreed Price (as per the settlement agreement entered into between the Company, Alinma and Alinma Capital) used for the purposes of preparing the pro forma consolidated financial information:

| Debt to be converted into shares (SAR) <sup>(7)</sup> | Agreed Price <sup>(1)</sup> | Illustrative closing price of the shares at the date of the Extraordinary General Assembly's meeting (SAR) <sup>(8)</sup> | Number of shares to be issued | Capital increase corresponding to New Shares (SAR) | Number of Existing Shares Issued | Total number of issued shares after debt conversion | Market value of SPPC before debt conversion (SAR) | Value of New Shares | Market value of SPPC after debt conversion | Share price after debt conversion (SAR) |
|---|-----------------------------|---|-------------------------------|--|----------------------------------|---|---|---------------------|--|---|
| A   | B                           | C   | A/B=D                         | D x nominal value (SAR 10) per share = E           | F                                | D + F = G   | C x F = H   | C x D = I           | H + I = J                                  | J / G = K                               |
| 73,679,956  | 14.15                       | 15.0  | 5,207,064                     | 52,070,640   | 60,00,000                        | 65,207,064  | 900,000,000                                       | 78,105,960          | 978,105,960                                | 15.0                                    |

Source: Company or SPPC

(1) The Agreed Price was calculated in accordance with the settlement agreement which was used for the purposes of preparing the pro forma consolidated financial information and determined based on the combination of Discounted Cash flows projections and Comparable Company Analysis valuation model of the New Shares. The total value of the New Shares will be determined based on the closing price of the Company's shares on the exchange the last trading day prior to the date of the Extraordinary General Assembly's approval of the transaction, without resulting in any change in the number of shares to be issued, and the effect will be limited only to the value of the actual issuance premium. The total share value and the increase in the issuance premium may vary substantially. The nominal value of the share is ten Saudi riyals (SAR 10).

The current ownership of the public Shareholders, including Substantial Shareholders will decrease after the completion of the Debt Conversion by approximately 8%.

6 The share fraction (0.88) was cancelled to round the number of shares to the nearest whole number for the due amount to be converted to shares. The share fraction is 12 riyals.

7 The share fraction (0.88) was cancelled to round the number of shares to the nearest whole number for the due amount to be converted to shares. The share fraction is 12 riyals.

8 The share price is for illustrative purposes of this table.



The following table illustrates the effect of the Debt Conversion on the ownership of an individual shareholder as indicative, using the Agreed Price (as per the settlement agreement entered into between SPPC, Alinma and Alinma Capital) used for the purposes of preparing the pro forma consolidated financial information:

| Items <sup>(1)</sup>  |                 |            |
|---|-----------------|------------|
| Number of Existing Shares Issued                              | A               | 60,000,000 |
| Number of New Shares Issued                                   | B               | 5,207,064  |
| Total Shares Issued after Debt Conversion                     | A+B=C           | 65,207,064 |
| Number of Shares Owned by the Investor (for illustration)     | D               | 1,000,000  |
| Illustrative Individual Ownership before Debt Conversion (%)  | D/A=E           | 1.67%      |
| Illustrative Individual Ownership after Debt Conversion (%)   | D/C=F           | 1.53%      |
| Effect of Conversion on Illustrative Individual Ownership (%) | [(F/E)-1] × 100 | -8.0%      |
| Number of Shares Owned by the Public                          | G               | 19,562,188 |
| Illustrative Public Ownership before Debt Conversion (%)      | G/A=H           | 32.60%     |
| Illustrative Public Ownership after Debt Conversion (%)       | G/C=I           | 30%        |
| Effect of Conversion on Illustrative Public Ownership (%)     | H-I=J           | 2.60%      |

Source: Company or SPPC

<sup>(1)</sup> The number of shares was determined based on the Agreed Price in accordance with the settlement agreement, which was used for the purposes of preparing the consolidated pro forma, which amounts to (14.15) Saudi Riyals. The total value of the New Shares will be determined based on the closing price of the Company's share on the exchange on the closing price of the Company's share as at the last trading day before the Extraordinary General Assembly of the transaction, without resulting in any change in the number of shares to be issued or the value of the capital increase, and the effect will be limited only to the value of the actual issuance premium. Any difference between the closing price of the Company's shares and the Agreed Price will affect the Company's profit or loss in the period in which the New Shares are issued.

### 3.5 Parties Directly or Indirectly Involved in Debt Conversion

The Debt Conversion does not involve transactions with any direct or indirect Related Parties.

### 3.6 Proposed Duration for Debt Conversion

The following table shows the proposed duration and significant steps of the Debt Conversion:

| Proposed Duration for Debt Conversion  |  |
|--|--|
| Event  | Date   |
| <b>1. Required procedures related to the Extraordinary General Assembly meeting held to vote on increasing the Company's capital through debt conversion</b>   |  |
| Obtain the approval of the CMA in relation to the application for registering and offering new shares  | 11/07/1447H (corresponding to 31 December 2025G)   |
| Invite SPPC's Extraordinary General Assembly to meet to vote on increasing SPPC's capital through debt conversion (provided that the second meeting of the Assembly will be convened one hour after the time set for the first meeting ends if the quorum is not satisfied), and to publish the invitation via the Saudi Stock Exchange website. | 29/07/1447H (corresponding to 18 January 2026G)  |
| Publish the Shareholder Circular.  | 02/08/1447H (corresponding to 21 January 2026G)  |
| Make the relevant documents available for inspection.  | From 09:00 AM to 5:00 PM from 29/07/1447H (corresponding to 18 January 2026G) until the date of holding the Company's EGM relating to the Conversion |
| Allow a period of time during which SPPC's Shareholders can vote on the Debt Conversion using modern technological means   | 02/08/1447H (corresponding to 21 January 2026G)  |
| Convene SPPC's Extraordinary General Assembly meeting.   | 20/08/1447H (corresponding to 8 February 2026G)  |
| Announce the results of SPPC's Extraordinary General Assembly meeting or failure to convene the meeting (in case that the quorum is not satisfied).  | 21/08/1447H (corresponding to 9 February 2026G)  |



| Proposed Duration for Debt Conversion   |   |
|---|---|
| Event   | Date  |
| <b>2. Procedures required to be adopted in case that the quorum is not met for the first Extraordinary General Assembly meeting to vote on SPPC's capital increase through debt conversion</b>  |   |
| Convene the second meeting of the Extraordinary General Assembly (the quorum will be deemed satisfied in case the Shareholders present represent at least 25% of SPPC's capital).               | One hour after the end of the period set for the first EGM, in which the quorum was not reached.                                      |
| Publish the decisions taken during the second Extraordinary General Assembly meeting by SPPC.   | Not Applicable.   |
| <b>3. Procedures required to be adopted in case that the quorum is not met for the second Extraordinary General Assembly meeting to vote on SPPC's capital increase through debt conversion</b> |   |
| Obtain the CMA approval to convene the third meeting of SPPC's Extraordinary General Assembly (in case that the quorum in the first and second meetings is not satisfied).                      | Not Applicable.   |
| Call to convene a third meeting of SPPC's Extraordinary General Assembly (in case that the quorum in the first and second meetings is not satisfied).   | Not Applicable.   |
| Allow a period of time during which SPPC's Shareholders can vote on the Debt Conversion using electronic means in the Extraordinary General Assembly (third meeting)                            | Not Applicable.   |
| Convene the third meeting of SPPC's Extraordinary General Assembly (the third meeting shall be deemed valid regardless of the number of shares represented therein).                            | Not Applicable.   |
| Publish of the results of the third SPPC Extraordinary General Assembly meeting by SPPC.  | Not Applicable.   |
| <b>4. Procedures required to be adopted in case of the Extraordinary General Assembly's approval of SPPC's capital increase through debt conversion</b>   |   |
| Provide the CMA with a copy of the Extraordinary General Assembly meeting minutes.  | Within ten (10) business days from the date of approval of the Conversion by the EGM. 20/08/1447H (corresponding to 8 February 2026G) |
| Publish any amendments of the Bylaws via the portal of the Ministry of Commerce before amending the Bylaws officially with the Ministry of Commerce.  | Within seven (7) business days of the date of the EGM's approval of the Conversion. 20/08/1447H (corresponding to 8 February 2026G)   |
| Issue and register SPPC's New Shares and list them on the Exchange.   | 22/08/1447H (corresponding to 10 February 2026G)  |
| Amend SPPC's Bylaws and Commercial Registration.  | Within three (3) calendar weeks of the EGM's approval of the Conversion. 20/08/1447H (corresponding to 8 February 2026G)              |





## 4. Financial Information



The “**Financial Information**” section should be read in conjunction with SPPC’s pro forma consolidated financial information for the nine (9) month period ending on 30 September 2025G and the financial year ended on 31 December 2024G and the 2022G, 2023G, 2024G financial statements and the confirmation report of the independent practitioner on the unified hypothetical financial information of the Company, which are included in this Circular.

Neither the Auditor nor any of its employees (forming part of the engagement team serving the Company) and the relatives of these employees has shares or interests of any kind in SPPC or SPPC’s Subsidiaries in a manner which would impair their independence. As at the date of this Circular, the Auditors Ernst & Young Professional Services for the financial years 2022G, 2023G, 2024G and the nine (9) months period ending on 30 September 2025G and the limited assurance report, and Baker Tilly Professional Services for the pro forma consolidated financial information for the nine (9) month period ending 30 September 2025G and financial year 2024G have provided, and not withdrawn, their written consent to the reference to its role as SPPC’s Auditors for the financial years ended 31 December 2022G, 2023G, 2024G and the nine (9) months period ending 30 September 2025G, and the confirmation report of the independent practitioner on the unified hypothetical financial information of the Company.

The pro forma consolidated financial information has been prepared by SPPC’s Management to demonstrate the impact on the 2024G financial statements and the nine (9) months period ending on 30 September 2025G as a result of Debt Conversion as if the conversion had taken place on 1 January 2024G, together with the resulting adjustments during the rest of the financial year ended 31 December 2025G. The pro forma consolidated financial information has been prepared based on the Agreed Price as per the Settlement Agreement of fourteen Saudi Riyals and fifteen halalas (SAR 14.15) for illustrative purposes only. The pro forma adjustments are based on the assumptions set out in the notes attached to the pro forma consolidated financial information. It should be noted that such information does not reflect the Group’s actual financial results or financial position and does not give any indication of the results and future financial position of the Group’s activities upon the completion of the above-mentioned conversion. The total value of the New Shares will be determined based on the closing price of the Company’s share on the exchange on the closing price of the Company’s share as at the last trading day before the Extraordinary General Assembly of the transaction, without resulting in any change in the number of shares to be issued or the value of the capital increase, and the effect will be limited only to the value of the actual issuance premium. The total shares value and the increase in the issuance premium may vary substantially. Any difference between the closing price of the Company’s shares and the Agreed Price will affect the Company’s profit or loss in the period in which the New Shares are issued.

### 4.1 Comparison between The Pro-forma and Audited Results of Operations of Debt Conversion

#### 4.1.1 Consolidated Statement of Financial Position

The following table sets out a comparison between the audited and pro forma consolidated statement of financial position as of September 30, 2025G and financial year ended 31 December 2024G:

| SAR                            | As at 30 September 2025G |              |             | As at 31 December 2024G |              |             |
|--------------------------------|--------------------------|--------------|-------------|-------------------------|--------------|-------------|
|                                | 2025G                    | Adjust-ments | 2025G       | 2024G                   | Adjust-ments | 2024G       |
|                                | (Unaudited)              | Pro forma    | (Pro forma) | (Audited)               | Pro forma    | (Pro forma) |
| <b>ASSETS</b>                  |                          |              |             |                         |              |             |
| <b>Non-current assets</b>      |                          |              |             |                         |              |             |
| Property, plant and equipment  | 454,481,080              | -            | 454,481,080 | 499,348,495             | -            | 499,348,495 |
| Intangible assets and goodwill | 285,336,468              | -            | 285,336,468 | 285,450,901             | -            | 285,450,901 |
| Investment properties          | 5,925,614                | -            | 5,925,614   | 6,172,582               | -            | 6,172,582   |
| Right-of-use assets            | 3,560,133                | -            | 3,560,133   | 4,520,608               | -            | 4,520,608   |
| Long-term trade receivables    | 394,723                  | -            | 394,723     | 1,863,796               | -            | 1,863,796   |



| SAR                                  | As at 30 September 2025G |             |                      | As at 31 December 2024G |             |                      |
|--------------------------------------|--------------------------|-------------|----------------------|-------------------------|-------------|----------------------|
|                                      | 2025G                    | Adjustments | 2025G                | 2024G                   | Adjustments | 2024G                |
|                                      | (Unaudited)              | Pro forma   | (Pro forma)          | (Audited)               | Pro forma   | (Pro forma)          |
| Derivative assets                    | -                        | -           | -                    | 3,298,256               | -           | 3,298,256            |
| Deferred tax assets                  | 5,250,976                | -           | 5,250,976            | 5,250,976               | -           | 5,250,976            |
| <b>Total non-current assets</b>      | <b>754,948,994</b>       | <b>-</b>    | <b>754,948,994</b>   | <b>805,905,614</b>      | <b>-</b>    | <b>805,905,614</b>   |
| <b>Current assets</b>                |                          |             |                      |                         |             |                      |
| Inventories                          | 114,753,392              | -           | 114,753,392          | 149,934,163             | -           | 149,934,163          |
| Trade receivables                    | 151,990,163              | -           | 151,990,163          | 186,756,189             | -           | 186,756,189          |
| Prepayments and other current assets | 22,683,446               | -           | 22,683,446           | 35,104,885              | -           | 35,104,885           |
| Cash and cash equivalents            | 20,017,056               | -           | 20,017,056           | 29,780,375              | -           | 29,780,375           |
| <b>Total current assets</b>          | <b>309,444,057</b>       | <b>-</b>    | <b>309,444,057</b>   | <b>401,575,612</b>      | <b>-</b>    | <b>401,575,612</b>   |
| <b>Total assets</b>                  | <b>1,064,393,051</b>     | <b>-</b>    | <b>1,064,393,051</b> | <b>1,207,481,226</b>    | <b>-</b>    | <b>1,207,481,226</b> |

| SAR                                     | As at 30 September 2025G |                   |                    | As at 31 December 2024G |                   |                    |
|---|--------------------------|-------------------|--------------------|-------------------------|-------------------|--------------------|
|   | 2025G                    | Adjustments       | 2025G              | 2024G                   | Adjustments       | 2024G              |
|   | (Unaudited)              | Pro forma         | (Pro forma)        | (Audited)               | Pro forma         | (Pro forma)        |
| <b>EQUITY AND LIABILITIES</b>           | <b>-</b>                 | <b>-</b>          | <b>-</b>           | <b>-</b>                | <b>-</b>          | <b>-</b>           |
| <b>Equity</b>                           | <b>-</b>                 | <b>-</b>          | <b>-</b>           | <b>-</b>                | <b>-</b>          | <b>-</b>           |
| Share capital                           | 600,000,000              | 52,070,640        | 652,070,640        | 600,000,000             | 52,070,640        | 652,070,640        |
| Share premium                           | -                        | 21,609,316        | 21,609,316         | -                       | 21,609,316        | 21,609,316         |
| Contractual reserve                     | 2,909,935                | -                 | 2,909,935          | 2,909,935               | -                 | 2,909,935          |
| Accumulated losses                      | (417,198,275)            | -                 | (417,198,275)      | (321,109,835)           | -                 | (321,109,835)      |
| Other reserve                           | (324,272)                | -                 | (324,272)          | (386,517)               | -                 | (386,517)          |
| <b>Total equity</b>                     | <b>185,378,388</b>       | <b>73,679,956</b> | <b>259,067,344</b> | <b>281,413,582</b>      | <b>73,679,956</b> | <b>355,093,539</b> |
| <b>Non-current liabilities</b>          |                          |                   |                    |                         |                   |                    |
| Loans and Murabaha and shareholder loan | 160,393,491              | -                 | 160,393,491        | 155,212,043             | -                 | 155,212,043        |
| Employees' defined benefit liability    | 27,804,389               | -                 | 27,804,389         | 30,667,909              | -                 | 30,667,909         |
| Lease liabilities                       | 3,658,566                | -                 | 3,658,566          | 4,141,658               | -                 | 4,141,658          |
| Trade payables                          | 1,369,976                | -                 | 1,369,976          | 1,647,745               | -                 | 1,647,745          |
| <b>Total NON-current liabilities</b>    | <b>193,226,422</b>       | <b>-</b>          | <b>193,226,422</b> | <b>191,669,355</b>      | <b>-</b>          | <b>191,669,355</b> |
| <b>Current liabilities</b>              |                          |                   |                    |                         |                   |                    |
| Trade payables                          | 110,472,994              | -                 | 110,472,994        | 144,179,514             | -                 | 144,179,514        |
| Accrued expenses and other liabilities  | 36,549,789               | -                 | 36,549,789         | 28,772,303              | -                 | 28,772,303         |
| Loans and Murabaha                      | 482,588,496              | (73,679,956)      | 408,908,540        | 497,878,818             | (73,679,956)      | 424,198,862        |
| Lease liability                         | 346,896                  | -                 | 346,896            | 750,180                 | -                 | 750,180            |
| Due to a related party                  | 44,467,000               | -                 | 44,467,000         | 43,594,808              | -                 | 43,594,808         |



| SAR                                 | As at 30 September 2025G |                     |                      | As at 31 December 2024G |                     |                      |
|-------------------------------------|--------------------------|---------------------|----------------------|-------------------------|---------------------|----------------------|
|                                     | 2025G                    | Adjustments         | 2025G                | 2024G                   | Adjustments         | 2024G                |
|                                     | (Unaudited)              | Pro forma           | (Pro forma)          | (Audited)               | Pro forma           | (Pro forma)          |
| Dividends payable                   | 697,151                  | -                   | 697,151              | 697,151                 | -                   | 697,151              |
| Provision for Zakat                 | 10,656,915               | -                   | 10,656,915           | 18,525,514              | -                   | 18,525,514           |
| <b>Total current liabilities</b>    | <b>685,779,241</b>       | <b>(73,679,956)</b> | <b>612,099,285</b>   | <b>734,398,288</b>      | <b>(73,679,956)</b> | <b>660,718,332</b>   |
| <b>Total liabilities</b>            | <b>879,005,663</b>       | <b>(73,679,956)</b> | <b>805,325,707</b>   | <b>926,067,643</b>      | <b>(73,679,956)</b> | <b>852,378,678</b>   |
| <b>Total equity and liabilities</b> | <b>1,064,393,051</b>     | <b>-</b>            | <b>1,064,393,051</b> | <b>1,207,481,226</b>    | <b>-</b>            | <b>1,207,481,226</b> |

\* Calculation of pro forma share premium

|  |            |
|--|------------|
| Historical share premium as at 31 December 2024G and 30 September 2025G (SAR)                                | -          |
| Pro forma issuance of new shares with a hypothetical issue price of SAR 14.15 per share (5,207,064.15*14.15) | 21,609,316 |
| Pro forma share premium as at 31 December 2024G and 30 September 2025G (SAR)                                 | 21,609,316 |

## Share Capital

The capital increased from SAR 600,000,000 to SAR 652,070,640 as of 30 September 2025G (31 December 2024G: from SAR 600,000,000 to SAR 652,070,640) as a result of issuing 5,207,064 New Shares as of 30 September 2025G (31 December 2024G: 5,207,064) in the amount of SAR 52,070,640 as of 30 September 2025G (31 December 2024G: SAR 52,070,640), based on the nominal value of ten Saudi Riyals (SAR 10) per share against the debt conversion. However, as per the Settlement Agreement the agreed Price between SPPC and Alinma is SAR 14.15 which would effectively result in 5,207,064 new shares.

## Accumulated Losses

Accumulated losses increased by SAR 96,088,440 as of 30 September 2025G from SAR 321,109,835 representing 53.5% of SPPC's capital pre-Debt Conversion to SAR 417,198,275 representing 69.5% SPPC's capital pre-Debt Conversion and 63.9% of SPPC's capital post Debt Conversion due to an increase in the net loss for the period that resulted from the disposal of property, plant and equipment.

## Liabilities and Short Term Loans

The converted debt is part of the current portion of short term loans amounting to SAR 482,588,496 as of 30 September 2025G (31 December 2024G: SAR 497,878,818) which were effectively reduced by the converted debt amount of SAR 73,679,956 as of 30 September 2025G (31 December 2024G: SAR 73,679,956), and thus reached SAR 408,908,540 as of 30 September 2025G (31 December 2024G: SAR 424,198,862).



## 4.1.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following table sets out a comparison between the audited and pro forma consolidated statement of profit or loss and other comprehensive income for the nine-month ended 30 September 2025G and financial year ended 31 December 2024G.

| SAR   | As at 30 September 2025G |             |                     | As at 31 December 2024G |             |                      |
|---|--------------------------|-------------|---------------------|-------------------------|-------------|----------------------|
|   | 9 months                 | Adjustments | 9 months            | 2024G                   | Adjustments | 2024G                |
|   | (Not Reviewed)           | Pro forma   | (Pro forma)         | (Audited)               | Pro forma   | (Pro forma)          |
| Revenue   | 457,328,441              | -           | 457,328,441         | 721,196,233             | -           | 721,196,233          |
| Cost of revenue   | (434,196,335)            | -           | (434,196,335)       | (685,457,221)           | -           | (685,457,221)        |
| <b>Gross profit</b>   | <b>23,132,106</b>        | -           | <b>23,132,106</b>   | <b>35,739,012</b>       | -           | <b>35,739,012</b>    |
| Selling, marketing and distribution expenses  | (25,497,273)             | -           | (25,497,273)        | (33,202,646)            | -           | (33,202,646)         |
| General and administrative expenses   | (51,482,492)             | -           | (51,482,492)        | (67,297,339)            | -           | (67,297,339)         |
| Impairment of trade receivables   | (2,039,044)              | -           | (2,039,044)         | (10,800,838)            | -           | (10,800,838)         |
| Impairment of other property, plant and equipment   | (5,041,987)              | -           | (5,041,987)         | (25,935,182)            | -           | (25,935,182)         |
| Write-off inventory   | -                        | -           | -                   | (4,526,288)             | -           | (4,526,288)          |
| Goodwill impairment   | -                        | -           | -                   | (50,000,000)            | -           | (50,000,000)         |
| <b>Operating (loss) /profit</b>   | <b>(60,928,690)</b>      | -           | <b>(60,928,690)</b> | <b>(156,023,281)</b>    | -           | <b>(156,023,281)</b> |
| Other income  | (25,497,273)             | -           | (25,497,273)        | (33,202,646)            | -           | (33,202,646)         |
| Finance costs   | (51,482,492)             | -           | (51,482,492)        | (67,297,339)            | -           | (67,297,339)         |
| <b>Loss before Zakat from operations</b>  | <b>(95,888,440)</b>      | -           | <b>(95,888,440)</b> | <b>(215,327,793)</b>    | -           | <b>(215,327,793)</b> |
| Zakat and income tax expense  | (200,000)                | -           | (200,000)           | (4,085,234)             | -           | (4,085,234)          |
| <b>Loss for the period</b>  | <b>(96,088,440)</b>      | -           | <b>(96,088,440)</b> | <b>(219,413,027)</b>    | -           | <b>(219,413,027)</b> |
| <b>Other comprehensive income:</b>  |                          |             |                     |                         |             |                      |
| <b>Items that may be reclassified to profit or loss</b>                                   |                          |             |                     |                         |             |                      |
| Exchange differences on translation of foreign operations                                 | 62,245                   | -           | 62,245              | 33,422                  | -           | 33,422               |
| <b>Items that will not be reclassified to profit or loss</b>                              |                          |             |                     |                         |             |                      |
| Remeasurement of employees' defined benefit liability                                     | -                        | -           | -                   | (651,308)               | -           | (651,308)            |
| <b>Other comprehensive loss / income</b>  | -                        | -           | -                   | <b>(651,308)</b>        | -           | <b>(651,308)</b>     |
| <b>Other comprehensive (loss) /income for the year</b>                                    | <b>62,245</b>            | -           | <b>62,245</b>       | <b>(617,886)</b>        | -           | <b>(617,886)</b>     |
| <b>Total comprehensive loss</b>   | <b>(96,026,195)</b>      | -           | <b>(96,026,195)</b> | <b>(220,030,913)</b>    | -           | <b>(220,030,913)</b> |
| <b>Earnings per share</b>   |                          |             |                     |                         |             |                      |
| Basic and diluted loss per share attributed to shareholders of the Company <sup>(9)</sup> | (1,60)                   | 0.13        | (1,47)              | (3,66)                  | 0.29        | (3,36)               |

<sup>9</sup> The underlying and reduced share loss accruing to the Company's shareholders was calculated by dividing the loss for the year excluding other comprehensive income by the number of ordinary shares of the Company.



### 4.1.3 Consolidated Cash Flow Statement

The following table sets out a comparison between the audited and pro forma consolidated statement of cash flows for the nine-month ended 30 September 2025G and financial year ended 31 December 2024G.

| SAR  | As at 30 September 2025G |             |                     | As at 31 December 2024G |             |                     |
|--|--------------------------|-------------|---------------------|-------------------------|-------------|---------------------|
|  | 9 months                 | Adjustments | 9 months            | 2024G                   | Adjustments | 2024G               |
|  | (Noy Reviewed)           | Pro forma   | (Pro forma)         | (Audited)               | Pro forma   | (Pro forma)         |
| <b>Operating Activities</b>                              |                          |             |                     |                         |             |                     |
| Loss before zakat and income tax                         | (95,888,440)             | -           | (95,888,440)        | (215,327,793)           | -           | (215,327,793)       |
| <b>Adjustments for non-cash items:</b>                   |                          |             |                     |                         |             |                     |
| Finance costs  | 34,600,401               | -           | 34,600,401          | 60,686,552              | -           | 60,686,552          |
| Depreciation and amortisation                            | 38,359,551               | -           | 38,359,551          | 59,142,618              | -           | 59,142,618          |
| Impairment of non-current assets                         | 5,041,987                | -           | 5,041,987           | 75,935,182              | -           | 75,935,182          |
| Impairment of trade receivables                          | 2,039,044                | -           | 2,039,044           | 10,345,065              | -           | 10,345,065          |
| Loss from derivative asset                               | 800,427                  | -           | 800,427             | 4,348,159               | -           | 4,348,159           |
| Provision for obsolete and slow-moving inventory         | 422,977                  | -           | 422,977             | 2,558,020               | -           | 2,558,020           |
| Provision for employees' defined-benefit liability       | 3,515,903                | -           | 3,515,903           | 4,847,426               | -           | 4,847,426           |
| Gain from lease termination                              | (52,455)                 | -           | (52,455)            | -                       | -           | -                   |
| Loss from disposal of property, plant & equipment        | 3,736,360                | -           | 3,736,360           | 97,389                  | -           | 97,389              |
|  | <b>(7,424,245)</b>       | -           | <b>(7,424,245)</b>  | <b>2,632,618</b>        | -           | <b>2,632,618</b>    |
| <b>Change in working capital:</b>                        |                          |             |                     |                         |             |                     |
| Inventories  | 34,757,794               | -           | 34,757,794          | 38,944,091              | -           | 38,944,091          |
| Trade receivables and prepayments                        | 40,447,280               | -           | 40,447,280          | 14,699,577              | -           | 14,699,577          |
| Trade payables and accruals                              | (26,206,803)             | -           | (26,206,803)        | 16,995,688              | -           | 16,995,688          |
| Due to a related party                                   | 872,192                  | -           | 872,192             | 3,018,259               | -           | 3,018,259           |
|  | <b>42,446,218</b>        | -           | <b>42,446,218</b>   | <b>76,290,233</b>       | -           | <b>76,290,233</b>   |
| Employees' defined-benefit liability paid                | (6,379,423)              | -           | (6,379,423)         | (11,441,134)            | -           | (11,441,134)        |
| Zakat and income tax paid                                | (1,898,385)              | -           | (1,898,385)         | -                       | -           | -                   |
| <b>Net cash flows from operating activities</b>          | <b>34,168,410</b>        | -           | <b>34,168,410</b>   | <b>64,849,099</b>       | -           | <b>64,849,099</b>   |
| <b>Investing Activities</b>                              |                          |             |                     |                         |             |                     |
| Acquisition of property, plant & equipment               | (7,159,604)              | -           | (7,159,604)         | (25,388,452)            | -           | (25,388,452)        |
| Additions to intangible assets                           | (19,478)                 | -           | (19,478)            | -                       | -           | -                   |
| Proceeds from disposal of property, plant & equipment    | 6,374,743                | -           | 6,374,743           | 25,406,450              | -           | 25,406,450          |
| <b>Net cash flows used in investing activities</b>       | <b>(804,339)</b>         | -           | <b>(804,339)</b>    | <b>17,998</b>           | -           | <b>17,998</b>       |
| <b>Financing Activities</b>                              |                          |             |                     |                         |             |                     |
| Proceeds from loans and murabaha                         | 404,417,040              | -           | 404,417,040         | 1,968,112,298           | -           | 1,968,112,298       |
| Repayment of loans and murabaha                          | (417,439,109)            | -           | (417,439,109)       | (1,975,945,079)         | -           | (1,975,945,079)     |
| Finance costs paid                                       | (31,531,984)             | -           | (31,531,984)        | (61,564,884)            | -           | (61,564,884)        |
| Payment of lease liabilities                             | (1,133,411)              | -           | (1,133,411)         | (2,074,053)             | -           | (2,074,053)         |
| Proceeds from termination of derivative instrument       | 2,497,829                | -           | 2,497,829           | -                       | -           | -                   |
| <b>Net cash flows used in financing activities</b>       | <b>(43,189,635)</b>      | -           | <b>(43,189,635)</b> | <b>(71,471,718)</b>     | -           | <b>(71,471,718)</b> |
| Net change in cash and cash equivalents                  | (9,825,564)              | -           | (9,825,564)         | (6,604,621)             | -           | (6,604,621)         |
| Net foreign currency translation differences             | 62,245                   | -           | 62,245              | 33,422                  | -           | 33,422              |
| Cash and cash equivalents at the beginning of the period | 19,987,532               | -           | 19,987,532          | 26,558,722              | -           | 26,558,722          |



| SAR   | As at 30 September 2025G |              |                   | As at 31 December 2024G |              |                   |
|---|--------------------------|--------------|-------------------|-------------------------|--------------|-------------------|
|   | 9 months                 | Adjust-ments | 9 months          | 2024G                   | Adjust-ments | 2024G             |
|   | (Noy Reviewed)           | Pro forma    | (Pro forma)       | (Audited)               | Pro forma    | (Pro forma)       |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>10,224,204</b>        | -            | <b>10,224,204</b> | <b>19,987,523</b>       | -            | <b>19,987,523</b> |
| <b>Other comprehensive loss / income</b>                        | -                        | -            | -                 | <b>(651,308)</b>        | -            | <b>(651,308)</b>  |
| <b>Non-Cash Transactions:</b>                                   |                          |              |                   |                         |              |                   |
| Loans converted into equity                                     | -                        | -            | -                 | -                       | 73,679,956   | 73,679,956        |
| Other   | 6,552,535                | -            | 6,552,535         | 122,146,048             | -            | 122,146,048       |

## 4.2 KPIs

The following table shows a comparison between SPPC's KPIs based on the consolidated financial statements and pro forma financial information for the nine-months ended 30 September 2025G and financial year ended 31 December 2024G.

|   | 31 Dec 2024G<br>(Audited) | 30 Sep 2025G<br>(Reviewed) | 31 Dec 2024G<br>(Pro forma) | 30 Sep 2025G<br>(Pro forma) |
|---|---------------------------|----------------------------|-----------------------------|-----------------------------|
| Gross profit (loss) margin (%) <sup>(1)</sup>             | 4.96%                     | 5.06%                      | 4.96%                       | 5.06%                       |
| Net profit (loss) margin (%) <sup>(2)</sup>               | (30.42%)                  | (21.01%)                   | (30.42%)                    | (21.01%)                    |
| ROA <sup>(3)</sup>  | (18.17%)                  | (9.03%)                    | (18.17%)                    | (9.03%)                     |
| ROE <sup>(4)</sup>  | (77.97%)                  | (51.83%)                   | (61.79%)                    | (37.09%)                    |
| Ratio of long-term loans to equity (times) <sup>(5)</sup> | 2.32                      | 3.47                       | 1.63                        | 2.20                        |

Source: The 2024G financial statements, and SPPC's pro forma consolidated financial information for the nine month period ended on 30 September 2025G and financial year ended 31 December 2024G.

- (1) Gross profit (loss) margin is calculated by dividing gross profit (loss) by revenue.
- (2) Net profit (loss) margin is calculated by dividing the net profit (loss) for the year by the revenue.
- (3) ROA is calculated by dividing the net profit (loss) for the year by total assets.
- (4) ROE is calculated by dividing the net profit (loss) for the year by total equity.
- (5) Ratio of loans to total equity is calculated by dividing the total loans by the total equity.

The following table shows a comparison between SPPC's KPIs for working capital based on the consolidated financial statements and pro forma financial information for the nine-months ended 30 September 2025G and financial year ended 31 December 2024G.

|   | 31 Dec 2024G<br>(Audited) | 30 Sep 2025G<br>(Reviewed) | 31 Dec 2024G<br>(Pro forma) | 30 Sep 2025G<br>(Pro forma) |
|---|---------------------------|----------------------------|-----------------------------|-----------------------------|
| Working capital as a percentage of net loss for the year (%) <sup>(1)</sup> | (82%)                     | (136%)                     | (82%)                       | (136%)                      |
| Days inventory outstanding (days) <sup>(2)</sup>                            | 80                        | 96                         | 80                          | 96                          |
| Days receivables outstanding (days) <sup>(3)</sup>                          | 95                        | 121                        | 95                          | 121                         |
| Days payable outstanding (days) <sup>(4)</sup>                              | 77                        | 93                         | 77                          | 93                          |
| Current ratio (times) <sup>(5)</sup>  | 0.55                      | 0.45                       | 0.61                        | 0.51                        |

Source: The 2024G financial statements, and SPPC's pro forma consolidated financial information for the nine month period ended on 30 September 2025G and financial year ended 31 December 2024G.

- (1) Working capital is calculated as a percentage of net annual loss by dividing working capital (total current assets (excluding cash and cash equivalents) less total current liabilities (excluding current portion of loans, short-term loans, and lease liabilities and outstanding sums to related entities) by the net loss for the year.
- (2) Days inventory outstanding are calculated by dividing the balance of inventory by the cost of revenue multiplied by 365 days.
- (3) Days trade receivables outstanding are calculated by dividing the net trade receivables by revenue multiplied by 365 days.
- (4) Days trade payables outstanding are calculated by dividing the net trade payables by cost of revenue multiplied by 365 days.
- (5) The current ratio is calculated by dividing the total current assets by the total current liabilities.



As of 30 September 2025G, SPPC's current liabilities exceeded SPPC's current assets by SAR 376.3 million (31 December 2024G: SAR 332.8 million). This was reflected in the working capital ratio of the net loss for the period above. Debt conversion affected working capital, given current liabilities decreased as a result of the conversion of the Alinma debt into equity, which led to the current ratio to increase from 0.45 time to 0.51 time as of 30 September 2025G (31 December 2024G: 0.55 times to 0.61 times).

### 4.3 Earnings Per Share Accretion/Dilution Analysis

The following table shows the loss per share for the financial year ended 31 December 2024G and the Nine month period ended 30 September 2025G and the Debt Conversion's effect on it.

|  | 31 Dec 2024G<br>(Audited) | 30 Sep 2025G<br>(Reviewed) | 31 Dec 2024G<br>(Pro forma) | 30 Sep 2025G<br>(Pro forma) |
|--|---------------------------|----------------------------|-----------------------------|-----------------------------|
| Loss attributable to holders of ordinary shares in the Parent Company (SAR)      | (219,413,027)             | (96,088,440)               | (219,413,027)               | (96,088,440)                |
| Weighted average number of ordinary shares                                       | 60,000,000                | 60,000,000                 | 65,207,064                  | 65,207,064                  |
| Basic and diluted loss per share attributed to shareholders of the Company (SAR) | (3.66)                    | (1.60)                     | (3.36)                      | (1.47)                      |

Source: The 2024G financial statements, and SPPC's pro forma consolidated financial information for the financial year ended 31 December 2024G and nine-months ended 30 September 2025G.

### 4.4 Evolution of SPPC's Share Price

The following figure and table show the evolution of SPPC's share price during one year prior to SPPC's submission of the application for registration and offer of its securities to CMA, from November 1, 2024G to November 30, 2025G.



Source: Tadawul

| Year   | 2024G |       | 2025G |       |       |       |       |       |      |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| Month  | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul  | Aug   | Sep   | Oct   | Nov   |
| Average price during the month (SAR)                 | 9.5   | 10.6  | 11.1  | 11.9  | 12.7  | 10.8  | 11.8  | 11.2  | 10.9 | 12.4  | 12.6  | 12.5  | 13.4  |
| Average total trading volume during the month ('000) | 214.6 | 527.7 | 334.7 | 702.2 | 529.5 | 373.4 | 618.4 | 738.0 | 55.6 | 125.8 | 152.5 | 103.0 | 204.3 |



## 4.5 Summary of the audited financial statements for the financial years ended 31 December 2022G, 2023G and 2024G and the condensed consolidated preliminary financial statements for the nine-month period ended 30 September 2025G.

### 4.5.1 Consolidated Statement of Financial Position

| SAR  | 31 December 2022G    | 31 December 2023G    | 31 December 2024G    | 30 September 2025G   |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                                  |                      |                      |                      |                      |
| <b>Non-current assets</b>                      |                      |                      |                      |                      |
| Property, plant and equipment                  | 717,465,759          | 673,423,675          | 499,348,495          | 454,481,080          |
| Intangible assets and goodwill                 | 370,835,914          | 335,632,092          | 285,450,901          | 285,336,468          |
| Investment properties                          | 25,643,501           | 25,314,211           | 6,172,582            | 5,925,614            |
| Right-of-use assets                            | 4,909,729            | 5,572,031            | 4,520,608            | 3,560,133            |
| Non-current trade receivables                  | 9,356,428            | 5,658,536            | 1,863,796            | 394,723              |
| Non-current derivative assets                  | 8,665,937            | 7,646,415            | 3,298,256            | -                    |
| Deferred tax assets                            | -                    | -                    | 5,250,976            | 5,250,976            |
| <b>Total non-current assets</b>                | <b>1,136,877,268</b> | <b>1,053,246,960</b> | <b>805,905,614</b>   | <b>754,948,994</b>   |
| <b>Current assets</b>                          |                      |                      |                      |                      |
| Inventories                                    | 265,787,671          | 191,436,274          | 149,934,163          | 114,753,392          |
| Trade receivables                              | 262,316,040          | 210,784,640          | 186,756,189          | 151,990,163          |
| Prepayments and other current assets           | 37,699,739           | 32,326,336           | 35,104,885           | 22,683,446           |
| Cash and cash equivalents                      | 38,781,183           | 36,351,574           | 29,780,375           | 20,017,056           |
| <b>Total current assets</b>                    | <b>604,584,633</b>   | <b>470,898,824</b>   | <b>401,575,612</b>   | <b>309,444,057</b>   |
| <b>Total assets</b>                            | <b>1,741,461,901</b> | <b>1,524,145,784</b> | <b>1,207,481,226</b> | <b>1,064,393,051</b> |
| <b>EQUITY AND LIABILITIES</b>                  |                      |                      |                      |                      |
| <b>Equity</b>                                  |                      |                      |                      |                      |
| Share capital                                  | 600,000,000          | 600,000,000          | 600,000,000          | 600,000,000          |
| Statutory reserve                              | 78,639,385           | -                    | -                    | 2,909,935            |
| Contractual reserve                            | 30,105,326           | 2,909,935            | 2,909,935            | -                    |
| Accumulated losses                             | (70,396,120)         | (101,045,500)        | (321,109,835)        | (417,198,275)        |
| Other reserve                                  | (408,259)            | (419,939)            | (386,517)            | (324,272)            |
| <b>Total equity</b>                            | <b>637,940,332</b>   | <b>501,444,496</b>   | <b>281,413,583</b>   | <b>185,387,388</b>   |
| <b>Non-current liabilities</b>                 |                      |                      |                      |                      |
| Loans and Murabaha                             | 332,302,893          | 177,652,688          | 155,212,043          | 125,080,484          |
| Shareholder Loan                               | -                    | -                    | -                    | 35,313,007           |
| Employees' defined benefit liability           | 32,104,684           | 35,322,559           | 30,667,909           | 27,804,389           |
| Lease liabilities                              | 3,868,890            | 4,473,986            | 4,141,658            | 3,658,566            |
| Trade payables                                 | -                    | -                    | 1,647,745            | 1,369,976            |
| <b>Total Non-current liabilities</b>           | <b>368,276,467</b>   | <b>217,449,233</b>   | <b>191,669,355</b>   | <b>193,226,422</b>   |
| <b>Current liabilities</b>                     |                      |                      |                      |                      |
| Trade payables                                 | 149,219,291          | 129,609,000          | 144,179,514          | 110,472,994          |
| Accrued expenses and other current liabilities | 23,920,099           | 22,494,874           | 28,772,303           | 36,549,789           |
| Loans and Murabaha                             | 486,469,540          | 595,760,604          | 497,878,818          | 482,588,496          |
| Current portion of lease liability             | 1,252,773            | 1,424,573            | 750,180              | 346,896              |
| Due to related parties                         | 61,186,551           | 40,576,549           | 43,594,808           | 44,467,000           |
| Dividends payable                              | 697,151              | 697,151              | 697,151              | 697,151              |
| Provision for Zakat                            | 12,499,697           | 14,689,304           | 18,525,514           | 10,656,915           |
| <b>Total current liabilities</b>               | <b>735,245,102</b>   | <b>805,252,055</b>   | <b>734,398,288</b>   | <b>685,779,241</b>   |
| <b>Total liabilities</b>                       | <b>1,103,521,569</b> | <b>1,022,701,288</b> | <b>926,067,643</b>   | <b>879,005,663</b>   |
| <b>Total equity and liabilities</b>            | <b>1,741,461,901</b> | <b>1,524,145,784</b> | <b>1,207,481,226</b> | <b>1,064,393,051</b> |



## 4.5.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

| SAR  | 31 December 2022G  | 31 December 2023G    | 31 December 2024G    | 30 September 2025G  |
|--|--------------------|----------------------|----------------------|---------------------|
| Revenue  | 1,000,093,933      | 779,158,077          | 721,196,233          | 457,328,441         |
| Cost of revenue  | (857,700,626)      | (696,715,823)        | (685,457,221)        | (434,196,335)       |
| <b>Gross profit</b>  | <b>142,393,307</b> | <b>82,442,254</b>    | <b>35,739,012</b>    | <b>23,132,106</b>   |
| Selling, marketing and distribution expenses   | (55,696,742)       | (49,983,698)         | (33,202,646)         | (25,497,273)        |
| General and administrative expenses  | (64,957,944)       | (64,957,944)         | (67,297,339)         | (51,482,492)        |
| Impairment on Goodwill   | -                  | (35,000,000)         | (50,000,000)         | -                   |
| Impairment on trade receivables  | (7,230,209)        | (4,810,464)          | (10,800,838)         | (2,039,044)         |
| Impairment on PPE and inventory spare parts  | -                  | -                    | (25,935,182)         | (5,041,987)         |
| <b>Operating (loss) /profit</b>  | <b>19,713,928</b>  | <b>(72,309,852)</b>  | <b>(156,023,281)</b> | <b>(60,928,690)</b> |
| Other income   | 5,977,289          | 4,808,879            | 5,730,199            | (359,349)           |
| Finance costs  | (31,415,991)       | (61,303,063)         | (65,034,711)         | (34,600,401)        |
| <b>Loss before Zakat from operations</b>   | <b>(5,724,774)</b> | <b>(128,804,036)</b> | <b>(215,327,793)</b> | <b>(95,888,440)</b> |
| Zakat expense  | (3,494,702)        | (3,500,000)          | (4,085,234)          | (200,000)           |
| <b>Loss for the year from operations</b>   | <b>(9,219,476)</b> | <b>(132,304,036)</b> | <b>(219,413,027)</b> | <b>(96,088,440)</b> |
| <b>Loss for the year</b>   | <b>(9,219,476)</b> | <b>(132,304,036)</b> | <b>(219,413,027)</b> | <b>(96,088,440)</b> |
| <b>Other comprehensive income:</b>   |                    |                      |                      |                     |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods:                         |                    |                      |                      |                     |
| Exchange differences on translation of foreign currencies  | (6,824)            | (11,680)             | 33,422               | 62,245              |
| <b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>                 | <b>(6,824)</b>     | <b>(11,680)</b>      | <b>33,422</b>        | <b>62,245</b>       |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:                    |                    |                      |                      |                     |
| Remeasurement gain/(loss) on employees' defined benefit liability  | 5,420,415          | (4,180,120)          | (651,308)            | -                   |
| <b>Net other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods</b> | <b>5,420,415</b>   | <b>(4,180,120)</b>   | <b>(651,308)</b>     | <b>-</b>            |
| <b>Other comprehensive (loss) /income for the year</b>   | <b>5,413,591</b>   | <b>(4,191,800)</b>   | <b>(617,886)</b>     | <b>62,245</b>       |
| <b>Total comprehensive loss</b>  | <b>(3,805,885)</b> | <b>(136,495,836)</b> | <b>(220,030,913)</b> | <b>(96,026,195)</b> |
| <b>Loss per share</b>  |                    |                      |                      |                     |
| Basic and diluted loss per share attributable to ordinary equity holders of the Parent                               | (0.15)             | (2.21)               | (3.36)               | (1.60)              |



### 4.5.3 Consolidated Statement of Cash Flows

| SAR   | 31 December 2022G   | 31 December 2023G    | 31 December 2024G   | 30 September 2025G  |
|---|---------------------|----------------------|---------------------|---------------------|
| <b>OPERATING ACTIVITIES:</b>  |                     |                      |                     |                     |
| Loss before zakat   | (5,724,774)         | (128,804,036)        | (215,327,793)       | (95,888,440)        |
| <b>Adjustment to reconcile income before zakat to net cash</b>        |                     |                      |                     |                     |
| Depreciation and amortization   | 56,917,528          | 57,696,063           | 54,924,881          | 38,359,551          |
| Impairment loss of trade receivable                                   | 7,230,209           | 4,810,464            | 10,345,065          | 2,039,044           |
| Impairment loss of value of prepaid expenses and other current assets | -                   | -                    | -                   | -                   |
| Impairment of Goodwill  | -                   | 35,000,000           | 50,000,000          | -                   |
| Impairment on PPE and inventory spare parts                           | -                   | -                    | 25,935,182          | 5,041,987           |
| Net provision of slow-moving inventory                                | 1,179,031           | 2,482,951            | 2,558,020           | 422,977             |
| Loss/Gain from disposal of PP&E                                       | (235,507)           | 245,235              | 97,389              | 3,736,360           |
| Finance costs   | 39,216,029          | 60,283,541           | 60,686,552          | 34,600,401          |
| Loss/gain from non-current derivative asset                           | (8,665,937)         | 1,019,522            | 4,348,159           | 800,427             |
| Derivative instruments  | -                   | -                    | 3,109,542           | -                   |
| Loss from disposal of lease   | -                   | -                    | -                   | (52,455)            |
| Provision for employees' defined benefit liability                    | 3,568,436           | 3,487,595            | 4,847,426           | 3,515,903           |
|   | <b>93,485,015</b>   | <b>36,221,335</b>    | <b>2,632,618</b>    |                     |
| <b>Working capital adjustments:</b>                                   |                     |                      |                     |                     |
| Inventories   | (51,268,268)        | 71,868,446           | 38,944,091          | 34,757,794          |
| Trade receivables   | (8,947,598)         | 50,418,828           | 17,478,126          | 34,196,055          |
| Prepayments and other current assets                                  | (7,201,353)         | 5,373,403            | 2,778,549           | 6,251,225           |
| Trade payables  | (4,633,291)         | (19,610,291)         | 16,218,259          | (33,984,289)        |
| Accrued expenses and other current liabilities                        | (2,999,485)         | (1,425,225)          | (777,429)           | 7,777,486           |
| Due to related party  | 61,186,551          | (20,610,002)         | 3,018,259           | 872,192             |
| <b>Cash generated from operating activities</b>                       | <b>79,621,571</b>   | <b>122,236,494</b>   | <b>76,290,233</b>   | <b>42,446,218</b>   |
| Defined benefit liabilities- employees' benefits paid                 | (5,230,605)         | (5,781,994)          | (11,441,134)        | (6,379,423)         |
| Zakat paid  | (3,247,658)         | (1,311,708)          | -                   | (1,898,385)         |
| <b>Net cash flows from operating activities</b>                       | <b>71,143,308</b>   | <b>115,142,792</b>   | <b>64,849,099</b>   | <b>34,168,410</b>   |
| <b>INVESTING ACTIVITIES:</b>  |                     |                      |                     |                     |
| Acquisition of property, plant and equipment                          | (17,975,600)        | (12,970,574)         | (25,388,452)        | (7,159,604)         |
| Purchase of intangibles   | (713,029)           | -                    | -                   | (19,478)            |
| Proceeds from disposal of property, plant & equipment                 | 867,325             | 1,026,909            | 25,406,450          | 6,374,743           |
| <b>Net cash flows used in investing activities</b>                    | <b>(17,821,304)</b> | <b>(11,943,665)</b>  | <b>17,998</b>       | <b>(804,339)</b>    |
| <b>Financing activities:</b>  |                     |                      |                     |                     |
| Proceeds from loans and Murabaha                                      | 1,346,844,863       | 1,177,554,767        | 1,968,112,298       | 369,417,040         |
| Receivables from a shareholder loan                                   | -                   | -                    | -                   | 35,000,000          |
| Payments of loans and Murabaha  | (1,355,405,149)     | (1,223,040,815)      | (1,975,945,079)     | (417,439,109)       |
| Payments of finance cost  | (37,284,437)        | (58,494,488)         | (61,564,884)        | (31,531,984)        |
| Payment of lease liabilities  | (1,688,202)         | (1,639,253)          | (2,074,053)         | (1,133,411)         |
| Proceeds from termination of derivative instrument                    | -                   | -                    | -                   | 2,497,829           |
| <b>Net cash used in financing activities</b>                          | <b>(47,532,925)</b> | <b>(105,619,789)</b> | <b>(71,471,718)</b> | <b>(43,189,635)</b> |
| Net (decrease) / increase in cash and cash equivalents                | 5,789,079           | (2,420,662)          | (6,604,621)         | (9,825,564)         |
| Foreign currency translation differences                              | 3,321               | (8,947)              | 33,422              | 62,245              |
| Change in cash restricted for use by banks                            | 58                  | -                    | -                   | -                   |
| <b>Cash and cash equivalents at the beginning of the year</b>         | <b>23,195,873</b>   | <b>28,988,331</b>    | <b>26,558,722</b>   | <b>19,987,523</b>   |
| <b>Cash and cash equivalents at the end of the year</b>               | <b>28,988,331</b>   | <b>26,558,722</b>    | <b>19,987,523</b>   | <b>10,224,204</b>   |





## 5. Legal Information



### 5.1 Directors' Declarations

The Directors declare that:

- a. the Debt Conversion is not in violation of the relevant laws and regulations in KSA;
- b. the Debt Conversion does not prejudice any of the contracts or agreements to which SPPC is a party;
- c. the methodology used to determine the new share price by accepting the offer submitted by the Alinma is fair, reasonable, and serves the best interest of the Shareholders and all the related parties in a fair way;
- d. there is no change or planned change to the executive management of SPPC as a result of the Debt Conversion;
- e. all material legal information relating to SPPC has been disclosed in this Circular;
- f. this section includes all the material legal information related to the Debt Conversion documents that SPPC's Shareholders must take into consideration to make a well-informed voting decision; and
- g. there is no other material legal information not included in this section, omission of which makes other statements therein misleading.

### 5.2 Details of Debt Conversion Documents

#### 5.2.1 Loan Agreement

The Company entered into a facilities agreement with Alinma on 10 Dhul Qida 1433H (corresponding to 26 September 2012G) for a principal amount of four hundred eighty million Saudi Riyals (SAR 480,000,000). The purpose of the loan was to finance the acquisition of the Emirates National Factory, with the of the loan being seven (7) years and six (6) months with a grace period of two (2) years and six (6) months.

Subsequently, on 25 Rabi' Al-Awwal 1440H (corresponding to 3 December 2018G) the Company entered into a debt rescheduling agreement with Alinma for an amount of two hundred million Saudi Riyals (SAR 200,000,000) to be repaid in ten semi-annual instalments over a period of seven (7) years and with a grace period of two (2) years (the "Alinma Loan").

The outstanding debt owed by the Company in connection with the Alinma Loan as at 31 December 2023G is approximately one hundred sixty-two million four hundred forty-three thousand seven hundred forty-nine Saudi Riyals (SAR 162,443,749).

During the fourth quarter of 2024G, the Alinma Loan was partially settled through the transfer of two plots of land worth SAR 110,000,000, with the Company bearing the real estate transactions tax in the amount of SAR 5,500,000 related to the transfer of ownership of the two plots of land. Under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, the real estate transactions tax expenses amounting to SAR 5,500,000 were initially paid by Alinma, but are to be borne by the Company by increasing the amount of debt owed by the Company. This was based on the Company's Board of Directors resolution dated 29 October 2024G, approving the Debt Conversion Agreement, including the transfer of land ownership. As a result, two million six hundred three thousand five hundred and thirty-two (2,603,532) new ordinary shares will be issued to Alinma, and two million six hundred three thousand five hundred and thirty-two (2,603,532) new ordinary shares will be issued to Alinma Capital with a nominal value of SAR 10 per share, in addition to an issuance premium of SAR 4.15, bringing the total to SAR 73,679,968, subject to the Shareholders' approval at the Extraordinary General Assembly.

Subsequently, SPPC entered into the settlement agreement with Alinma and Alinma Capital on 25 Rabi' Al-Thani 1446H (corresponding to 28 October 2024G), which provides that the loans and Murabaha balance amounting to SAR 178,179,968 as at 25/04/1446H (corresponding to 28 October 2024G) will be partially settled by transferring the ownership of two land plots worth SAR 110,000,000. Under the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital, SPPC's capital will be increased from six hundred million Saudi Riyals (SAR 600,000,000) to six hundred and fifty two million and seventy thousand and six hundred and forty Saudi Riyals (SAR 652,070,640), the Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital states that the real estate transactions tax expenses is part of the converted debt, which is to be paid by Alinma and borne by SPPC as part of the ownership transfer of the lands, and issuing two million six hundred and three thousand and five hundred and thirty two (2,603,532) new Ordinary Shares in favour of Alinma, and two million six hundred and three thousand and five hundred and thirty two (2,603,532) new Ordinary Shares in favour of Alinma Capital with a nominal value of SAR 10 per share, in addition to an issuance premium of SAR 4.15, with a total reaching SAR 73,679,968, this is subject to the Shareholders approval in the Extraordinary General Assembly meeting. In implementation of the SPPC board resolution dated 29 October 2024G, the lands were transferred to Alinma, and the real estate transactions tax expenses were paid by Alinma.



## 5.2.2 Debt Conversion Agreement

### Settlement Agreement

The Agreement is made in the city of Riyadh on 25 Rabi' Al-Thani 1446H corresponding to 28 October 2024G between:

#### 1) First Party

**Alinma Bank**, a joint stock company established in accordance with the provisions of the Companies Law under Commercial Registration No. (1010250808) dated 21 Jumada Al-Ula 1429H issued by the Commercial Registry at the Ministry of Commerce in the city of Riyadh, and having their address in KSA, Riyadh - King Fahad Road, P.O. Box (66674) Riyadh (11586) represented for the purposes of this agreement by Mr. Abdullah Ahmed AlAhmed in his capacity as Head of Corporate Credit.

Hereinafter referred to as the **(Bank/ First Party)**

#### 2) Second Party:

**Alinma Capital Company**, operating in accordance with the laws in force in KSA, license issued by the Capital Market Authority No. 37 - 09134 and registered in the Commercial Register No. 1010269764 dated 23 Rajab 1430H, and its address is Riyadh, KSA, King Fahad Road - Al Anoud Tower: 2, 20th floor - P.O. Box No. 55560, Postal Code 11544 Riyadh, Telephone: 0112185555 Fax No.: 0112185970, and is legally represented for signing this agreement by Mr. Mazen Fawaz Baghdadi in his capacity as: CEO

Hereinafter referred to as the **(Alinma Capital / Second Party)**

#### 3) Third party:

**M/s: Saudi Printing and Packaging Company**, a joint stock company established in accordance with the provisions of the Companies Law under Commercial Register No. (1010219709) and Unified Registry No. 7001527535 dated 01 Jumada Al-Ula1427H issued by the Commercial Registry at the Ministry of Commerce in Riyadh, having their address at Building No. 7508 King Fahad Street. Al Nakheel District, Riyadh 5618-12381 and e-mail (adel.alnasser@sppc.com.sa) and is represented for the purposes of this agreement by Mr. Adel bin Marzuq bin Khaled Al Nasser<sup>(10)</sup>, holder of National ID No. 1050095791 in his capacity as the authorized signatory on behalf of the company, under an board resolution dated 7 May 2024G.

Hereinafter referred to as the **(Customer/ Third Party)**.

#### Preamble:

Whereas **Alinma Bank** has already granted finance to the Third Party in total amount of SAR 176,000,000 (Only one hundred seventy-six million Saudi Riyals) pursuant to the following financing agreements:

1. Facility Agreement executed by the First Party and the Third Party on 25 Rabi' Al-Awwal 1442H corresponding to 11 November 2020G and the Schedule to Credit Facility Agreement executed by between the First Party & Third Party on 23 Shawwal 1445H corresponding to 02 May 2024G.
2. Flexible Murabaha Agreement in sum of SAR 176,000,000 (Only one hundred seventy-six million Saudi Riyals) dated 23 Shawwal 1445H corresponding to 02 May 2024G.
3. Deferred Sale Agreement in sum of SAR 56,000,000 (fifty-five million Saudi Riyals) dated 23 Shawwal 1445H corresponding to 02 May 2024G.

Whereas the Third Party has failed to comply with the provisions of the agreements referred to above, the parties, with full legal capacity, agreed to enter into this agreement, in addition to the customer's obligation to pay all amounts due to the Bank under the signed agreements referred to hereinabove in accordance with the terms and conditions contained in this agreement, as follows:

**First:** The above preamble and the financing documents referred to hereinabove are an integral part of this agreement, complementary and explanatory hereto.

**Second:** The Customer acknowledges that the total outstanding liabilities and amounts payable by them to the Bank to the date hereof is SAR 179,089,668 (one hundred seventy-nine million eighty-nine thousand six hundred sixty-eight Saudi Riyals) inclusive of the principal debt and the profits calculated under the aforesaid Credit Facilities Agreement.

**Third:** The Customer acknowledged his full acceptance, approval, and obligation to pay the full amount mentioned in Paragraph "Secondly" above, according to the following payment plan:

1. The First Party and the Third Party agree to settle 110,000,000 million riyals (only one hundred and ten million Saudi riyals) of the amount mentioned in Clause (Secondly) in exchange for the assignment of the title deeds owned by the Customer and mortgaged in favour of the Bank (Title deed No. 320207023400 and Title deed No. 320207023401, dated 25 Safar 1444H, located in Al-Manarat District in the city of Jeddah) by transferring the same to the Bank and registering them in the name of Al-Tanweer Real Estate Company, under commercial registration number (1010272689) dated 24 Sha'ban 1430H issued by the commercial registry at the Ministry of Commerce in the city of Riyadh, situated in KSA, Riyadh - King Fahad Road, P.O. Box (66674) Riyadh (12214)
2. The real estate transaction tax arising from the transfer of the above-mentioned title deeds shall be paid by the Bank in the amount of SAR 5,500,000 (five million, five hundred thousand Saudi Riyals), provided that shares are issued by the company in the value of the transactions in favour of the First Party and the Second Party or its authorized representative equal to the value of the real estate transaction tax, and provided that the customer shall assume any financial or legal consequences resulting from the transfer of ownership of the title deeds.

<sup>10</sup> The Company announced via the Tadawul platform the resignation of the Chairman of the Board, Mr. Adel bin Marzouq bin Khalid Al-Nasser, due to personal circumstances. He submitted his resignation on 09-03-1447 (01-09-2025), and it became effective on 10-03-1447 (02-09-2025).



#### Settlement Agreement

3. Shares in Saudi Printing and Packaging Company shall be issued for the outstanding debt balance after deducting the value of the land amount agreed upon under paragraph (1), being equivalent to SAR 73,679,968 (seventy-three million, six hundred and seventy-nine thousand, nine hundred and sixty-eight Saudi Riyals), including the value of real estate transactions in favour of the First Party and the Second Party or its authorized representative. The number of shares is determined based on the valuation of the share price by a third party acceptable to the parties at SAR 14.15 (fourteen riyals and fifteen halalas) per share.
  4. The Customer hereby acknowledges that the shares issued in favour of the Bank and Alinma Capital Company are tradable and are not subject to any suspension, prohibition, restrictions on disposal or any rights and privileges in favour of any share, and there is no legal or judicial impediment to transferring or disposing of them by the Bank and Alinma Investment Company later. In the event that otherwise is found, the Bank has the right to invalidate the agreement and claim compensation from the company.
  5. 2,603,532 shares (two million, six hundred and three thousand, five hundred thirty-two shares) shall be issued in favor of Alinma Bank. 2,603,532 shares (two million, six hundred and three thousand, five hundred thirty-two shares) shall be issued in favour of Alinma Capital Company.
  6. In the event that the terms of the agreement are implemented, as stated in paragraphs (1), (2), (3), (4) and (5) above, the same shall constitute complete fulfilment of all financial obligations related to the Credit Facility Agreement dated 25 Rabi' Al-Awwal 1442H corresponding to 11 November 2020G, and the Credit Facility Agreement Amendment Appendix signed between the two parties on 23 Shawwal 1445H corresponding to 02 May 2024G. Where the repayment grace period referred to in Clause (Fourthly) expires and the Third Party fails to fulfil the obligations stated in this agreement, the credit facility agreements described above and their appendices and the obligations contained therein shall all be considered valid, and the Bank shall have the right to claim all obligations imposed on the Third Party under the credit Agreements.
- Fourth:** This agreement shall become effective from the date stated hereinabove, and for a period of sixty-four (64) days only, expiring on 31 December 2024G, which has been extended to 31 December 2025G and may only be renewed after 31 December 2025G with the written consent of the parties. The Bank has the right to demand that the customer pay all amounts due and to take all necessary measures to collect his full rights by way of enforcement against all guarantees and securities provided by the Third Party.
- Fifth:** If the Customer fulfilled all the terms and conditions of this agreement and paid all the amounts mentioned herein, the Bank shall return all documents provided by the Customer, including promissory notes, within seven (7) working days from the date of payment.
- Sixth:** This agreement is drawn up in THREE counterparts in the Arabic language and in identical copies, each party received a copy to act accordingly. In the event that the Customer failed to adhere to the terms and conditions of this agreement, the Bank shall be under no obligation to implement the provisions hereof. The Bank shall have the right to claim compensation in the event that the Customer violates any of the provisions of this agreement and to demand the Bank's rights under this agreement and the Credit Facilities Agreements and the ancillaries thereof.

### 5.3 Summary of the Legal Structure

The transaction will be carried out in accordance with section (b) of Article (126) of the Companies Law and Article (56) of the Rules on the Offer of Securities and Continuing Obligations. Under these provisions, new shares in SPPC will be issued through capital increase whereby Alinma and Alinma Capital become shareholders in SPPC in the date of issuance and offer of the New Shares in the Exchange (Tadawul) and allocating such New Shares in accordance with the terms and conditions of the settlement agreement (for further details on the settlement agreement, please refer to section 5.2.2 (**Debt Conversion Agreement**) of this Circular).

### 5.4 Approval of the Extraordinary General Assembly

Completing the transaction requires approval from the Company's Extraordinary General Assembly, with decisions needing three-quarters of the voting rights at the meeting.

Upon obtaining the CMA's approval of the Company's request to convene an Extraordinary General Assembly, the Company shall publish an invitation to the meeting to consider the proposed transaction. The Extraordinary General Assembly meeting shall be deemed valid if attended by shareholders representing at least half of the Company's shares with voting rights. If this quorum is not met at the first meeting, a second meeting shall be convened one hour after the end of the specified time for the first meeting, provided that the invitation to the first meeting includes notice of the possibility of holding a second meeting in such circumstances. The second meeting shall be deemed valid if attended by shareholders representing at least one-quarter of the Company's capital. If the quorum required for the second meeting is not met, the Company shall apply to CMA for approval to convene a third Extraordinary General Assembly meeting. Upon obtaining the CMA's approval, the Company shall publish the invitation to the third meeting, which shall be held no less than twenty-one (21) days after the date of publication. The third meeting shall be deemed valid regardless of the number of shares represented therein.

All shareholders registered in the Company's shareholder register as of the close of trading on the date of the Extraordinary General Assembly meeting for the transaction are entitled to attend the meeting. Shareholders may attend and vote on the agenda either electronically or by proxy, in accordance with the applicable procedures. Proxies must be in writing, duly signed by the authorized shareholder, and certified by the Chamber of Commerce, a licensed bank, an individual authorized by the Authority, a notary public, or any person licensed to perform authentication services. The proxy holder must present the original certified proxy at the assembly meeting, along with a copy of their national ID, passport, or resident ID.

Approval of transaction-related resolutions at the Extraordinary General Assembly shall require the affirmative vote of shareholders holding at least three-quarters of the shares represented at the meeting, whether in person or by proxy. Shareholders may also vote on the agenda items of the Extraordinary General Assembly remotely through the electronic voting service "Tadawulaty," provided



they have registered for the service. Registration and voting via “Tadawulaty” are available free of charge to all shareholders. For more information, please visit: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa). Electronic voting will open at least five (5) days before the Extraordinary General Assembly meeting. The specific dates for electronic voting will be detailed in the invitation to the Extraordinary General Assembly.

Votes at Extraordinary General Meetings shall be calculated on the basis of one vote per share. A shareholder who opts not to attend the Extraordinary General Meeting—whether in person, through electronic voting, or by proxy—shall forfeit their right to vote at the meeting, and the votes associated with their shares shall not be counted.

While all shareholders of the Company are entitled to attend the Extraordinary General Meeting for the transaction and vote on its resolutions (subject to any restrictions arising from conflicts of interest or other limitations under the applicable laws of KSA), shareholders residing outside of KSA should note that the Shareholders' Circular has not been submitted to or registered with any regulatory authority outside of KSA. Accordingly, if a shareholder resides in a jurisdiction where local regulations require the Company to take specific measures to enable such shareholder to vote on the transaction's resolutions in compliance with local laws, that shareholder must refrain from voting on the proposed resolutions at the Company's Extraordinary General Meeting for the transaction. Should such a shareholder vote on the transaction's resolutions, the Company reserves the right, in agreement with its creditors, to refrain from proceeding with the transaction unless it has been approved by the requisite majority of shareholders, excluding the votes of the concerned shareholder.

## 5.5 Governmental Approvals and Third Party Consents Required to Complete The Transaction

The Debt Conversion requires obtaining a number of government approvals, which are as follows:

- i. obtaining the CMA's approval of the request to register and offer capital increase shares by way of debt conversion;
- ii. obtaining the conditional approval of the Saudi Stock Exchange to list the New Shares;
- iii. obtaining the Ministry of Commerce's approval of the proposed amendments to the Company's Bylaws; and
- iv. obtaining the CMA's approval to convene the Extraordinary General Assembly relating to the Debt Conversion (the date of which will be announced on Tadawul's website).

All of the government approvals set out above have been obtained, except for the Ministry of Commerce's approval of the proposed amendments to the Company's Bylaws, which will be obtained after the Debt Conversion is approved by the General Assembly.

## 5.6 Substantial Lawsuits

SPPC has initiated several lawsuits and no such lawsuit will materially impact the business of SPPC and its subsidiaries or its financial position.

## 5.7 Bankruptcy

The Directors declare that none of the current Directors, senior executives or the Secretary of the Board have not at any time been declared bankrupt or been subject to bankruptcy proceedings.

## 5.8 Insolvency

The Directors of the board declare that there has been no declaration, within the five years prior to the date of this Circular, of any insolvency in any company in which any of the current Directors, senior executives or the Secretary of the Board was hired in an administrative or supervisory capacity.



**Statements by Experts**

**6**



## 6. Statements by Experts



The Financial Advisor, Legal Advisor and Auditors whose names are included in this Circular have given and not withdrawn their written consent, until the date of this Circular, to the reference to their names, logos and statements in the form and content appearing in this Circular. None of the Financial Advisor, Legal Advisor and Auditors, their employees (forming part of the engagement team serving the Company) and the relatives of these employees has shares or interests of any kind in SPPC or SPPC's Subsidiaries in a manner which would impair their independence as at the date of this Circular. This Circular does not contain any statement prepared by experts.



**Expenses**

**7**



## 7. Expenses



SPPC will bear all expenses and costs related to the Debt Conversion, which are estimated at approximately three million, twenty thousand, five hundred Saudi Riyals (SAR 3,020,500). These expenses include the fees of the Financial Advisor, Legal Advisor, and Auditor and other related expenses..



**Waivers**

**8**



## 8. Waivers



With regard to SPPC's capital increase through debt conversion, SPPC hereby confirms that it has not applied for exemptions from any CMA requirements under the Rules on the Offer of Securities and Continuing Obligations.



**Documents Available for  
Inspection**

**9**



## 9. Documents Available for Inspection



The following documents will be available for inspection at SPPC's head office at Alnakheel Tower, King Fahd Street. P.O. Box 50202 Riyadh 11523, between 9:00 a.m. and 5:00 p.m. from 29/07/1447H (corresponding to 18 January 2026G) until 20/08/1447H (corresponding to 8 February 2026G)) for a period of no less than fourteen (14) days before the Extraordinary General Assembly meeting to vote on the capital increase through debt conversion:

- i. Debt Conversion Agreement entered into between SPPC, Alinma and Alinma Capital;
- ii. SPPC's Pro Forma Consolidated Financial Information for the nine (9) month period ending on 30 September 2025G and the Financial Year ended 31 December 2024G;
- iii. The Shares valuation report;
- iv. Letters of consent from SPPC's Financial Advisor, Legal Advisor and Auditor for the use of their names, logos and statements in this Circular; and
- v. A statement prepared and signed by SPPC's Board of Directors and the Auditor on the origin and amount of the debt to be converted.
- vi. Any further document requested by the CMA.



## Annex A - Consolidated Financial Statements and Auditor's Report

SPPC's audited annual financial statements for the three years preceding the date of the application, specifically for the financial years ended 31 December 2022G 2023G and 2024G, and the pro forma consolidated financial information for the nine (9) month period ending on 30 September 2025G and financial year ended 31 December 2024G.



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

## **CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
31 DECEMBER 2023**



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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023

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Ernst & Young Professional Services (Professional LLC)  
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)  
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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY (A Saudi Joint Stock Company)

### Opinion

We have audited the consolidated financial statements of Saudi Printing and Packaging Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Key Audit Matters (continued)**

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Impairment of trade receivables</b></p> <p>As at 31 December 2023, the Group's gross trade receivables amounted to SR 309.4 million, against which impairment allowance for expected credit losses of SAR 92.9 million is maintained.</p> <p>The Group uses the Expected Credit Losses "ECL" model as required by the relevant accounting standard to calculate allowance for impairment in trade receivable. Further, the Group perform an assessment based on a set of relevant qualitative factors for some of the customers categories.</p> <p>We considered impairment of trade receivables as key audit matter as the determination of the expected credit loss ("ECL") involves significant judgement and this has a material impact on the consolidated financial statements of the Group.</p> <p>The key area of judgement includes assumptions used in ECL model in determining probability of default and macroeconomic information to adjust the historical loss rate.</p> <p>Refer to notes of the consolidated financial statements for significant accounting policy relating to impairment of financial asset, and note 9 for trade receivables related disclosures.</p> | <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process in determining and calculating the expected credit loss.</li> <li>• Assessed significant assumptions, including collection rates, recovery rates, impairment ratios and those relating to future economic events that are used to calculate the expected credit losses.</li> <li>• Tested the completeness and accuracy of data used in the ECL calculation including the customer's ageing reports.</li> <li>• Tested the mathematical accuracy of the ECL model.</li> <li>• Obtained an understanding of the latest development and the basis of measuring the impairment allowance for specific provisions and assessed management assumptions given the circumstances.</li> <li>• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.</li> </ul> |



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Key Audit Matters (continued)**

| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Revenue Recognition</b></p> <p>During the year ended 31 December 2023, the Group recognised total revenue of SR 779.1 million (2022: SR 1,000.1 million).</p> <p>The Group earns revenue from different business segments which primarily include printing and packaging. The Group recognizes revenue upon satisfaction of the performance obligation.</p> <p>We have considered revenue recognition a key audit matter as the application of accounting standard for revenue recognition involves careful consideration and judgment to determine when risks and rewards have been transferred to customers for different types of contracts. In addition, revenue is an important element of how the Group measures its performance which creates an incentive for improper revenue recognition.</p> <p>Refer to notes of the consolidated financial statements for significant accounting policies relating to revenue recognition and note 20 for revenue related disclosures.</p> | <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's business model and sales process.</li> <li>• Tested, on sample basis, sales transactions to verify that the related revenues and trade receivables are recorded in the current accounting period taking into consideration the terms and conditions of the sale orders, including the shipping terms.</li> <li>• Tested, on sample basis, sales cut off by agreeing deliveries occurring around the year end to supporting documentation to establish that sales and corresponding trade receivables are properly recorded in the correct period.</li> <li>• Assessed the adequacy of the Group's disclosures made in the notes to the consolidated financial statements.</li> </ul> |



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Key Audit Matters (continued)**

| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <b>Impairment of Goodwill</b>   |  |
| <p>As at 31 December 2023 the Group's consolidated financial statements included goodwill which arose from past business combinations amounting to SAR 334.9 million (2022: SAR 369.9 million)</p> <p>In accordance with the International Accounting Standard (IAS) 36 "Impairment of assets", goodwill must be tested for impairment at least annually. The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. Moreover, the determination of the recoverable value based on value-in-use requires making considerable judgement and assumptions when estimating the future cashflows, growth rates and discount rates.</p> <p>We have identified the impairment of goodwill as key audit matter considering the quantitative materiality of the Goodwill recognised and involvement of significant judgements and assumptions in the determination of recoverable amount by management.</p> <p>Refer to notes of the consolidated financial statements for significant accounting policy relating to Goodwill and note 5 for goodwill related disclosures.</p> | <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of management's identification of the group's CGU for the purpose of impairment testing.</li> <li>• Involved our internal specialist to assist us in reviewing the valuation methodologies used by management and assess the reasonableness of the valuation assumptions such as discount and growth rates by comparing these assumptions to source data and market data.</li> <li>• Tested the mathematical accuracy and performed sensitivity analysis on the key assumptions used in the model, including the discount rate used in the discounted cash flow forecast.</li> <li>• Assessed the reliability of cash flow forecasts through a review of actual past performance and comparison to previous forecasts.</li> <li>• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements</li> </ul> |

**Other information included in the Group's 2023 Annual Report**

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Other information included in the Group's 2023 Annual Report (continued)**

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF SAUDI PRINTING AND PACKAGING COMPANY  
(A Saudi Joint Stock Company) (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

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



Riyadh: 17 Ramadhan 1445H  
(27 March 2024)



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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 31 December 2023

|  | Notes | 2023<br>SAR          | 2022<br>SAR          |
|--|-------|----------------------|----------------------|
| <b>ASSETS</b>                                  |       |                      |                      |
| <b>NON-CURRENT ASSETS</b>                      |       |                      |                      |
| Property, plant and equipment                  | 4     | 673,423,675          | 717,465,759          |
| Intangible assets and goodwill                 | 5     | 335,632,092          | 370,835,914          |
| Investment properties                          | 6     | 25,314,211           | 25,643,501           |
| Right-of-use assets                            | 7     | 5,572,031            | 4,909,729            |
| Non-current trade receivables                  | 9     | 5,658,536            | 9,356,428            |
| Non-current derivative assets                  | 16    | 7,646,415            | 8,665,937            |
| <b>TOTAL NON-CURRENT ASSETS</b>                |       | <b>1,053,246,960</b> | <b>1,136,877,268</b> |
| <b>CURRENT ASSETS</b>                          |       |                      |                      |
| Inventories                                    | 8     | 191,436,274          | 265,787,671          |
| Trade receivables                              | 9     | 210,784,640          | 262,316,040          |
| Prepayments and other current assets           | 10    | 32,326,336           | 37,699,739           |
| Cash and cash equivalents                      | 11    | 36,351,574           | 38,781,183           |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <b>470,898,824</b>   | <b>604,584,633</b>   |
| <b>TOTAL ASSETS</b>                            |       | <b>1,524,145,784</b> | <b>1,741,461,901</b> |
| <b>EQUITY AND LIABILITIES</b>                  |       |                      |                      |
| <b>EQUITY</b>                                  |       |                      |                      |
| Share capital                                  | 13    | 600,000,000          | 600,000,000          |
| Statutory reserve                              | 13    | -                    | 78,639,385           |
| Contractual reserve                            | 13    | 2,909,935            | 30,105,326           |
| Accumulated losses                             |       | (101,045,500)        | (70,396,120)         |
| Other reserve                                  |       | (419,939)            | (408,259)            |
| <b>TOTAL EQUITY</b>                            |       | <b>501,444,496</b>   | <b>637,940,332</b>   |
| <b>NON-CURRENT LIABILITIES</b>                 |       |                      |                      |
| Loans and Murabaha                             | 14    | 177,652,688          | 332,302,893          |
| Employees' defined benefit liability           | 15    | 35,322,559           | 32,104,684           |
| Lease liabilities                              | 7     | 4,473,986            | 3,868,890            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>217,449,233</b>   | <b>368,276,467</b>   |
| <b>CURRENT LIABILITIES</b>                     |       |                      |                      |
| Trade payables                                 | 17    | 129,609,000          | 149,219,291          |
| Accrued expenses and other current liabilities | 18    | 22,494,874           | 23,920,099           |
| Loans and Murabaha                             | 14    | 595,760,604          | 486,469,540          |
| Current portion of lease liability             | 7     | 1,424,573            | 1,252,773            |
| Due to related parties                         | 12    | 40,576,549           | 61,186,551           |
| Dividends payable                              |       | 697,151              | 697,151              |
| Provision for Zakat                            | 19    | 14,689,304           | 12,499,697           |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>805,252,055</b>   | <b>735,245,102</b>   |
| <b>TOTAL LIABILITIES</b>                       |       | <b>1,022,701,288</b> | <b>1,103,521,569</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |       | <b>1,524,145,784</b> | <b>1,741,461,901</b> |



Chairman



Chief Executive Officer



Group Finance Director

The attached notes 1 to 33 form an integral part of these consolidated financial statements



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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 31 December 2023

|  | Notes | 2023<br>SAR          | 2022<br>SAR        |
|--|-------|----------------------|--------------------|
| Revenue  | 20    | 779,158,077          | 1,000,093,933      |
| Cost of revenue  | 21    | (696,715,823)        | (857,700,626)      |
| <b>Gross profit</b>  |       | <b>82,442,254</b>    | <b>142,393,307</b> |
| Selling, marketing and distribution expenses   | 22    | (49,983,698)         | (55,696,742)       |
| General and administrative expenses  | 23    | (69,768,408)         | (66,982,637)       |
| Impairment on Goodwill   | 5     | (35,000,000)         | -                  |
| <b>Operating (loss) /profit</b>  |       | <b>(72,309,852)</b>  | <b>19,713,928</b>  |
| Other income   | 24    | 4,808,879            | 5,977,289          |
| Finance costs  | 25    | (61,303,063)         | (31,415,991)       |
| <b>Loss before Zakat from operations</b>   |       | <b>(128,804,036)</b> | <b>(5,724,774)</b> |
| Zakat expense  | 19    | (3,500,000)          | (3,494,702)        |
| <b>Loss for the year from operations</b>   |       | <b>(132,304,036)</b> | <b>(9,219,476)</b> |
| <b>Loss for the year</b>   |       | <b>(132,304,036)</b> | <b>(9,219,476)</b> |
| <b>Other comprehensive income:</b>   |       |                      |                    |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>                  |       |                      |                    |
| Exchange differences on translation of foreign currencies  |       | (11,680)             | (6,824)            |
| <b>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</b>                 |       | <b>(11,680)</b>      | <b>(6,824)</b>     |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>             |       |                      |                    |
| Remeasurement gain/(loss) on employees' defined benefit liability  |       | (4,180,120)          | 5,420,415          |
| <b>Net other comprehensive (loss) / income that will not be reclassified to profit or loss in subsequent periods</b> |       | <b>(4,180,120)</b>   | <b>5,420,415</b>   |
| <b>Other comprehensive (loss) /income for the year</b>   |       | <b>(4,191,800)</b>   | <b>5,413,591</b>   |
| <b>Total comprehensive loss</b>  |       | <b>(136,495,836)</b> | <b>(3,805,885)</b> |
| <b>Earnings per share</b>  |       |                      |                    |
| Basic, profit for the year attributable to ordinary equity holders of the parent                                     |       | (2.21)               | (0.15)             |
| Diluted, profit for the year attributable to ordinary equity holders of the parent                                   |       | (2.21)               | (0.15)             |

  
Chairman

  
Chief Executive Officer

  
Group Finance Director

The attached notes 1 to 33 form an integral part of these consolidated financial statements



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

**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**  
For the year ended 31 December 2023

|  | Capital<br>SAR     | Statutory<br>reserve<br>SAR | Contractual<br>reserve<br>SAR | Accumulated<br>losses<br>SAR | Other reserves<br>SAR | Total<br>SAR       |
|--|--------------------|-----------------------------|-------------------------------|------------------------------|-----------------------|--------------------|
| Balance at 1 January 2022                      | 600,000,000        | 78,639,385                  | 30,105,326                    | (66,597,059)                 | (401,435)             | 641,746,217        |
| Loss for the year                              | -                  | -                           | -                             | (9,219,476)                  | -                     | (9,219,476)        |
| Other comprehensive income/(loss) for the year | -                  | -                           | -                             | 5,420,415                    | (6,824)               | 5,413,591          |
| Total comprehensive loss for the year          | -                  | -                           | -                             | (3,799,061)                  | (6,824)               | (3,805,885)        |
| Balance at 31 December 2022                    | 600,000,000        | 78,639,385                  | 30,105,326                    | (70,396,120)                 | (408,259)             | 637,940,332        |
| Balance at 1 January 2023                      | 600,000,000        | 78,639,385                  | 30,105,326                    | (70,396,120)                 | (408,259)             | 637,940,332        |
| Loss for the year                              | -                  | -                           | -                             | (132,304,036)                | -                     | (132,304,036)      |
| Other comprehensive loss for the year          | -                  | -                           | -                             | (4,180,120)                  | (11,680)              | (4,191,800)        |
| Total comprehensive loss for the year          | -                  | -                           | -                             | (136,484,156)                | (11,680)              | (136,495,836)      |
| Absorption of accumulated losses (note 13)     | -                  | (78,639,385)                | (27,195,391)                  | 105,834,776                  | -                     | -                  |
| <b>Balance at 31 December 2023</b>             | <b>600,000,000</b> | <b>-</b>                    | <b>2,909,935</b>              | <b>(101,045,500)</b>         | <b>(419,939)</b>      | <b>501,444,496</b> |

Chairman

Group Finance Director

Chief Executive Officer

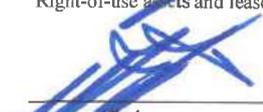
The attached notes 1 to 33 form an integral part of these consolidated financial statements



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

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2023

|  | 2023<br>SAR          | 2022<br>SAR         |
|--|----------------------|---------------------|
| <b>OPERATING ACTIVITIES:</b>                                   |                      |                     |
| Loss before zakat  | (128,804,036)        | (5,724,774)         |
| <i>Adjustment to reconcile income before zakat to net cash</i> |                      |                     |
| Depreciation and amortization                                  | 57,696,063           | 56,917,528          |
| Impairment loss of trade receivable                            | 4,810,464            | 7,230,209           |
| Impairment of Goodwill   | 35,000,000           | -                   |
| Net provision of slow-moving inventory                         | 2,482,951            | 1,179,031           |
| Loss/Gain from disposal of property, plant and                 | 245,235              | (235,507)           |
| Finance costs  | 60,973,071           | 38,862,208          |
| Loss/gain from non-current derivative asset                    | 1,019,522            | (8,665,937)         |
| Lease liabilities interest                                     | 329,992              | 353,821             |
| Provision for employees' defined benefit liability             | 3,487,595            | 3,568,436           |
|  | <u>37,240,857</u>    | <u>93,485,015</u>   |
| <i>Working capital adjustments:</i>                            |                      |                     |
| Inventories  | 71,868,446           | (51,268,268)        |
| Trade receivables  | 50,418,828           | (8,947,598)         |
| Prepayments and other current assets                           | 5,373,403            | (7,201,353)         |
| Trade payables   | (19,610,291)         | (4,633,291)         |
| Accrued expenses and other current liabilities                 | (1,425,225)          | (2,999,485)         |
| Due to related party   | (20,610,002)         | 61,186,551          |
| <b>Cash generated from operating activities</b>                | <u>123,256,016</u>   | <u>79,621,571</u>   |
| Defined benefit liabilities- employees' benefits paid          | (5,781,994)          | (5,230,605)         |
| Zakat paid   | (1,311,708)          | (3,247,658)         |
| <b>Net cash flows from operating activities</b>                | <u>116,162,314</u>   | <u>71,143,308</u>   |
| <b>INVESTING ACTIVITIES:</b>                                   |                      |                     |
| Acquisition of property, plant and equipment                   | (12,970,574)         | (17,975,600)        |
| Purchase of intangibles  | -                    | (713,029)           |
| Proceeds from disposal of property, plant and equipment        | 1,026,909            | 867,325             |
| <b>Net cash flows used in investing activities</b>             | <u>(11,943,665)</u>  | <u>(17,821,304)</u> |
| <b>FINANCING ACTIVITIES:</b>                                   |                      |                     |
| Proceeds from loans and Murabaha                               | 1,177,554,767        | 1,346,844,863       |
| Payments of loans and Murabaha                                 | (1,223,040,815)      | (1,355,405,149)     |
| Payments of finance cost                                       | (59,514,010)         | (37,284,437)        |
| Payment of lease liabilities                                   | (1,639,253)          | (1,688,202)         |
| <b>Net cash used in financing activities</b>                   | <u>(106,639,311)</u> | <u>(47,532,925)</u> |
| Net (decrease) / increase in cash and cash equivalents         | (2,420,662)          | 5,789,079           |
| Foreign currency translation differences                       | (8,947)              | 3,321               |
| Change in cash restricted for use by banks                     | -                    | 58                  |
| <b>Cash and cash equivalents at the beginning of the year</b>  | <u>28,988,331</u>    | <u>23,195,873</u>   |
| <b>Cash and cash equivalents at the end of the year</b>        | <u>26,558,722</u>    | <u>28,988,331</u>   |
| <b>Significant non-cash transactions:</b>                      |                      |                     |
| Property, plant and equipment additions                        | -                    | 7,910,000           |
| Remeasurements of employees' defined benefit liability         | 4,180,120            | 5,420,415           |
| Right-of-use assets and lease liabilities adjustments          | 308,349              | 1,358,029           |

  
Chairman

  
Chief Executive Officer

  
Group Finance Director



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2023

### 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 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 Dhul-Hijjah 1412H (corresponding to 25 September 1992).

These 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.

| Subsidiary  | Country of incorporation | Effective ownership interest |      |
|---|--------------------------|------------------------------|------|
|   |                          | 2023                         | 2022 |
| Hala Printing Company (a)                                     | Saudi Arabia             | 100%                         | 100% |
| Al-Madinah Al Munawarah Printing & Publishing Company (b)     | Saudi Arabia             | 100%                         | 100% |
| Future Industrial Investment Company (“FIIC”) (c)             | Saudi Arabia             | 100%                         | 100% |
| Emirates National Factory for Plastic Industries (“ENPI”) (d) | United Arab Emirates     | 100%                         | 100% |

- a) Hala Printing Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia and operating under the Commercial Registration No. 1010220149 issued in the city of Riyadh on 11 Jumada’ I 1427H (corresponding to 7 June 2006). The Company operates in the field of wholesale and retail trade in publications, paper and its products and publications of written materials under the media license issued by the Ministry of Culture and Media No. 3435, dated 9 Thul-Qi’ dah 1414H (corresponding to 20 April 1994), which was renewed on 13 Shawwal 1437H.
- b) Al Madina Printing and Packaging Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia. The Company operates under the Commercial No. 4030004369 issued in the city of Jeddah on 23 Rajab 1338H (corresponding to 9 December 1963). The Company operates in the field of producing photocopy paper, textbooks and publications under the license issued by the Ministry of Media No. 510 on 24 Dhul-Hijjah 1413H (corresponding to 14 June 1993).
- c) Future Industrial Investment Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia, and operating under Commercial Registration No. 1010353704 issued in the city of Riyadh on 19 Dhul-Hijjah 1433H (corresponding to 4 November 2012). The principal activity of the Company includes the wholesale and retail trade of printing and packaging materials and machines, their tools, inks, paper, plastics and their raw materials.
- d) Emirates National Factory for Plastic Industries is a limited liability company registered with the Department of Economic Development – Government of Sharjah in the United Arab Emirates and operating under Commercial Registration No. 3742 issued on 5 December 1995. The Company is licensed to manufacture plastic bags, plastic tubes, plastic sheets and aluminum sheets.

The following are wholly owned subsidiaries of Emirates National Factory for Plastic Industries:

| Subsidiary                                   | Country of incorporation | Effective ownership interest |      |
|--|--------------------------|------------------------------|------|
|  |                          | 2023                         | 2022 |
| 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% |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 1. CORPORATE INFORMATION (continued)

The Group carries out printing as per license issued by the Ministry of Culture and Media No. 21050 dated 24 Dhul-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 printings and all the tools and equipment, books, publications, supplies, office materials and materials of advertising. In addition, the Group also carries out packaging services.

The fiscal year of the Company starts from 1 January and ends on 31 December as per the Company by-laws. The fiscal year of the subsidiaries also starts from 1 January and ends on 31 December.

The head office of the Group is located at Riyadh and the registered address is as follows:

Nakheel Tower  
King Fahad Road  
PO Box 50202  
Riyadh 11523

### 2. Material Accounting Policy Information

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") collectively referred to as "IFRSs as endorsed in the Kingdom of Saudi Arabia".

The consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments which are measured at fair value and employees' defined benefit liability which is measured using the projected unit credit method.

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

The Group's current liabilities exceeds its current assets by SAR 334.3 million (31 December 2022: SAR 130.6 million). Moreover, the Group has accumulated losses amounting to SAR 101 million as at 31 December 2023 (31 December 2022: SAR 70.3 million accumulated losses), which approximate 16.8% (31 December 2022: 11.7%) of the Company's share capital. The management has a strategic business plan to recover the accumulated losses, become profitable and generate positive working capital.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.2 Basis of consolidation (continued)

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

#### 2.3 Summary of Material Accounting Policy Information

##### a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### a) Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

##### c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### c) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

##### d) Zakat, tax and VAT

###### Zakat

Provision for zakat is calculated at the date of the consolidated statement of financial position in accordance with regulations of Zakat, Tax and Customs Authority (“ZATCA”).

The resulting provision is recorded within the consolidated statement of profit or loss. Additional zakat liability, if any, related to prior year’s assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

###### Value Added Tax (VAT)

The Group is subject to monthly VAT provisions. It is paid and settled through the monthly statements submitted by the Group to the ZATCA.

##### e) Foreign currencies

The Group’s consolidated financial statements are presented in SAR, which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

###### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### e) Foreign currencies (continued)

###### i) Transactions and balances (continued)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

###### ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into SAR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

##### f) Cash dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

##### g) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

##### Depreciation

###### Straight-line method

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

|                        |   |
|------------------------|---|
| Buildings              | The shorter of 10 – 33 years or the lease contract period |
| Plant and equipment    | 5 to 20 years   |
| Furniture and fixtures | 10 years  |
| Vehicles               | 4 years   |
| Computer hardware      | 4 – 7 years   |
| Tools                  | 5 years   |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### g) Property, plant and equipment (continued)

###### Depreciation (continued)

###### Straight-line method (continued)

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

###### Units of production method

The depreciation of printing and packaging equipment is calculated on the basis of the ratio of the number of actual units produced to the total production capacity of the equipment, resulting in a charge based on the expected use or production, reflecting to the maximum extent, the expected pattern of depreciation of the future economic benefits of the equipment.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

###### **Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

###### i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the date of commencement of the lease to the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

###### ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### h) Leases (continued)

###### *Group as a lessee (continued)*

###### ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

###### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### i) Revenue from contracts with customers

The Group is in the business of printing and packaging.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

###### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location.

In determining the transaction price for the sale of its goods, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

###### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### i) Revenue from contracts with customers (continued)

###### Variable consideration (continued)

Some contracts for the sale of goods provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

###### Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

###### Trade receivable

A receivable is recognised if an amount of consideration that is unconditional is due from the customer.

###### Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

##### j) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured using the cost model (at historical cost less accumulated depreciation – except for lands, which are carried at its cost – and the accumulated impairment losses, if any)

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of investment properties as follows:

Buildings: 10 – 33 years

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

##### k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### k) Intangible assets (continued)

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

##### l) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### i) Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“OCI”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### 1) Financial instruments – initial recognition and subsequent measurement (continued)

###### i) Financial assets (continued)

###### *Subsequent measurement (continued)*

###### Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

The Group’s financial assets at amortised cost includes trade receivables, cash and cash equivalents and other current assets.

###### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

###### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

###### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### 1) Financial instruments – initial recognition and subsequent measurement (continued)

###### i) Financial assets (continued)

###### *Derecognition (continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

###### *Impairment*

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

###### ii) Financial liabilities

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### 1) Financial instruments – initial recognition and subsequent measurement (continued)

##### **ii) Financial liabilities (continued)**

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and murabaha)

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

##### *Financial liabilities at amortised cost (loans and murabaha)*

Long-term loans and Murabaha are initially recognized at their fair value (being proceeds received, net of eligible transaction costs, if any).

Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of long-term borrowings using the effective interest rate method.

Loans and Murabaha are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### ***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### **iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### m) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

##### n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### n) Impairment of non-financial assets (continued)

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

##### o) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

##### p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### q) Employees' defined benefit liability

###### Short-term employees' benefits

Short-term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

###### Defined benefits plan

The Group operates a defined benefits plan for its employees in accordance with Saudi Labor and Workman Law as defined by the conditions set out in the laws of the Kingdom of Saudi Arabia.

###### Valuation method and main assumptions of the actuarial study

In compliance with the requirements of IAS 19 "Employee Benefits", defined benefit liabilities are computed annually by a qualified actuary using the projected unit credit method at the end of each financial year.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### q) Employees' defined benefit liability (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

##### r) Cost of revenue

Cost of revenue represents the costs that are directly attributable to the manufacture and production of the products that generate revenue to the Group and that include but are not limited to raw materials, labor, depreciation and other overhead costs.

##### s) Selling and distribution expenses

Selling and distribution expenses consist of the costs incurred in the marketing and sales of the Group's products and include other indirect costs related to revenue. All other expenses are classified as general and administrative expenses.

##### t) General and administrative expenses

General and administrative expenses consist of direct and indirect costs not attributable to cost of revenue. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis. These expenses primarily include employee costs, other benefits, compensation and allowances of the board of directors and its committees, maintenance fees, rent and travel expenses, insurance, professional fees, and others.

##### u) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to profit or loss.

### 2.4 Standards issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.4 Standards issued but not yet effective. (continued)

##### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right, and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements

#### 2.5 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

##### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 2. Material Accounting Policy Information (continued)

#### 2.5 New and amended standards and interpretations (continued)

##### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

##### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

##### International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

### 3. Use of Significant Estimates and Judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### - Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 3. Use of Significant Estimates and Judgments (continued)

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the

lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### - Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating lease

#### - Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### - Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

#### - Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 3. Use of Significant Estimates and Judgments (continued)

#### - Defined benefits plans

The cost of the employees' defined benefit liability and its present value are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

#### - Defined benefits plans

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

#### - Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

#### - Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

4. PROPERTY, PLANT AND EQUIPMENT

|                                    | Land               |                    | Buildings          |                   | Plant & equipment |                   | Furniture & fixtures |                  | Vehicles             |               | Computer hardware |     | Tools |     | Projects in progress |     | Total |     |  |
|------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|----------------------|------------------|----------------------|---------------|-------------------|-----|-------|-----|----------------------|-----|-------|-----|--|
|                                    | SAR                | SAR                | SAR                | SAR               | SAR               | SAR               | SAR                  | SAR              | SAR                  | SAR           | SAR               | SAR | SAR   | SAR | SAR                  | SAR | SAR   | SAR |  |
| <b>Cost</b>                        |                    |                    |                    |                   |                   |                   |                      |                  |                      |               |                   |     |       |     |                      |     |       |     |  |
| At 1 January 2022                  | 142,884,094        | -                  | 311,806,079        | 1,022,792,798     | 48,330,091        | 16,599,199        | 18,881,264           | 753,081          | 15,755,873           | 1,577,802,479 |                   |     |       |     |                      |     |       |     |  |
| Additions                          | -                  | -                  | -                  | 283,125           | 3,395             | 1,104             | 107,540              | 7,910,000        | 17,580,436           | 25,885,600    |                   |     |       |     |                      |     |       |     |  |
| Disposals                          | -                  | (58,897)           | (71,831,280)       | (1,057,602)       | (634,395)         | (874,441)         | (245,871)            | (706,904)        | (75,409,390)         |               |                   |     |       |     |                      |     |       |     |  |
| Transfer from projects in progress | -                  | 12,218,980         | 11,426,411         | 1,184,184         | 448,050           | 392,468           | -                    | (25,670,093)     | -                    |               |                   |     |       |     |                      |     |       |     |  |
| Exchange differences               | (632)              | (1,215)            | (3,982)            | (328)             | (97)              | -                 | -                    | (51)             | (6,382)              |               |                   |     |       |     |                      |     |       |     |  |
| <b>At 31 December 2022</b>         | <b>142,883,462</b> | <b>323,964,947</b> | <b>962,667,072</b> | <b>48,459,740</b> | <b>16,173,835</b> | <b>18,746,780</b> | <b>8,417,210</b>     | <b>6,959,261</b> | <b>1,528,272,307</b> |               |                   |     |       |     |                      |     |       |     |  |
| Additions                          | -                  | 87,198             | 26,209             | -                 | -                 | 38,201            | -                    | 12,818,966       | 12,970,574           |               |                   |     |       |     |                      |     |       |     |  |
| Disposals                          | -                  | -                  | (7,699,936)        | -                 | (316,337)         | (12,902)          | (301,279)            | (264,124)        | (8,594,578)          |               |                   |     |       |     |                      |     |       |     |  |
| Transfer from projects in progress | -                  | 323,256            | 8,392,948          | 190,096           | 265,519           | 453,792           | -                    | (9,625,611)      | -                    |               |                   |     |       |     |                      |     |       |     |  |
| Foreign currency differences       | -                  | -                  | -                  | -                 | -                 | -                 | -                    | -                | -                    |               |                   |     |       |     |                      |     |       |     |  |
| <b>At 31 December 2023</b>         | <b>142,883,462</b> | <b>324,375,401</b> | <b>963,386,293</b> | <b>48,649,836</b> | <b>16,123,017</b> | <b>19,225,871</b> | <b>8,115,931</b>     | <b>9,888,492</b> | <b>1,532,648,303</b> |               |                   |     |       |     |                      |     |       |     |  |
| <b>Accumulated depreciation</b>    |                    |                    |                    |                   |                   |                   |                      |                  |                      |               |                   |     |       |     |                      |     |       |     |  |
| At 1 January 2022                  | -                  | 115,791,818        | 635,311,451        | 39,229,840        | 15,943,163        | 15,482,957        | 751,594              | -                | 822,510,823          |               |                   |     |       |     |                      |     |       |     |  |
| Depreciation                       | -                  | 9,354,296          | 40,967,616         | 2,369,449         | 395,957           | 660,402           | 1,413,975            | -                | 55,161,695           |               |                   |     |       |     |                      |     |       |     |  |
| Disposals                          | -                  | (58,897)           | (64,008,496)       | (1,057,602)       | (872,762)         | (623,948)         | (245,867)            | -                | (66,867,572)         |               |                   |     |       |     |                      |     |       |     |  |
| Foreign currency differences       | -                  | 256                | 1,142              | 122               | 37                | 45                | -                    | -                | 1,602                |               |                   |     |       |     |                      |     |       |     |  |
| <b>At 31 December 2022</b>         | <b>-</b>           | <b>125,087,473</b> | <b>612,271,713</b> | <b>40,541,809</b> | <b>15,466,395</b> | <b>15,519,456</b> | <b>1,919,702</b>     | <b>-</b>         | <b>810,806,548</b>   |               |                   |     |       |     |                      |     |       |     |  |
| Depreciation                       | -                  | 10,298,912         | 42,687,102         | 657,624           | 308,994           | 656,705           | 1,131,176            | -                | 55,740,513           |               |                   |     |       |     |                      |     |       |     |  |
| Disposals                          | -                  | (39,710)           | (6,652,205)        | -                 | (316,337)         | (12,902)          | (301,279)            | -                | (7,322,433)          |               |                   |     |       |     |                      |     |       |     |  |
| Foreign currency differences       | -                  | -                  | -                  | -                 | -                 | -                 | -                    | -                | -                    |               |                   |     |       |     |                      |     |       |     |  |
| <b>At 31 December 2023</b>         | <b>-</b>           | <b>135,346,675</b> | <b>648,306,610</b> | <b>41,199,433</b> | <b>15,459,052</b> | <b>16,163,259</b> | <b>2,749,599</b>     | <b>-</b>         | <b>859,224,628</b>   |               |                   |     |       |     |                      |     |       |     |  |
| <b>Net book value:</b>             |                    |                    |                    |                   |                   |                   |                      |                  |                      |               |                   |     |       |     |                      |     |       |     |  |
| At 31 December 2022                | 142,883,462        | 189,028,726        | 315,079,683        | 7,450,403         | 663,965           | 3,062,612         | 5,366,332            | 9,888,492        | 673,423,675          |               |                   |     |       |     |                      |     |       |     |  |
| At 31 December 2023                | 142,883,462        | 198,877,474        | 350,395,359        | 7,917,931         | 707,440           | 3,227,324         | 6,497,508            | 6,959,261        | 717,465,759          |               |                   |     |       |     |                      |     |       |     |  |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 4. PROPERTY, PLANT AND EQUIPMENT (continued)

- Certain property, plant and equipment have been placed as collateral against loans amounting to 279.3M (Note 14).
- Lands with carrying value of SAR. 142.8M are owned by the group.
- The balance of projects in progress represents the cost of establishing warehouse in one of the group's subsidiary, and machines which the Group is assembling to be used in production.

Depreciation charge for the year has been allocated as follows:

|                                     | 2023              | 2022              |
|-------------------------------------|-------------------|-------------------|
|                                     | <u>SAR</u>        | <u>SAR</u>        |
| Cost of revenue                     | 52,122,850        | 50,911,379        |
| General and administrative expenses | 3,341,945         | 3,923,603         |
| Selling and distribution expenses   | 275,718           | 326,713           |
|                                     | <u>55,740,513</u> | <u>55,161,695</u> |

### 5. INTANGIBLE ASSETS AND GOODWILL

|                                    | Goodwill           | Software          | Total              |
|------------------------------------|--------------------|-------------------|--------------------|
|                                    | <u>SAR</u>         | <u>SAR</u>        | <u>SAR</u>         |
| <b>Cost</b>                        |                    |                   |                    |
| At 1 January 2022                  | 390,230,436        | 13,370,729        | 403,601,165        |
| Additions                          | -                  | 713,029           | 713,029            |
| <b>At 31 December 2022</b>         | <b>390,230,436</b> | <b>14,083,758</b> | <b>404,314,194</b> |
| Additions                          | -                  | -                 | -                  |
| <b>At 31 December 2023</b>         | <b>390,230,436</b> | <b>14,083,758</b> | <b>404,314,194</b> |
| <b>Amortization and impairment</b> |                    |                   |                    |
| At 1 January 2022                  | 20,306,000         | 13,099,303        | 33,405,303         |
| Amortization                       | -                  | 72,974            | 72,974             |
| Foreign currency differences       | -                  | 3                 | 3                  |
| <b>At 31 December 2022</b>         | <b>20,306,000</b>  | <b>13,172,280</b> | <b>33,478,280</b>  |
| Amortization                       | -                  | 203,822           | 203,822            |
| Impairment                         | 35,000,000         | -                 | 35,000,000         |
| Foreign currency differences       | -                  | -                 | -                  |
| <b>At 31 December 2023</b>         | <b>55,306,000</b>  | <b>13,376,102</b> | <b>68,682,102</b>  |
| <b>Net book value:</b>             |                    |                   |                    |
| At 31 December 2023                | <b>334,924,436</b> | <b>707,656</b>    | <b>335,632,092</b> |
| At 31 December 2022                | 369,924,436        | 911,478           | 370,835,914        |

The following is a breakdown of goodwill:

|  | 2023               | 2022               |
|--|--------------------|--------------------|
|  | <u>SAR</u>         | <u>SAR</u>         |
| Emirates National Factory for Plastic Industries | 324,707,551        | 359,707,551        |
| Hala Printing Company                            | 10,216,885         | 10,216,885         |
|  | <u>334,924,436</u> | <u>369,924,436</u> |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 5. INTANGIBLE ASSETS AND GOODWILL (continued)

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 SAR 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 SAR 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 SAR 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.

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 SAR 380 million after adding the goodwill of these two companies. During 2017 and 2023, the group recognizes impairment on the goodwill amounted to SAR 20.3 and 35 million, respectively.

#### **Goodwill impairment test**

Management performs goodwill test to ensure that there is no impairment at the end of each financial year. 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 2023 accordingly an impairment of SAR 35 million was recorded during the current 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 and Hala Printing Company is 4.23 and 5.52, respectively.

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. A change of +/- 1% 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 2023 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.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 5. INTANGIBLE ASSETS AND GOODWILL (continued)

#### Sensitivity to changes in assumptions (continued)

|   | 31 December 2023 |       | 31 December 2022 |      |
|---|------------------|-------|------------------|------|
|   | ENPI             | Hala  | ENPI             | Hala |
|   | %                | %     | %                | %    |
| Weighted Average Cost of Capital Assumptions ("WACC") | 9.82             | 9.82  | 9.5              | 9.5  |
| Estimated average EBITDA margin                       | 9.66             | 19.18 | 10.8             | 23.2 |
| Average annual growth rate of revenue                 | 4.23             | 5.52  | 5.16             | 4.8  |
| Terminal growth rate                                  | 2.5              | 2.5   | 2.5              | 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.

### 6. INVESTMENT PROPERTIES

|                                  | Land<br>SAR       | Buildings<br>SAR | Total<br>SAR      |
|----------------------------------|-------------------|------------------|-------------------|
| <b>Cost:</b>                     |                   |                  |                   |
| At 1 January 2022                | 18,922,102        | 9,403,543        | 28,325,645        |
| At 31 December 2022              | 18,922,102        | 9,403,543        | 28,325,645        |
| <b>At 31 December 2023</b>       | <b>18,922,102</b> | <b>9,403,543</b> | <b>28,325,645</b> |
| <b>Accumulated depreciation:</b> |                   |                  |                   |
| At 1 January 2022                | -                 | 2,364,528        | 2,364,528         |
| Depreciation                     | -                 | 317,569          | 317,569           |
| Foreign currency differences     | -                 | 47               | 47                |
| At 31 December 2022              | -                 | 2,682,144        | 2,682,144         |
| Depreciation                     | -                 | 329,290          | 329,290           |
| Foreign currency differences     | -                 | -                | -                 |
| <b>At 31 December 2023</b>       | <b>-</b>          | <b>3,011,434</b> | <b>3,011,434</b>  |
| <b>Net book value:</b>           |                   |                  |                   |
| <b>At 31 December 2023</b>       | <b>18,922,102</b> | <b>6,392,109</b> | <b>25,314,211</b> |
| At 31 December 2022              | 18,922,102        | 6,721,399        | 25,643,501        |

The Group's investment properties consist of two commercial properties in the Kingdom of Saudi Arabia and the United Arab Emirates, both of which have been retained by the Group for the purpose of capital appreciation and achieving rental income. Rental income for the year ended 31 December 2023 amounted to SAR 974,044 (2022: SAR 915,230).



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 6. INVESTMENT PROPERTIES (continued)

#### Fair value disclosures

The following is a comparison of the carrying value and fair value of the Group's investment properties:

|                       | 2023                  |                   | 2022                  |                   |
|-----------------------|-----------------------|-------------------|-----------------------|-------------------|
|                       | <i>Carrying value</i> | <i>Fair value</i> | <i>Carrying value</i> | <i>Fair value</i> |
|                       | <i>SAR</i>            | <i>SAR</i>        | <i>SAR</i>            | <i>SAR</i>        |
| Investment properties | 25,314,211            | 49,900,000        | 25,643,501            | 50,136,316        |
|                       | 25,314,211            | 49,900,000        | 25,643,501            | 50,136,316        |

The fair value of investment properties have been determined by external, accredited, independent property valuers who have appropriate and recognized qualifications and recent experience in the location and category of the property whose value is estimated according to the geographical location.

The fair value of property located in the Kingdom of Saudi Arabia was determined based on the valuation by third party CBRE Rowad Al-Riyadh Real Estate Valuation Company ("Valuer") has performed the valuation of the investment properties using the residual Valuation method.

The fair value of property located in the United Arab Emirates was determined based on the valuation made by third party Asteco Property Management for Real Estate Valuation and Revaluation Establishment under RERA license number (43767) ("Valuer") has performed the valuation of the investment properties using the income approach.

The fair value measurement of all investment properties has been classified as level 3 inputs based on the inputs of the valuation method used. The following table shows the valuation method used in measuring fair value:

| Geographic location | Valuation technique  | Unobservable inputs   |
|---------------------|--|---|
| <b>KSA</b>          | <b>Residual valuation approach</b><br>The residual valuation method is the valuation method accepted by the RICS for valuing developments and opportunities which take time to come to fruition. | <b>Assumptions</b><br>The term "Residual Valuation" relates to any valuation which consists of an estimate of the value of a property after allowing for various items of expenditure.  |
| <b>UAE</b>          | <b>Income approach</b><br>By using revenue multiples / capitalization rates based on available market trends and evidence.   | <b>Assumptions</b><br><b>Building:</b><br>- Annual rent of the subject of appraisal and similar buildings amounting to AED 966,000 (SAR 984,858).<br><br>- Operating expenses average 11% of the annual rent for similar buildings. |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 6. INVESTMENT PROPERTIES (continued)

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Profit arising from investment properties:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
|  | <i>SAR</i>        | <i>SAR</i>        |
| Rental income derived from investment properties                               | <b>966,000</b>    | 915,230           |
|  | <i>Percentage</i> | <i>Percentage</i> |
| Direct operating expenses generating rental income (percentage of annual rent) | <b>11%</b>        | 12%               |

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of plant, building, and land used in its operations. Leases of land generally have lease terms between 1 and 20 years, building have lease terms from 6 to 17 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

|                               | <i>Right-of-use assets</i> |
|-------------------------------|----------------------------|
|                               | <u><i>SAR</i></u>          |
| As at 1 January 2022          | 7,633,111                  |
| Additions                     | -                          |
| Disposals                     | (1,358,029)                |
| Depreciation                  | (1,365,290)                |
| Exchange differences          | (63)                       |
| <b>As at 31 December 2022</b> | <b><u>4,909,729</u></b>    |
| Additions                     | 2,393,088                  |
| Disposals                     | (308,349)                  |
| Depreciation                  | (1,422,438)                |
| Exchange differences          | 1                          |
| <b>As at 31 December 2023</b> | <b><u>5,572,031</u></b>    |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

|  | 2023<br>SAR      | 2022<br>SAR      |
|--|------------------|------------------|
| As at 1 January                          | 5,121,663        | 7,814,110        |
| Additions                                | 2,393,088        | -                |
| Modification                             | (308,349)        | (1,358,029)      |
| Accretion of interest                    | 329,992          | 353,821          |
| Payments                                 | (1,639,253)      | (1,688,202)      |
| Foreign currency translation adjustments | 1,418            | (37)             |
| As at 31 December                        | <u>5,898,559</u> | <u>5,121,663</u> |
| Current                                  | <u>1,424,573</u> | <u>1,252,773</u> |
| Non-current                              | <u>4,473,986</u> | <u>3,868,890</u> |

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate of 5% (2022: 5%).

The lease payments along with present value of the lease payments as at 31 December 2023 are as follows:

|                       | <i>Future lease<br/>payments</i><br>SAR | <i>Interest</i><br>SAR | <i>Present value of lease payments</i><br>SAR |
|-----------------------|---|------------------------|---|
| Within one year       | 1,675,761                               | (296,634)              | 1,419,127                                     |
| Two to five years     | 1,191,025                               | (432,468)              | 838,557                                       |
| Later than five years | 4,637,304                               | (996,429)              | 3,640,875                                     |
|                       | <u>7,504,090</u>                        | <u>(1,725,531)</u>     | <u>5,898,559</u>                              |

The following are the amounts recognized in profit or loss:

|  | 2023<br>SAR      | 2022<br>SAR      |
|--|------------------|------------------|
| Depreciation expense of right-of-use assets  | 1,422,438        | 1,365,290        |
| Interest expense on lease liabilities  | 329,992          | 353,826          |
| Expense relating to short-term or low value leases (included in cost of revenue)                     | 1,314,113        | 1,415,121        |
| Expense relating to short-term or low value leases (included in selling and distribution expenses)   | 4,480,811        | 4,336,293        |
| Expense relating to short-term or low value leases (included in general and administrative expenses) | 1,277,156        | 1,271,126        |
| <b>Total amount recognised in profit or loss</b>   | <u>8,824,510</u> | <u>8,741,656</u> |

The Group had total cash outflows for leases of SAR 1,639,253 in 2023 (2022: SAR 1,688,202). The Group also had non-cash additions to right-of-use assets and lease liabilities of 2,393,088 in 2023 (2022: Nil).



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2023

#### 8. INVENTORIES

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
|  | <u>SAR</u>          | <u>SAR</u>          |
| Raw materials  | 139,595,692         | 205,314,615         |
| Finished goods   | 36,511,629          | 48,489,654          |
| Work-in-progress                                       | 8,643,058           | 3,118,267           |
| Spare-parts and consumables                            | 26,870,145          | 25,366,638          |
| Goods-in-transit                                       | 2,537,790           | 3,737,586           |
|  | <u>214,158,314</u>  | <u>286,026,760</u>  |
| Less: Provision for obsolete and slow-moving inventory | <u>(22,722,040)</u> | <u>(20,239,089)</u> |
|  | <u>191,436,274</u>  | <u>265,787,671</u>  |

Movement in provision for obsolete and slow-moving inventory is as follows:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
|  | <u>SAR</u>        | <u>SAR</u>        |
| Balance at the beginning of the year     | 20,239,089        | 19,060,108        |
| Provided during the year                 | 2,482,951         | 1,179,031         |
| Foreign currency translation adjustments | -                 | (50)              |
|  | <u>22,722,040</u> | <u>20,239,089</u> |

Hypothecation and pledge over inventories of ENPI Group amounting to the carrying value of the inventories at any given point in time is given as loan guarantee (note 14). Such balance at the year end amounted to SR 135.5 million (2022: SR 187.3 million).

#### 9. TRADE RECEIVABLES

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
|  | <u>SAR</u>          | <u>SAR</u>          |
| Trade receivable                           | 309,437,310         | 359,856,138         |
|  | <u>309,437,310</u>  | <u>359,856,138</u>  |
| Less: Allowance for expected credit losses | <u>(92,994,134)</u> | <u>(88,183,670)</u> |
|  | <u>216,443,176</u>  | <u>271,672,468</u>  |
| Current portion                            | 210,784,640         | 262,316,040         |
| Non-current portion *                      | 5,658,536           | 9,356,428           |

\* on prior years, balance due from three customers subject to a court case have been rescheduled. As a result, the amount due after 12 months have been classified as non-current.

Movement in allowance for expected credit losses is as follows:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
|  | <u>SAR</u>        | <u>SAR</u>        |
| Balance at the beginning of the year     | 88,183,670        | 80,953,584        |
| Impairment loss on trade receivable      | 4,810,464         | 7,230,209         |
| Foreign currency translation adjustments | -                 | (123)             |
|  | <u>92,994,134</u> | <u>88,183,670</u> |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 10. PREPAYMENTS AND OTHER CURRENT ASSETS

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
|   | <u>SAR</u>         | <u>SAR</u>         |
| Prepaid expense   | 15,395,541         | 15,444,932         |
| Advance to suppliers                                      | 6,558,126          | 9,256,545          |
| Refundable security deposit                               | 3,214,759          | 4,961,405          |
| Prepayment to ZATCA                                       | 6,170,214          | 6,170,214          |
| Employees' receivables                                    | 1,645,334          | 1,460,948          |
| Others  | 892,374            | 1,945,054          |
|   | <u>33,876,348</u>  | <u>39,239,098</u>  |
| Less: Impairment for prepayments and other current assets | <u>(1,550,012)</u> | <u>(1,539,359)</u> |
|   | <u>32,326,336</u>  | <u>37,699,739</u>  |

### 11. CASH AND CASH EQUIVALENTS

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
|   | <u>SAR</u>         | <u>SAR</u>         |
| Cash in hand  | 13,944             | 11,447             |
| Cash at bank  | 36,337,630         | 38,769,736         |
| <b>Cash and cash equivalents in the consolidated statement of financial position</b>      | <b>36,351,574</b>  | <b>38,781,183</b>  |
| Less: Balance with banks-restricted accounts (*)  | <u>(9,792,852)</u> | <u>(9,792,852)</u> |
| <b>Cash and cash equivalents in the consolidated statement of statement of cash flows</b> | <b>26,558,722</b>  | <b>28,988,331</b>  |

(\*) The restricted bank accounts represent a deposit against a loan obtained and not available for the group general use (Note 14).

### 12. BALANCES AND TRANSACTIONS WITH 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.

#### 12.1 Key management personnel compensation

|   | <u>2023</u>      | <u>2022</u>      |
|---|------------------|------------------|
|   | <u>SAR</u>       | <u>SAR</u>       |
| Board of directors' expenses and allowances | 1,429,241        | 1,550,426        |
| Key management personnel compensation (*)   | 5,183,721        | 5,504,759        |
|   | <u>6,612,962</u> | <u>7,055,185</u> |
| Key management personnel compensation (*)   | <u>2023</u>      | <u>2022</u>      |
|   | <u>SAR</u>       | <u>SAR</u>       |
| Short-term employee benefits                | 4,484,171        | 5,123,895        |
| Post-employment benefits                    | 699,550          | 380,863          |
|   | <u>5,183,721</u> | <u>5,504,758</u> |

\*Key management personal compensation includes salaries and equivalents and defined benefit liabilities employees' benefits.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

12.2 The significant transaction and balances between the Group and its related parties are as follows:

|                                       | <i>Sales Transaction for the year ended 31 December</i> |             | <i>Balance due from/(due to) as at 31 December</i> |              |
|---------------------------------------|---|-------------|--|--------------|
|                                       | <i>2023</i>   | <i>2022</i> | <i>2023</i>  | <i>2022</i>  |
|                                       | <i>SAR</i>  | <i>SAR</i>  | <i>SAR</i>   | <i>SAR</i>   |
| Saudi Research and Media Group *      | <b>1,009,604</b>  | 791,742     | <b>(40,576,549)</b>                                | (61,186,551) |
| Saudi Research and Publishing Company | <b>45,571,680</b>                                       | 50,106,840  | -  | -            |
| Saudi Specialized Publishing Company  | <b>1,775,240</b>  | 718,260     | -  | -            |
| Saudi Distribution Company            | -   | 525         | -  | -            |
| AlKhaleejiah Advertising Company      | -   | -           | -  | -            |
| Taoq Public Relations Company         | -   | 19,900      | -  | -            |

\* Saudi Research and Media Group "SRMG" is the holding of SPPC, and the remaining companies are subsidiaries of SRMG.

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.

### 13. SHARE CAPITAL AND RESERVES

**Share Capital:** as at 31 December 2023, the fully paid-up share capital of the company is SAR 600 million (2022: SAR 600 million) divided into 60 million shares (2022: 60 million shares) with a nominal value of SAR 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

**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 purposes.

Based on the Board of Directors' recommendation, the extraordinary General Assembly Meeting in 10 September 2023 decided to utilize the entire statutory reserve amounting to SAR 78,639,385 as of 30 June 2023 and utilize part of the contractual reserve amounting to SAR 27,195,391 to absorb the entire remaining accumulated losses of the group amounting to SAR 105,834,776 as of 30 June 2023.

### 14. 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 letter of guarantee, on different periods subject to renewal. The credit limit for total facilities was SAR 886.8 million as at 31 December 2023 (31 December 2022: SAR 942.9 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 1.65% 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 didn't comply with certain loans and certain covenants as at 31 December 2023. The group has breach in certain financial covenants related to certain interest-bearing loan, accordingly this certain loan has been classified as short-term.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 14. LOANS AND MURABAHA (continued)

Under these agreements, the Group provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
- A plot of land in Abhor district in Jeddah placed as collateral.
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
- Restricted bank accounts amounting to SAR 9.8 million (2022: SAR 9.8 million). (note 11)
- Corporate Guarantee from Flexible Packaging Company Limited, Future Plus Company and Taibah Printing and Packaging Company Limited.
- Legal Mortgage over land and property of SAR 107.6 million.
- Mortgage of Machineries worth SAR 171.6 million.
- Assignment of all risk Islamic Insurance policy over mortgaged properties, inventory, and purchased machines.
- Pledge of stock/inventories in favor of the bank until full and final repayment of the total facilities
- Hypothecation over inventories of ENPI Group amounting to the carrying value of the inventories at any given point in time
- Hypothecation over ENPI receivables on pari passu basis between the lenders
- Cross corporate guarantees of ENPI Companies for SAR. 410 million (31 December 2022: SAR 389 million)
- Comfort letter from the shareholders of ENPI amounting to the full working capital facilities of SAR 410 million (2022: SAR 389 million).
- Promissory note in an amount of SAR 76.46 million (AED 75,000,000)

Based on the decision of the Board of Directors held on 7 May 2018, the bank has the right, in the event of default by the Group, to recourse through some of the subsidiaries, and the bank has the right to request additional guarantees other than what is mentioned in the loan agreement.

In January 2021, Emirates National Factory for Plastic Industries (a wholly owned subsidiary in the United Arab Emirates) signed a banking facility agreement (in compliance with the provisions of Islamic Sharia) with a local bank in the United Arab Emirates for a total amount of SAR. 494 million representing the following:

- Long-term financing of SAR. 356.8 million, repayable over 8 years. The facility was obtained for the purposes of financing capital projects in the amount of SAR 76.4 million, in addition to early payment of existing facilities in favor of other banks in the United Arab Emirates, amounting to SAR. 280 million.
- Short-term financing of SAR. 137.6 million for the purpose of working capital financing.

This loan has an IRS which has resulted in a derivative financial instrument asset as at 31 December 2023 refer to (note 16).

As at 31 December 2023, the balance utilized amounted to SAR 773.4 million (2022: SAR 818.8 million).

The following is an analysis of the loans and Murabaha transactions:

|                      | <b>2023</b>        | <b>2022</b> |
|----------------------|--------------------|-------------|
|                      | <b>SAR</b>         | <b>SAR</b>  |
| Long term loans*     | <b>372,101,924</b> | 404,911,688 |
| Short term loans     | <b>377,416,393</b> | 389,382,623 |
| Overdrafts           | <b>19,327,305</b>  | 20,037,359  |
| Accrued finance cost | <b>4,567,670</b>   | 4,440,763   |
| <b>Total</b>         | <b>773,413,292</b> | 818,772,433 |

\* The long-term loans include current portion.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 14. LOANS AND MURABAHA (continued)

The following is the movement of the loan transaction:

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
|   | <u>SAR</u>         | <u>SAR</u>         |
| Opening balance                             | 818,772,433        | 825,754,948        |
| Proceeds during the year                    | 1,177,554,767      | 1,346,844,863      |
| Payments during the year                    | (1,223,040,815)    | (1,355,405,149)    |
| Interest charged during the year            | 59,640,917         | 38,862,208         |
| Payments for financial cost during the year | (59,514,010)       | (37,284,437)       |
| Ending balance                              | <u>773,413,292</u> | <u>818,772,433</u> |

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

|                      | <u>2023</u>        | <u>2022</u>        |
|----------------------|--------------------|--------------------|
|                      | <u>SAR</u>         | <u>SAR</u>         |
| Current portion      | 595,760,604        | 486,469,540        |
| Non- Current portion | 177,652,688        | 332,302,893        |
|                      | <u>773,413,292</u> | <u>818,772,433</u> |

### 15. EMPLOYEES DEFINED BENEFITS LIABILITIES

|  | <u>SAR</u>        |
|--|-------------------|
| <b>Defined benefit obligation at 1 January 2022</b>    | 39,187,268        |
| Current service cost                                   | 3,527,185         |
| Past service gain                                      | (824,648)         |
| Interest cost  | 865,899           |
| Benefits paid  | (5,230,605)       |
| Re-measurement of employees' defined liabilities       | (5,420,415)       |
| <b>Defined benefit liabilities at 31 December 2022</b> | <u>32,104,684</u> |
| Current service cost                                   | 3,487,595         |
| Interest cost  | 1,332,154         |
| Benefits paid  | (5,781,994)       |
| Re-measurement of employees' defined liabilities       | 4,180,120         |
| <b>Defined benefit liabilities at 31 December 2023</b> | <u>35,322,559</u> |

#### Significant actuarial assumptions

The table below outlines the assumptions used in the evaluation process.

|                        | <b>Kingdom of Saudi Arabia</b> |                   | <b>United Arab Emirates</b> |                   |
|------------------------|--------------------------------|-------------------|-----------------------------|-------------------|
|                        | <b>2023</b>                    | 2022              | <b>2023</b>                 | 2022              |
| Discount rate          | 4.56%                          | 4.70%             | 4.14%                       | 4.35%             |
|                        | 0% for FY 23                   | 0% for FY 22      | 0% for FY 23                | 0% for FY 22      |
| Salary increase rate   | And 1% thereafter              | And 1% thereafter | And 1% thereafter           | And 1% thereafter |
| Assumed retirement age | 60 years                       | 60 years          | 60 years                    | 60 years          |

#### Sensitivity analysis

An analysis of the sensitivity of the defined liabilities to changes in the Group's weighted key assumptions is as follows:

|           | <b>Discount rate</b> |                    | <b>Salary increase rate</b> |                    |
|-----------|----------------------|--------------------|-----------------------------|--------------------|
|           | <b>1% decrease</b>   | <b>1% increase</b> | <b>1% decrease</b>          | <b>1% increase</b> |
|           | <u>SAR</u>           | <u>SAR</u>         | <u>SAR</u>                  | <u>SAR</u>         |
| 31-Dec-23 | 2,043,311            | (2,312,442)        | (2,126,795)                 | 2,369,334          |
| 31-Dec-22 | 2,654,315            | (2,302,966)        | (2,402,614)                 | 2,728,302          |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 15. EMPLOYEES DEFINED BENEFITS OBLIGATION (continued)

The sensitivity analysis above was determined based on the change in one assumption with all other assumptions held constant. In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other. When calculating the sensitivity of defined benefits liability to significant actuarial changes, the same method (present value of the defined benefits obligation calculated using the projected unit credit method at the end of preparing the consolidated financial statements) has been applied as when calculating the defined benefits liability used recognized in the consolidated statement of financial position.

### 16. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value on derivative financial instruments as at the reporting date was as follows:

|  | <u>2023</u>      | <u>2022</u>      |
|--|------------------|------------------|
|  | <u>SAR</u>       | <u>SAR</u>       |
| <b>Derivatives not designated as hedging instruments</b> |                  |                  |
| Profit rate swaps  | <u>7,646,415</u> | <u>8,665,937</u> |

The Group uses derivative financial instruments mainly, profit rate swaps. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group has recognized asset of SAR 8.7 million as a financial asset during the year ended 31 December 2022 and the asset has been decreased to SAR 7.6 million during year ended 31 December 2023.

Other details related to the profit rate swap arrangement are as follows:

|   | <u>2023</u>            | <u>2022</u>     |
|---|------------------------|-----------------|
|   | <u>SAR</u>             | <u>SAR</u>      |
| Change in fair value of the derivative instrument | <u>(1,019,522)</u>     | 8,665,937       |
| Carrying amount of the derivative instrument      | <u>7,646,415</u>       | 8,665,937       |
| Notional amount of the derivative instrument      | <u>141,458,678</u>     | 163,120,800     |
| Maturity date of the derivative instrument        | <u>6 December 2025</u> | 6 December 2025 |

### 17. TRADE PAYABLES

|                | <u>2023</u>        | <u>2022</u>        |
|----------------|--------------------|--------------------|
|                | <u>SAR</u>         | <u>SAR</u>         |
| Trade payables | <u>129,609,000</u> | <u>149,219,291</u> |
|                | <u>129,609,000</u> | <u>149,219,291</u> |

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade payables are normally settled in 60 to 90 days.

### 18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

|                         | <u>2023</u>       | <u>2022</u>       |
|-------------------------|-------------------|-------------------|
|                         | <u>SAR</u>        | <u>SAR</u>        |
| Accrued expenses        | <u>12,140,544</u> | 11,696,500        |
| Advances from customers | <u>3,861,205</u>  | 3,424,322         |
| Employees accruals      | <u>3,876,119</u>  | 4,866,250         |
| Other                   | <u>2,617,006</u>  | 3,933,027         |
|                         | <u>22,494,874</u> | <u>23,920,099</u> |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2023

### 19. PROVISION FOR ZAKAT

#### 19.1 ZAKAT

| <b>Zakat base:</b>                          | <b>2023</b>            | <b>2022</b>     |
|---|------------------------|-----------------|
|   | <b>SAR</b>             | <b>SAR</b>      |
| Loss before zakat adjustment                | <b>(128,804,036)</b>   | (5,724,774)     |
| Disallowable expenses                       | <b>12,113,164</b>      | 15,722,502      |
| Adjusted loss/ (income) for zakat provision | <b>(116,690,872)</b>   | 9,997,728       |
| Equity opening balance                      | <b>708,744,711</b>     | 708,744,711     |
| Provisions and other adjustments            | <b>139,764,539</b>     | 136,175,845     |
| Non-current liabilities                     | <b>378,697,634</b>     | 420,029,581     |
| Non-current assets                          | <b>(1,137,208,274)</b> | (1,184,412,209) |
| Zakat base                                  | <b>(26,962,262)</b>    | 90,535,656      |
| <b>Movement in zakat provision:</b>         | <b>2023</b>            | <b>2022</b>     |
|   | <b>SAR</b>             | <b>SAR</b>      |
| Balance as at 1 January                     | <b>12,499,697</b>      | 12,250,396      |
| Charge during the year                      | <b>3,500,000</b>       | 3,494,702       |
| Zakat Paid                                  | <b>(1,311,708)</b>     | (3,247,658)     |
| Foreign currency translation adjustment     | <b>1,315</b>           | 2,257           |
| Balance as at 31 December                   | <b>14,689,304</b>      | 12,499,697      |

Zakat provision is estimated and charged to the consolidated statement of comprehensive income. The Group submitted zakat returns for all years up to 2022, and the Zakat return for the year 2022 and 2021 is still under review by the ZATCA.

The Group received the consolidated zakat assessment for the years 31 December 2005 to 2008. However, ZATCA issued assessment notice requesting the group to pay an additional amount of SAR. 9,964,793 for which the company has filed an objection against the assessment. Subsequently, ZATCA partially accepted the appeal and zakat differences were reduced by SAR. 3,382,159. The group filed additional objection for the remaining amount of SAR. 6,582,634. The objection was partially approved by the General Secretariate of Tax and Committees ("GSTC") and zakat differences were reduced by SAR. 5,040,535. The group and ZATCA filed objection to the GSTC, these objections are still being considered by GSTC at the date of preparing these consolidated financial statements.

The Group filed consolidated Zakat returns to ZATCA for the years ended 31 December 2009 until 2013 and received Zakat certificate for these years. ZATCA did not issue the final assessment for the mentioned years up to the date of preparing these consolidated financial statements. ZATCA issued assessment notice for the year 2014 without additional amounts.

The Group received the consolidated zakat assessment for the years 31 December 2015, 2016, and 2018 claiming additional zakat liability of SAR. 27,137,780, the group partially accepted an amount of SAR. 230,874 from ZATCA treatment and filed an appeal for the remaining amount. ZATCA partially accepted the appeal and issued a revised assessment amounted to SAR. 16,314,362. The Group filed objections for these years to the first level of the General Secretariate of Tax and Committees "GSTC", and the objection was rejected by the first level. Then the group filed its appeal to the second level of GSTC. The GSTC 2<sup>nd</sup> level has issued its ruling upholding ZATCA's treatment in majority of the items. However, the Group did not accept this ruling and submitted a reconsideration request to the GSTC. The result of this reconsideration request is still pending.

The Group received the final zakat assessment for the year 31 December 2017. Zakat position has been finalized with ZATCA for the year 2017.



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### 19. PROVISION FOR ZAKAT (continued)

The Group received the zakat assessment for the years 31 December 2019 and 2020 claiming additional zakat liability of SAR. 22,428,203. The Group filed objections for these years, and these objections were partially accepted where zakat differences are reduced to SAR. 21,809,019. The Group filed an appeal on the revised assessment to the 1st level of the GSTC and settled 25% of the total zakat liability amounting to SAR 6,170,214 (according to the zakat By-Laws for the year 2019). The GSTC 1st level has issued a favorable ruling to SPPC whereby the GSTC has upheld the Company's contention in the majority of the appealed items. ZATCA has appealed the Ruling with the GSTC 2nd level. The objection is still being considered by GSTC 2nd level at the date of preparing these consolidated financial statements.

### 19.2 TAXATION

On 9 December 2022, UAE Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. The Group's accounting year ends on 31 December, accordingly the effective implementation period for the Group will correspond to the year ending on 31 December 2024 and the first return will be filed on or before 30 September 2025.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to Emirates National Plastic Industries with effect from 01 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the financial statements for the period beginning 01 January 2024. However, the related deferred tax accounting impact has been considered for the financial year ended 31 December 2023. The group will continue to monitor the publication of subsequent Decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates."

### 20. SEGMENT INFORMATION

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

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

| 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 management monitors the results of the operations of the business units independently for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.



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20. SEGMENT INFORMATION (continued)

b) Information about reportable segments

The following tables present revenue and loss before zakat information for the Group's operating segments for the year ended 31 December 2023 and 2022, respectively.

|                               | Reportable segments |                      |                              |                        |                                      |                        |
|-------------------------------|---------------------|----------------------|------------------------------|------------------------|--------------------------------------|------------------------|
|                               | Printing<br>SAR     | Packaging<br>SAR     | All other<br>segments<br>SAR | Total<br>SAR           | Adjustments &<br>Eliminations<br>SAR | Total<br>SAR           |
| <b>31 December 2023</b>       |                     |                      |                              |                        |                                      |                        |
| <b>Revenue</b>                |                     |                      |                              |                        |                                      |                        |
| External customers            | 96,442,102          | 682,715,975          | -                            | 779,158,077            | -                                    | 779,158,077            |
| Inter-segments                | 17,435,980          | 48,433,115           | -                            | 65,869,095             | (65,869,095)                         | -                      |
| <b>Total revenue</b>          | <b>113,878,082</b>  | <b>731,149,090</b>   | <b>-</b>                     | <b>845,027,172</b>     | <b>(65,869,095)</b>                  | <b>779,158,077</b>     |
| <b>Expense</b>                |                     |                      |                              |                        |                                      |                        |
| Finance costs                 | 4,992,561           | 55,657,263           | 653,239                      | 61,303,063             | -                                    | 61,303,063             |
| Depreciation and amortization | 19,352,028          | 38,270,909           | 73,126                       | 57,696,063             | -                                    | 57,696,063             |
| <b>Segment loss</b>           | <b>(25,864,425)</b> | <b>(58,624,423)</b>  | <b>(12,815,188)</b>          | <b>(97,304,036)</b>    | <b>(35,000,000)</b>                  | <b>(132,304,036)</b>   |
| <b>Total assets</b>           | <b>301,028,999</b>  | <b>1,216,621,842</b> | <b>6,494,943</b>             | <b>1,524,145,784</b>   | <b>-</b>                             | <b>1,524,145,784</b>   |
| <b>Total liabilities</b>      | <b>(21,589,495)</b> | <b>(629,950,557)</b> | <b>(371,161,236)</b>         | <b>(1,022,701,288)</b> | <b>-</b>                             | <b>(1,022,701,288)</b> |

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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20. SEGMENT INFORMATION (continued)

b) Information about reportable segments (continued)

|                               | Reportable segments |                      |                              |                        |                                      |                        |
|-------------------------------|---------------------|----------------------|------------------------------|------------------------|--------------------------------------|------------------------|
|                               | Printing<br>SAR     | Packaging<br>SAR     | All other<br>segments<br>SAR | Total<br>SAR           | Adjustments &<br>Eliminations<br>SAR | Total<br>SAR           |
| <i>31 December 2022</i>       |                     |                      |                              |                        |                                      |                        |
| <b>Revenue</b>                |                     |                      |                              |                        |                                      |                        |
| External customers            | 144,929,685         | 855,164,248          | -                            | 1,000,093,933          |                                      | 1,000,093,933          |
| Inter-segments                | 6,343,190           | 20,167,997           | -                            | 26,511,187             | (26,511,187)                         | -                      |
| <b>Total revenue</b>          | <u>151,272,875</u>  | <u>875,332,245</u>   | <u>-</u>                     | <u>1,026,605,120</u>   | <u>(26,511,187)</u>                  | <u>1,000,093,933</u>   |
| <b>Expense</b>                |                     |                      |                              |                        |                                      |                        |
| Finance costs                 | 2,338,011           | 28,801,240           | 276,740                      | 31,415,991             | -                                    | 31,415,991             |
| Depreciation and amortization | 20,587,404          | 36,234,358           | 95,766                       | 56,917,528             | -                                    | 56,917,528             |
| <b>Segment (Loss) / Gains</b> | <u>(1,494,919)</u>  | <u>27,785</u>        | <u>(7,752,371)</u>           | <u>(9,219,505)</u>     | <u>-</u>                             | <u>(9,219,505)</u>     |
| <b>Total assets</b>           | <u>392,953,590</u>  | <u>1,347,454,630</u> | <u>1,053,681</u>             | <u>1,741,461,901</u>   | <u>-</u>                             | <u>1,741,461,901</u>   |
| <b>Total liabilities</b>      | <u>(35,396,664)</u> | <u>(674,035,396)</u> | <u>(394,089,509)</u>         | <u>(1,103,521,569)</u> | <u>-</u>                             | <u>(1,103,521,569)</u> |



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### 20. SEGMENT INFORMATION (continued)

#### b) 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    | 2023                 | 2022                 |
|----------------------------|----------------------|----------------------|
|                            | SAR                  | SAR                  |
| Saudi Arabia               | 305,919,792          | 398,021,642          |
| United Arab Emirates       | 253,347,217          | 293,633,629          |
| Others                     | 219,891,068          | 308,438,662          |
|                            | <b>779,158,077</b>   | <b>1,000,093,933</b> |
| <b>Total assets</b>        | <b>2023</b>          | <b>2022</b>          |
|                            | SAR                  | SAR                  |
| Saudi Arabia               | 641,234,979          | 740,093,786          |
| United Arab Emirates       | 882,910,805          | 1,001,368,115        |
|                            | <b>1,524,145,784</b> | <b>1,741,461,901</b> |
| <b>Total liabilities</b>   |                      |                      |
| Saudi Arabia               | 789,258,331          | 826,745,046          |
| United Arab Emirates       | 233,442,957          | 276,776,523          |
|                            | <b>1,022,701,288</b> | <b>1,103,521,569</b> |
| <b>Non-current assets*</b> |                      |                      |
| Saudi Arabia               | 369,219,485          | 402,727,111          |
| United Arab Emirates       | 684,027,475          | 734,150,157          |
|                            | <b>1,053,246,960</b> | <b>1,136,877,268</b> |

\* Non-current operating assets consist of property, machinery, equipment, investment properties, goodwill, and intangible assets, and right-of-use of assets.

### 21. COST OF REVENUE

|  | 2023               | 2022               |
|--|--------------------|--------------------|
|  | SAR                | SAR                |
| Cost of materials                                  | 516,751,688        | 672,396,831        |
| Employees' expenses and benefits                   | 68,720,488         | 70,888,713         |
| Depreciation and amortization                      | 53,548,346         | 52,667,212         |
| Services and utilities                             | 33,439,660         | 33,933,624         |
| Maintenance  | 10,920,514         | 10,505,478         |
| Consumables  | 4,419,437          | 4,854,654          |
| Insurance  | 3,139,292          | 3,324,206          |
| Rent   | 1,314,113          | 1,415,121          |
| Provision for obsolete and slow-moving inventories | 2,482,951          | 1,179,031          |
| Others   | 1,979,334          | 6,535,756          |
|  | <b>696,715,823</b> | <b>857,700,626</b> |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 22. SELLING AND DISTRIBUTION EXPENSES

|                                  | 2023              | 2022              |
|----------------------------------|-------------------|-------------------|
|                                  | SAR               | SAR               |
| Employees' expenses and benefits | 22,353,122        | 22,053,745        |
| Transportation and shipment      | 15,305,786        | 21,010,575        |
| Rent                             | 4,480,811         | 4,336,293         |
| Commission and incentives        | 2,581,209         | 3,393,336         |
| Advertising and promotion        | 1,043,977         | 1,058,944         |
| Maintenance                      | 639,937           | 621,138           |
| Depreciation                     | 275,718           | 326,713           |
| Others                           | 3,303,138         | 2,895,998         |
|                                  | <b>49,983,698</b> | <b>55,696,742</b> |

### 23. GENERAL AND ADMINISTRATIVE EXPENSES

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | SAR               | SAR               |
| Employees' expenses and benefits                               | 36,440,702        | 37,344,935        |
| Provision for expected credit losses                           | 4,810,464         | 7,230,209         |
| Professional fees  | 9,939,519         | 4,448,060         |
| Depreciation and amortization                                  | 3,871,998         | 3,923,603         |
| Telephone and fax  | 2,619,003         | 2,401,212         |
| Insurance  | 1,977,058         | 1,705,990         |
| Board of directors and committees' remuneration and allowances | 1,429,241         | 1,550,426         |
| Rent   | 1,277,156         | 1,271,126         |
| Travel   | 535,681           | 381,949           |
| Others   | 6,867,586         | 6,725,127         |
|  | <b>69,768,408</b> | <b>66,982,637</b> |

### 24. OTHER INCOME

|   | 2023             | 2022             |
|---|------------------|------------------|
|   | SAR              | SAR              |
| Income from sale of production wastes                     | 4,033,021        | 5,076,684        |
| Rental income   | 974,043          | 915,230          |
| (Loss)/Gains on disposal of property, plant and equipment | (245,235)        | 235,507          |
| Others  | 47,050           | (250,132)        |
|   | <b>4,808,879</b> | <b>5,977,289</b> |

### 25. FINANCE COSTS

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | SAR               | SAR               |
| Banking facilities                                   | 56,918,145        | 36,755,108        |
| Financing against letter of credits and bank charges | 1,236,758         | 1,670,057         |
| Finance costs on employees' benefits liabilities     | 1,332,154         | 865,899           |
| Amortization of finance rescheduling charges         | 466,492           | 437,043           |
| Finance costs on lease liabilities                   | 329,992           | 353,821           |
| Loss/(Gain) from derivative assets                   | 1,019,522         | (8,665,937)       |
|  | <b>61,303,063</b> | <b>31,415,991</b> |



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

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### 26. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

|   | <i>2023</i>          | <i>2022</i>        |
|---|----------------------|--------------------|
|   | <i>SAR</i>           | <i>SAR</i>         |
| Loss attributable to ordinary equity holders of the parent:<br>income             | <b>(132,304,036)</b> | <b>(9,219,479)</b> |
| Loss attributable to ordinary equity holders of the parent for basic<br>earnings  | <b>(132,304,036)</b> | <b>(9,219,479)</b> |
|   | <i>2023</i>          | <i>2022</i>        |
|   | <i>SAR</i>           | <i>SAR</i>         |
| <b>Weighted average number of ordinary shares for basic EPS*</b>                  | <b>60,000,000</b>    | 60,000,000         |
| Effects of dilution from:   |                      |                    |
| Weighted average number of ordinary shares adjusted for the effect<br>of dilution | <b>60,000,000</b>    | 60,000,000         |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.



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27. FINANCIAL INSTRUMENTS

Fair value measurement of financial assets

The table below shows the carrying value of financial assets and liabilities as at 31 December 2023 and 31 December 2022, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost.

|   | 2023                  |                                    | 2022               |                       |
|---|-----------------------|------------------------------------|--------------------|-----------------------|
|   | Amortized cost<br>SAR | Other financial liabilities<br>SAR | Total<br>SAR       | Amortized cost<br>SAR |
| <b>Financial assets not measured at fair value</b>      |                       |                                    |                    |                       |
| Trade receivable, Net                                   | 216,443,176           | -                                  | 216,443,176        | 262,316,040           |
| Cash and cash equivalents                               | 36,351,574            | -                                  | 36,351,574         | 38,781,183            |
| Other current assets                                    | 16,930,795            | -                                  | 16,930,795         | 15,885,658            |
|   | <b>269,725,545</b>    | -                                  | <b>269,725,545</b> | <b>316,982,881</b>    |
| <b>Financial liabilities not measured at fair value</b> |                       |                                    |                    |                       |
| Loans and Murabaha                                      | -                     | 773,413,292                        | 773,413,292        | 818,772,433           |
| Dividend payable  | -                     | 697,151                            | 697,151            | 697,151               |
| Financial lease liabilities                             | -                     | 5,898,559                          | 5,898,559          | 5,121,663             |
| Trade payable   | -                     | 129,609,000                        | 129,609,000        | 149,219,291           |
| Employee accruals                                       | -                     | 3,876,118                          | 3,876,118          | 4,866,250             |
|   | -                     | <b>913,494,120</b>                 | <b>913,494,120</b> | <b>978,676,788</b>    |

| Fair value measurement hierarchy        | 2023                  |                   | 2022                  |                   |
|---|-----------------------|-------------------|-----------------------|-------------------|
|   | Carrying value<br>SAR | Fair value<br>SAR | Carrying value<br>SAR | Fair value<br>SAR |
| Financial assets measured at fair value |                       |                   |                       |                   |
| Derivative financial instruments        | Level 2               | 7,646,415         | 7,646,415             | 8,665,937         |



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

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### 28. RISK MANAGEMENT

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk which is limited to interest rate risk, foreign currency and equity price risk. No changes were made in the risk management objectives and policies during the years ended to 31 December 2023 and 31 December 2022. The management of the Group reviews and agrees policies for managing each of these risks which are summarised below.

#### 28.1 Credit risk

Credit risk is the risk that counterparty will cause a financial loss to the Group by failing to discharge its obligation. Credit risk arises in the Group's normal course of business. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The table below shows the maximum exposure to credit risk across financial assets:

|                                     | <b>2023</b>        | <b>2022</b> |
|-------------------------------------|--------------------|-------------|
|                                     | <b>SAR</b>         | <b>SAR</b>  |
| Trade and other receivables         | <b>216,443,176</b> | 271,672,468 |
| Prepayment and other current assets | <b>15,395,541</b>  | 16,084,593  |
| Cash and cash equivalents           | <b>36,351,574</b>  | 38,781,183  |
|                                     | <b>268,190,291</b> | 326,538,244 |

#### *Risk concentration of maximum exposure to credit risk*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group minimizes concentrations of credit risk by undertaking transactions with a large number of individual and corporate customers and with customers in various geographical locations and industries. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise amount due from related parties, bank balances and term deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The bank balances and deposits are placed with financial institutions of strong repute.



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**28 RISK MANAGEMENT (continued)**

**28.1 Credit risk (continued)**

*Risk concentration of maximum exposure to credit risk (continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| Ageing of trade receivables | Weighted average loss-rate | Gross carrying amount | Impairment loss allowance |
|-----------------------------|----------------------------|-----------------------|---------------------------|
|                             |                            | SAR                   | SAR                       |
| Less than 3 months          | 0.17%                      | 167,271,210           | 279,009                   |
| From 3 to 12 months         | 1.58%                      | 20,260,575            | 321,020                   |
| From 12 to 24 months        | 17.44%                     | 3,167,275             | 552,447                   |
| From 24 to 36 months        | 54.93%                     | 4,819,335             | 2,647,154                 |
| More than 36 months         | 78.30%                     | 113,918,915           | 89,194,504                |
| Total                       |                            | 309,437,310           | 92,994,134                |

| Ageing of trade receivables | Weighted average loss-rate | Gross carrying amount | Impairment loss allowance |
|-----------------------------|----------------------------|-----------------------|---------------------------|
|                             |                            | SAR                   | SAR                       |
| Less than 3 months          | 0.29%                      | 197,349,525           | 574,425                   |
| From 3 to 12 months         | 6.09%                      | 13,632,268            | 829,560                   |
| From 12 to 24 months        | 16.95%                     | 10,917,751            | 1,850,732                 |
| From 24 to 36 months        | 35.82%                     | 5,534,780             | 1,982,463                 |
| More than 36 months         | 62.64%                     | 132,421,814           | 82,946,490                |
| Total                       |                            | 359,856,138           | 88,183,670                |

**28.2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The Group limits its liquidity risk by ensuring bank facilities and funding from shareholders are available. The Group's terms of business generally require amounts to be paid as per the contractual agreements. It is the Group's policy to obtain short term loan and bank borrowings that matures within the next 12-month period with a renewal option at both parties' discretion.

The table below summarizes the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligation and management exceptions. The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments and management expectation over the life of these financial liabilities.

| 2023                                | less than 12 months | More than 12 months | Total              |
|-------------------------------------|---------------------|---------------------|--------------------|
|                                     | SAR                 | SAR                 | SAR                |
| Loans and Murabaha                  | 595,760,604         | 177,652,688         | 773,413,292        |
| Trade payables                      | 129,609,000         | -                   | 129,609,000        |
| Accrued expenses and other payables | 22,494,873          | -                   | 22,494,873         |
| Accrued zakat                       | 14,689,304          | -                   | 14,689,304         |
| Lease liabilities                   | 1,424,574           | 4,473,985           | 5,898,559          |
| <b>Total</b>                        | <b>763,978,355</b>  | <b>182,126,673</b>  | <b>946,105,028</b> |



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### 28 RISK MANAGEMENT (continued)

#### 28.2 Liquidity risk (continued)

| 2022                                | less than 12 months<br>SAR | More than 12 months<br>SAR | Total<br>SAR  |
|-------------------------------------|----------------------------|----------------------------|---------------|
| Loans and Murabaha                  | 486,469,540                | 332,302,893                | 818,772,433   |
| Trade payables                      | 149,219,291                | -                          | 149,219,291   |
| Accrued expenses and other payables | 23,920,099                 | -                          | 23,920,099    |
| Accrued zakat                       | 6,329,483                  | -                          | 6,329,483     |
| Lease liabilities                   | 1,252,773                  | 3,868,890                  | 5,121,663     |
| Total                               | 667,191,186                | 336,171,783                | 1,003,362,969 |

#### 28.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates and foreign exchange rates, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.

##### 28.3.1 Commission rate risk

The Group is exposed to commission rate risk on its commission-bearing short-term and long-term Islamic banking facilities.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December. There is no impact on the Group's equity.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

|      | Increase/decrease<br>in basis points (+/-) | Effect on profit<br>for the year<br>SAR (+/-) |
|------|--|---|
| 2023 | 5  | 386,707                                       |
|      | 10   | 773,414                                       |
| 2022 | 5  | 409,386                                       |
|      | 10   | 818,772                                       |

##### 28.3.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate. Currency risk is managed on the basis of limits determined by the management and a continuous assessment of the Group's open positions and current and expected exchange rate movements. The management believes that there is minimal risk of significant losses due to exchange rate fluctuations since it does not undertake any significant transactions in currencies other than Saudi Arabian Riyal, the US Dollar and the Emirati Dirham. The Saudi Riyal exchange rate is fixed pegged against the US dollar, and therefore, balances and transactions denominated in the US dollar do not represent significant risks. Regarding the AED, the Group's management believes that its exposure to currency risk that is pegged against the AED is limited given that the Saudi Riyal is pegged against the AED.



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 28 RISK MANAGEMENT (continued)

#### 28.3 Market risk (continued)

##### 28.3.2 Currency risk (continued)

The effect of a reasonably possible movement of the SAR currency rate against the USD and AED with all other variables held constant on the consolidated statement of income.

### 29. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as level of dividends to ordinary shareholders.

The Group monitors its capital base using a ratio of net debt to equity. For this purpose, adjusted net debt is defined as the total liabilities, including loans, less cash and cash equivalents. Adjusted equity comprises of all components of equity other than amounts accumulated in hedging reserve.

|  | 2023<br>SAR        | 2022<br>SAR          |
|--|--------------------|----------------------|
| Total liabilities                        | 1,022,701,288      | 1,103,521,569        |
| Less: Cash and cash equivalents          | (36,351,574)       | (38,781,183)         |
| <b>Adjusted net debt (a)</b>             | <b>986,349,714</b> | <b>1,064,740,386</b> |
| Total equity                             | 501,444,496        | 637,940,332          |
| <b>Adjusted equity (b)</b>               | <b>501,444,496</b> | <b>637,940,332</b>   |
| <b>Adjusted net debt to equity ratio</b> | <b>1.97</b>        | <b>1.67</b>          |

### 30. 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 Company's financial position or on the results of its operations as reflected in these consolidated financial statements.

#### Contingent liabilities

As 31 December 2023, contingent liabilities related to uncovered letter of credit amounted to SAR 20.97 million (2022: SAR 8.5 million). As at 31 December 2023, the Group has outstanding bank guarantee letters from a local bank amounting to SAR 1.1 million (2022: SAR 2.8 million).



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 31 December 2023

### 30. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

#### Capital commitments

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to SAR 17.9 million as at 31 December 2023 (2022: SAR 10.6 million).

### 31. SUBSEQUENT EVENTS

No matters have occurred up to and including the date of approval of these consolidated financial statements by the board of directors which would materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2023.

### 32. COMPARATIVE FIGURES

Certain comparative figures of the prior year amounts have been reclassified to conform with the presentation in the current year. The reclassification did not affect the profits and equity.

Comparative figures reclassifications are mainly as follows:

|   | As previously<br>Reported | Amount of<br>reclassification | After<br>reclassification |
|---|---------------------------|-------------------------------|---------------------------|
| Zakat provision – 1 January 2022                      | (6,080,182)               | (6,170,214)                   | (12,250,396)              |
| Prepayment and other current asset– 1 January 2022    | -                         | 6,170,214                     | 6,170,214                 |
| Zakat provision – 31 December 2022                    | (6,329,483)               | (6,170,214)                   | (12,499,697)              |
| Prepayment and other current asset – 31 December 2022 | -                         | 6,170,214                     | 6,170,214                 |

### 33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 27 March 2024 (corresponding to 17 Ramadhan 1445H).



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

## **CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
31 DECEMBER 2024**



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

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CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2024

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**Ernst & Young Professional Services (Professional LLC)**  
**Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)**  
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## **INDEPENDENT AUDITOR'S REPORT** **To the Shareholders of Saudi Printing and Packaging Company** **(A Saudi Joint Stock Company)**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the consolidated financial statements of Saudi Printing and Packaging Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Saudi Printing and Packaging Company**  
**(A Saudi Joint Stock Company) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <b>Revenue Recognition</b>   |   |
| <p>During the year ended 31 December 2024, the Group recognised total revenue of <del>٢٤٥</del> 721.2 million (2023: <del>٢٤٥</del> 779.1 million).</p> <p>The Group earns revenue from different business segments which primarily include printing and packaging. The Group recognizes revenue upon satisfaction of the performance obligations.</p> <p>Revenue is an important element of how the Group measures its performance, which creates an incentive for improper revenue recognition. Further, the application of accounting standard for revenue recognition involves careful consideration and judgment to determine when performance obligations to customers are satisfied for different types of contracts. For these reasons, revenue is considered to be a key audit matter.</p> <p><i>Refer to note 2.3 "I" of the consolidated financial statements for material accounting policy information relating to revenue recognition and note 20 for revenue related disclosures.</i></p> | <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's process for recognizing revenue, including understanding the design and implementation key controls in the revenue cycle.</li> <li>• Assessed the accounting policies adopted by the Group in relation to revenue recognition to assess compliance with International Financial Reporting Standard (IFRS) 15.</li> <li>• Tested, on sample basis, sales transactions to verify that revenues are recorded in the current accounting period taking into consideration the terms and conditions of the sale orders, including the shipping terms.</li> <li>• Tested, on sample basis, sales cut off by agreeing deliveries occurring around the year end to supporting documentation to establish that revenue is properly recorded in the correct period.</li> <li>• Performed analytical procedures to assess the trends in revenue by various product categories over time and compared to prior periods and overall economic factors.</li> <li>• Assessed the adequacy of the Group's disclosures made in the notes to the consolidated financial statements.</li> </ul> |



**INDEPENDENT AUDITOR'S REPORT  
To the Shareholders of Saudi Printing and Packaging Company  
(A Saudi Joint Stock Company) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Key Audit Matters (continued)**

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <b>Impairment of Goodwill</b>  |   |
| <p>As at 31 December 2024 the Group's consolidated financial statements included goodwill which arose from past business combinations amounting to <b>ﷲ</b> 390.2 million against which an impairment of <b>ﷲ</b> 105.3 million has been recorded (2023: <b>ﷲ</b> 390.2 million against which impairment of <b>ﷲ</b> 55.3 million has been recorded )</p> <p>In accordance with the International Accounting Standard (IAS) 36 "Impairment of assets", goodwill must be tested for impairment at least annually. The determination of recoverable amount, being the higher of value-in-use and fair value less costs of disposal, requires judgement on the part of management in both identifying and then valuing the relevant cash generating units (CGUs). Moreover, the determination of the recoverable amount based on value-in-use requires making considerable judgement and assumptions when estimating the future cashflows, growth rates and discount rates.</p> <p>We have identified the impairment of goodwill as key audit matter considering the quantitative materiality of the Goodwill recognised and involvement of significant judgements and assumptions in the determination of recoverable amount by management. <b>The annual impairment testing is considered to be a risk area for the Board of Directors (refer to page 23), a significant accounting judgement and estimate (note 3) and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.</b></p> <p>Refer to notes of the consolidated financial statements for significant accounting policy relating to Goodwill and note (5) for goodwill related disclosures.</p> | <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of management's identification of the group's CGUs for the purpose of impairment testing.</li> <li>• Involved our internal specialist to review the valuation methodologies used by management and assess the reasonableness of the valuation assumptions such as discount and growth rates by comparing these assumptions to historical Company data and market data.</li> <li>• Assessed the reasonableness of cash flow forecasts through a review of actual past performance, comparison to previous forecasts and overall economic outlook.</li> <li>• Tested the mathematical accuracy of the financial model forming part of the management's impairment assessment</li> <li>• Performed sensitivity analysis on the key assumptions used in the model, including the discount rate used in the discounted cash flow forecast.</li> <li>• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements</li> </ul> |

**Other information included in the Group's 2024 Annual Report**

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Saudi Printing and Packaging Company**  
**(A Saudi Joint Stock Company) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Other information included in the Group's 2024 Annual Report (continued)**

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulation for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Saudi Printing and Packaging Company**  
**(A Saudi Joint Stock Company) (continued)**

**Report on the Audit of the Consolidated Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

- Conclude on the appropriateness of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

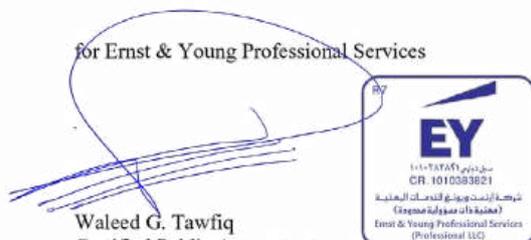
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

As stated in Note 1 to the consolidated financial statements, the Company is required to take certain legal steps in order to comply with the requirements of Companies' Law in respect of losses exceeding one half of the capital. However, as at the date of the report, the Extraordinary General Meeting has not been called, as required by the Companies' Law.

for Ernst & Young Professional Services



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



Riyadh: 26 Ramadan 1446H  
(26 March 2025)

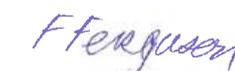


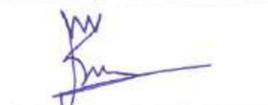
Saudi Printing and Packaging Company  
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2024

|  | Notes | 2024<br>S            | 2023<br>S            |
|--|-------|----------------------|----------------------|
| <b>ASSETS</b>                                  |       |                      |                      |
| <b>NON-CURRENT ASSETS</b>                      |       |                      |                      |
| Property, plant and equipment                  | 4     | 499,348,495          | 673,423,675          |
| Intangible assets and goodwill                 | 5     | 285,450,901          | 335,632,092          |
| Investment properties                          | 6     | 6,172,582            | 25,314,211           |
| Right-of-use assets                            | 7     | 4,520,608            | 5,572,031            |
| Long term trade receivables                    | 9     | 1,863,796            | 5,658,536            |
| Derivative assets                              | 16    | 3,298,256            | 7,646,415            |
| Deferred tax assets                            | 19    | 5,250,976            | -                    |
| <b>TOTAL NON-CURRENT ASSETS</b>                |       | <b>805,905,614</b>   | <b>1,053,246,960</b> |
| <b>CURRENT ASSETS</b>                          |       |                      |                      |
| Inventories                                    | 8     | 149,934,163          | 191,436,274          |
| Trade receivables                              | 9     | 186,756,189          | 210,784,640          |
| Prepayments and other current assets           | 10    | 35,104,885           | 32,326,336           |
| Cash and cash equivalents                      | 11    | 29,780,375           | 36,351,574           |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <b>401,575,612</b>   | <b>470,898,824</b>   |
| <b>TOTAL ASSETS</b>                            |       | <b>1,207,481,226</b> | <b>1,524,145,784</b> |
| <b>EQUITY AND LIABILITIES</b>                  |       |                      |                      |
| <b>EQUITY</b>                                  |       |                      |                      |
| Share capital                                  | 13    | 600,000,000          | 600,000,000          |
| Contractual reserve                            | 13    | 2,909,935            | 2,909,935            |
| Accumulated losses                             |       | (321,109,835)        | (101,045,500)        |
| Other reserve                                  | 13    | (386,517)            | (419,939)            |
| <b>TOTAL EQUITY</b>                            |       | <b>281,413,583</b>   | <b>501,444,496</b>   |
| <b>NON-CURRENT LIABILITIES</b>                 |       |                      |                      |
| Loans and Murabaha                             | 14    | 155,212,043          | 177,652,688          |
| Employees' defined benefit liabilities         | 15    | 30,667,909           | 35,322,559           |
| Lease liabilities                              | 7     | 4,141,658            | 4,473,986            |
| Trade payables                                 | 17    | 1,647,745            | -                    |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>191,669,355</b>   | <b>217,449,233</b>   |
| <b>CURRENT LIABILITIES</b>                     |       |                      |                      |
| Trade payables                                 | 17    | 144,179,514          | 129,609,000          |
| Accrued expenses and other current liabilities | 18    | 28,772,303           | 22,494,874           |
| Loans and Murabaha                             | 14    | 497,878,818          | 595,760,604          |
| Lease liabilities                              | 7     | 750,180              | 1,424,573            |
| Due to a related party                         | 12    | 43,594,808           | 40,576,549           |
| Dividends payable                              |       | 697,151              | 697,151              |
| Provision for Zakat                            | 19    | 18,525,514           | 14,689,304           |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>734,398,288</b>   | <b>805,252,055</b>   |
| <b>TOTAL LIABILITIES</b>                       |       | <b>926,067,643</b>   | <b>1,022,701,288</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |       | <b>1,207,481,226</b> | <b>1,524,145,784</b> |

  
Chairman

  
Chief Executive Officer

  
Finance Director

The attached notes 1 to 33 form an integral part of these consolidated financial statements

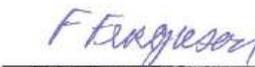


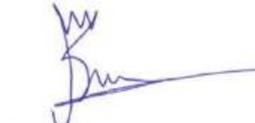
**Saudi Printing and Packaging Company**  
**(A Saudi Joint Stock Company)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**  
For the year ended 31 December 2024

|   | Notes | 2024<br>S            | 2023<br>S            |
|---|-------|----------------------|----------------------|
| Revenue   | 20    | 721,196,233          | 779,158,077          |
| Cost of revenue   | 21    | (685,457,221)        | (712,021,609)        |
| <b>Gross profit</b>   |       | <b>35,739,012</b>    | <b>67,136,468</b>    |
| Selling, marketing and distribution expenses  | 22    | (33,202,646)         | (34,677,912)         |
| General and administrative expenses   | 23    | (67,297,339)         | (64,957,944)         |
| Impairment of trade receivables   | 9     | (10,800,838)         | (4,810,464)          |
| Impairment of other property, plant and equipment   | 4.2   | (25,935,182)         | -                    |
| Write-off of inventory  | 8     | (4,526,288)          | -                    |
| Goodwill impairment   | 5     | (50,000,000)         | (35,000,000)         |
| <b>Operating loss</b>   |       | <b>(156,023,281)</b> | <b>(72,309,852)</b>  |
| Other income  | 24    | 5,730,199            | 4,808,879            |
| Finance costs   | 25    | (65,034,711)         | (61,303,063)         |
| <b>Loss before zakat and tax</b>  |       | <b>(215,327,793)</b> | <b>(128,804,036)</b> |
| Zakat and tax expense   | 19    | (4,085,234)          | (3,500,000)          |
| <b>Loss for the year</b>  |       | <b>(219,413,027)</b> | <b>(132,304,036)</b> |
| <b>Other comprehensive loss:</b>  |       |                      |                      |
| <i>Other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods:</i>      |       |                      |                      |
| Exchange differences on translation of foreign currencies   |       | 33,422               | (11,680)             |
| <b>Net other comprehensive income / (loss) that may be reclassified to profit or loss in subsequent periods</b>   |       | <b>33,422</b>        | <b>(11,680)</b>      |
| <i>Other comprehensive income / (loss) that will not be reclassified to profit or loss in subsequent periods:</i> |       |                      |                      |
| Remeasurement loss on employees' defined benefit liability  | 15    | (651,308)            | (4,180,120)          |
| <b>Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>         |       | <b>(651,308)</b>     | <b>(4,180,120)</b>   |
| <b>Other comprehensive loss for the year</b>  |       | <b>(617,886)</b>     | <b>(4,191,800)</b>   |
| <b>Total comprehensive loss</b>   |       | <b>(220,030,913)</b> | <b>(136,495,836)</b> |
| <b>Earnings per share</b>   |       |                      |                      |
| Basic, loss for the year attributable to ordinary equity holders of the parent                                    |       | (3.66)               | (2.21)               |
| Diluted, loss for the year attributable to ordinary equity holders of the parent                                  |       | (3.66)               | (2.21)               |

  
Chairman

  
Chief Executive Officer

  
Finance Director

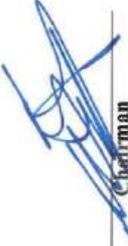
The attached notes 1 to 33 form an integral part of these consolidated financial statements



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

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
For the year ended 31 December 2024

|  | Capital<br>ﷲ | Statutory<br>reserve<br>ﷲ | Contractual<br>reserve<br>ﷲ | Accumulated<br>losses<br>ﷲ | Other reserve<br>ﷲ | Total<br>ﷲ    |
|--|--------------|---------------------------|-----------------------------|----------------------------|--------------------|---------------|
| Balance at 1 January 2023                  | 600,000,000  | 78,639,385                | 30,105,326                  | (70,396,120)               | (408,259)          | 637,940,332   |
| Loss for the year                          | -            | -                         | -                           | (132,304,036)              | -                  | (132,304,036) |
| Other comprehensive loss for the year      | -            | -                         | -                           | (4,180,120)                | (11,680)           | (4,191,800)   |
| Total comprehensive loss for the year      | -            | -                         | -                           | (136,484,156)              | (11,680)           | (136,495,836) |
| Absorption of accumulated losses (note 13) | -            | (78,639,385)              | (27,195,391)                | 105,834,776                | -                  | -             |
| Balance at 31 December 2023                | 600,000,000  | -                         | 2,909,935                   | (101,045,500)              | (419,939)          | 501,444,496   |
| Balance at 1 January 2024                  | 600,000,000  | -                         | 2,909,935                   | (101,045,500)              | (419,939)          | 501,444,496   |
| Loss for the year                          | -            | -                         | -                           | (219,413,027)              | -                  | (219,413,027) |
| Other comprehensive loss for the year      | -            | -                         | -                           | (651,308)                  | 33,422             | (617,886)     |
| Total comprehensive loss for the year      | -            | -                         | -                           | (220,064,335)              | 33,422             | (220,030,913) |
| Balance at 31 December 2024                | 600,000,000  | -                         | 2,909,935                   | (321,109,835)              | (386,517)          | 281,413,583   |

  
Chairman

  
Finance Director

  
Chief Executive Officer

The attached notes 1 to 33 form an integral part of these consolidated financial statements



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

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2024

|   | Notes | 2024<br>S           | 2023<br>S            |
|---|-------|---------------------|----------------------|
| <b>OPERATING ACTIVITIES:</b>  |       |                     |                      |
| Loss before zakat and tax   |       | (215,327,793)       | (128,804,036)        |
| <i>Adjustment to reconcile income before zakat to net cash inflows:</i> |       |                     |                      |
| Finance costs   | 25    | 60,686,552          | 60,283,541           |
| Depreciation on property, plant and equipment                           | 4     | 56,946,713          | 55,740,513           |
| Goodwill impairment   | 5     | 50,000,000          | 35,000,000           |
| Impairment of other property, plant and equipment                       | 4.2   | 25,935,182          | -                    |
| Impairment loss of trade receivable                                     | 9     | 10,345,065          | 4,810,464            |
| Provision for employees' defined benefit liabilities                    | 15    | 4,847,426           | 3,487,595            |
| Loss from derivative asset  | 25    | 4,348,159           | 1,019,522            |
| Provision of obsolete and slow-moving inventory                         | 8     | 2,558,020           | 2,482,951            |
| Depreciation on right of use asset                                      | 7     | 1,795,187           | 1,422,438            |
| Depreciation on investment properties                                   | 6     | 219,527             | 329,290              |
| Amortization on intangibles assets                                      | 5     | 181,191             | 203,822              |
| Loss from disposal of property, plant, and equipment                    |       | 97,389              | 245,235              |
|   |       | <u>2,632,618</u>    | <u>36,221,335</u>    |
| <b>Working capital adjustments:</b>                                     |       |                     |                      |
| Inventories   |       | 38,944,091          | 71,868,446           |
| Trade receivables   |       | 17,478,126          | 50,418,828           |
| Trade payables  |       | 16,218,259          | (19,610,291)         |
| Accrued expenses and other current liabilities                          |       | 777,429             | (1,425,225)          |
| Due to related party  |       | 3,018,259           | (20,610,002)         |
| Prepayments and other current assets                                    |       | (2,778,549)         | 5,373,403            |
| <b>Cash generated from operating activities</b>                         |       | <u>76,290,233</u>   | <u>122,236,494</u>   |
| Defined benefit liabilities- employees' benefits paid                   | 15    | (11,441,134)        | (5,781,994)          |
| Zakat paid  | 19    | -                   | (1,311,708)          |
| <b>Net cash flows from operating activities</b>                         |       | <u>64,849,099</u>   | <u>115,142,792</u>   |
| <b>INVESTING ACTIVITIES:</b>  |       |                     |                      |
| Acquisition of property, plant and equipment                            | 4     | (25,388,452)        | (12,970,574)         |
| Proceeds from disposal of property, plant and equipment                 |       | 25,406,450          | 1,026,909            |
| <b>Net cash flows from / (used in) investing activities</b>             |       | <u>17,998</u>       | <u>(11,943,665)</u>  |
| <b>FINANCING ACTIVITIES:</b>  |       |                     |                      |
| Proceeds from loans and Murabaha  | 14    | 1,968,112,298       | 1,177,554,767        |
| Payments of loans and Murabaha  | 14    | (1,975,945,079)     | (1,223,040,815)      |
| Payments of finance cost  | 14    | (61,564,884)        | (58,494,488)         |
| Payment of lease liabilities  | 7     | (2,074,053)         | (1,639,253)          |
| <b>Net cash used in financing activities</b>                            |       | <u>(71,471,718)</u> | <u>(105,619,789)</u> |
| Net decrease in cash and cash equivalents                               |       | (6,604,621)         | (2,420,662)          |
| Net foreign currency translation differences                            |       | 33,422              | (8,947)              |
| <b>Cash and cash equivalents at the beginning of the year</b>           |       | <u>26,558,722</u>   | <u>28,988,331</u>    |
| <b>Cash and cash equivalents at the end of the year</b>                 |       | <u>19,987,523</u>   | <u>26,558,722</u>    |
| <b>Significant non-cash transactions:</b>                               |       |                     |                      |
| Settlement of loans against property, plant and equipment               | 4.3   | 91,077,898          | -                    |
| Settlement of loans against investment properties                       | 4.3   | 18,922,102          | -                    |
| Real estate transaction tax   | 18    | 5,500,000           | -                    |
| Deferred tax asset  | 19.2  | 5,250,976           | -                    |
| Remeasurements of employees' defined benefit liability                  | 15    | 651,308             | 4,180,120            |
| Right-of-use assets and lease liabilities adjustments                   | 7     | 743,764             | 308,349              |

 Chairman
  Chief Executive Officer
  Finance Director

The attached notes 1 to 33 form an integral part of these consolidated financial statements



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2024

### 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 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 Dhul-Hijjah 1412H (corresponding to 25 September 1992).

These 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.

| Subsidiary  | Country of incorporation | Effective ownership interest |      |
|---|--------------------------|------------------------------|------|
|   |                          | 2024                         | 2023 |
| Hala Printing Company (a)                                     | Saudi Arabia             | 100%                         | 100% |
| Al-Madinah Al Munawarah Printing & Publishing Company (b)     | Saudi Arabia             | 100%                         | 100% |
| Future Industrial Investment Company (“FIIC”) (c)             | Saudi Arabia             | 100%                         | 100% |
| Emirates National Factory for Plastic Industries (“ENPI”) (d) | United Arab Emirates     | 100%                         | 100% |

- a) Hala Printing Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia and operating under the Commercial Registration No. 1010220149 issued in the city of Riyadh on 11 Jumada’ I 1427H (corresponding to 7 June 2006). The Company operates in the field of wholesale and retail trade in publications, paper and its products and publications of written materials under the media license issued by the Ministry of Culture and Media No. 3435, dated 9 Thul-Qi’dah 1414H (corresponding to 20 April 1994), which was renewed on 13 Shawwal 1437H (corresponding to 18 July 2016).
- b) Al Madina Printing and Packaging Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia. The Company operates under the Commercial No. 4030004369 issued in the city of Jeddah on 23 Rajab 1338H (corresponding to 9 December 1963). The Company operates in the field of producing photocopy paper, textbooks and publications under the license issued by the Ministry of Media No. 510 on 24 Dhul-Hijjah 1413H (corresponding to 14 June 1993).
- c) Future Industrial Investment Company is a Saudi limited liability company registered in the Kingdom of Saudi Arabia, and operating under Commercial Registration No. 1010353704 issued in the city of Riyadh on 19 Dhul-Hijjah 1433H (corresponding to 4 November 2012). The principal activity of the Company includes the wholesale and retail trade of printing and packaging materials and machines, their tools, inks, paper, plastics and their raw materials.
- d) Emirates National Factory for Plastic Industries is a limited liability company registered with the Department of Economic Development – Government of Sharjah in the United Arab Emirates and operating under Commercial Registration No. 3742 issued on 5 December 1995. The Company is licensed to manufacture plastic bags, plastic tubes, plastic sheets and aluminum sheets.

The following are wholly owned subsidiaries of Emirates National Factory for Plastic Industries:

| Subsidiary                                   | Country of incorporation | Effective ownership interest |      |
|--|--------------------------|------------------------------|------|
|  |                          | 2024                         | 2023 |
| City Pack Company                            | United Arab Emirates     | 100%                         | 100% |
| Future Pack Factory 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% |



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

### 1. CORPORATE INFORMATION (continued)

The Group carries out printing as per license issued by the Ministry of Culture and Media No. 21050 dated 24 Dhul-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 printings and all the tools and equipment, books, publications, supplies, office materials and materials of advertising. In addition, the Group also carries out packaging services.

The fiscal year of the Company starts from 1 January and ends on 31 December as per the Company's By-laws. The fiscal year of the subsidiaries also starts from 1 January and ends on 31 December.

The head office of the Group is located at Riyadh and the registered address is as follows:

Nakheel Tower  
King Fahad Road  
PO Box 50202  
Riyadh 11523

The Group's current liabilities exceeds its current assets by ~~ﷲ~~ 332.8 million (31 December 2023: ~~ﷲ~~ 334.3 million). Moreover, the Group has accumulated losses amounting to ~~ﷲ~~ 321.1 million as at 31 December 2024 (31 December 2023: ~~ﷲ~~ 101 million accumulated losses), which approximate 53.5 % (31 December 2023: 16.8%) of the issued and paid up share capital. These conditions may indicate doubt over the Company's ability to continue as a going concern. Moreover, in compliance with Article 132 of the Companies Law, if the losses of a joint stock company amount to fifty percent of its issued share capital, the board of directors is required to disclose this information and their recommendations regarding the losses within sixty days of becoming aware of the situation. Furthermore, the board must convene an Extraordinary General Assembly within 180 days of this awareness to discuss the Company's status and take any necessary actions to address or mitigate the losses.

The management of the Group has developed long term business plan approved by the board of directors which envisages addressing financial challenges and positioning the company for long-term sustainability and growth. This plan includes restructuring of loans with Banks by settling loan obligations against certain assets of the Group and converting part of the loan to Share Capital after approval of appropriate legal/ regulatory authorities and shareholders. The first leg of this transaction was partially completed as disclosed in note 4.3 while the approval of regulatory authorities and shareholders is expected by April 2025 after which the losses are expected to reach a level below 50% of the share capital. The Group also plans to have similar debt restructuring arrangements with other Banks. In addition the Group is working on a strategy of asset optimization by sale of unutilized warehouses and land, productivity enhancement to enhance product offering , geographical reallocation of assets from UAE to KSA markets and team reinforcements. The above measures are expected to create financial stability and provide opportunity for growth in order to enable the Group to continue its operations. Hence these consolidated financial statements have been prepared on going concern basis.

### 2. Material Accounting Policy Information

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the IFRS Accounting Standards as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") collectively referred to as "IFRSs as endorsed in the Kingdom of Saudi Arabia".

The consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments which are measured at fair value and employees' defined benefit liability which is measured using the projected unit credit method.

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



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

## 2. Material Accounting Policy Information (continued)

### 2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### 2.2 Summary of Material Accounting Policy Information

#### a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.2 Summary of Material Accounting Policy Information (continued)

###### a) Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

###### b) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period "Or"
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

###### c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.2 Summary of Material Accounting Policy Information (continued)

###### e) Fair value measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

###### d) Zakat, tax and VAT

###### Zakat

Provision for zakat is calculated at the date of the consolidated statement of financial position in accordance with regulations of Zakat, Tax and Customs Authority ("ZATCA").

The resulting provision is recorded within the consolidated statement of profit or loss. Additional zakat liability, if any, related to prior year's assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

###### Value Added Tax (VAT)

The Group is subject to monthly VAT provisions. It is paid and settled through the monthly statements submitted by the Group to the ZATCA.

###### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.2 Summary of Material Accounting Policy Information (continued)

###### d) Zakat, tax and VAT (continued)

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

###### e) Foreign currencies

The Group's consolidated financial statements are presented in **ﷲ**, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

###### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### e) Foreign currencies (continued)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

###### ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into **ﷲ** at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

###### f) Cash dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

###### g) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

###### Depreciation

###### Straight-line method

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

|                        |   |
|------------------------|---|
| Buildings              | The shorter of 10 – 33 years or the lease contract period |
| Plant and equipment    | 5 to 20 years   |
| Furniture and fixtures | 10 years  |
| Vehicles               | 4 years   |
| Computer hardware      | 4 – 7 years   |
| Tools                  | 5 years   |

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular.

###### h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### h) Leases (continued)

###### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

###### i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis from the date of commencement of the lease to the end of the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

###### ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

###### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

###### **i) Revenue from contracts with customers**

The Group is in the business of printing and packaging.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### i) Revenue from contracts with customers (continued)

###### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location.

In determining the transaction price for the sale of its goods, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

###### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

###### Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

###### Trade receivable

A receivable is recognised if an amount of consideration that is unconditional is due from the customer.

###### Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

###### j) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured using the cost model (at historical cost less accumulated depreciation – except for lands, which are carried at its cost – and the accumulated impairment losses, if any)

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of investment properties as follows:

Buildings: 10 – 33 years

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### k) Intangible assets and goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

###### l) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### i) Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“OCI”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (“SPPI”)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 December 2024

### 2. Material Accounting Policy Information (continued)

#### 2.3 Summary of Material Accounting Policy Information (continued)

##### 1) Financial instruments – initial recognition and subsequent measurement (continued)

###### i) Financial assets (continued)

###### *Initial recognition and measurement (continued)*

with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

The Group’s financial assets at amortised cost includes trade receivables, cash and cash equivalents and other current assets.

###### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### 1) Financial instruments – initial recognition and subsequent measurement (continued)

###### i) Financial assets (continued)

###### Subsequent measurement (continued)

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

###### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

###### **Impairment**

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the

contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### 1) Financial instruments – initial recognition and subsequent measurement (continued)

###### **ii) Financial liabilities**

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and murabaha)

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging

instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

###### *Financial liabilities at amortised cost (loans and murabaha)*

Long-term loans and Murabaha are initially recognized at their fair value (being proceeds received, net of eligible transaction costs, if any).

Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the period of long-term borrowings using the effective interest rate method.

Loans and Murabaha are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

###### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

##### l) Financial instruments – initial recognition and subsequent measurement (continued)

##### ii) Financial liabilities (continued)

##### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

##### m) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

##### n) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### n) Impairment of non-financial assets (continued)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

###### o) Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

###### p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

###### q) Employees' defined benefit liability

###### Short-term employees' benefits

Short-term employees' benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

###### Defined benefits plan

The Group operates a defined benefits plan for its employees in accordance with Saudi Labor and Workman Law as defined by the conditions set out in the laws of the Kingdom of Saudi Arabia.

###### Valuation method and main assumptions of the actuarial study

In compliance with the requirements of IAS 19 "Employee Benefits", defined benefit liabilities are computed annually by a qualified actuary using the projected unit credit method at the end of each financial year.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.3 Summary of Material Accounting Policy Information (continued)

###### q) Employees' defined benefit liability (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

###### r) Cost of revenue

Cost of revenue represents the costs that are directly attributable to the manufacture and production of the products that generate revenue to the Group and that include but are not limited to raw materials, labor, depreciation and other overhead costs.

###### s) Selling and distribution expenses

Selling and distribution expenses consist of the costs incurred in the marketing and sales of the Group's products and include other indirect costs related to revenue. All other expenses are classified as general and administrative expenses.

###### t) General and administrative expenses

General and administrative expenses consist of direct and indirect costs not attributable to cost of revenue. Allocations between general and administrative expenses and cost of revenue, when required, are made on a consistent basis. These expenses primarily include employee costs, other benefits, compensation and allowances of the board of directors and its committees, maintenance fees, rent and travel expenses, insurance, professional fees, and others.

###### u) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured for any changes in their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from the changes in the fair value of derivatives are taken directly to profit or loss.

#### 2.4 Standards issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

##### IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.4 Standards issued but not yet effective. (continued)

###### IFRS 18 Presentation and Disclosure in Financial Statements (continued)

Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

###### IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

##### 2.5 New and amended standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

###### Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

###### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right, and



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 2. Material Accounting Policy Information (continued)

##### 2.5 New and amended standards and interpretations (continued)

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements

#### 3. Use of Significant Estimates and Judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

##### - Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 3. Use of Significant Estimates and Judgments (continued)

##### - Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

##### - Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### - Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

##### - Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic

conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

##### - Defined benefits plans

The cost of the employees' defined benefit liability and its present value are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 3. Use of Significant Estimates and Judgments (continued)

##### - Defined benefits plans (continued)

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

##### - Determining the estimated residual values and estimated useful lives of property, plant and equipment

The estimated residual values and estimated useful life of the property and equipment are reviewed at each annual reporting period. Based on the review, adjustments are made to the estimated residual value and estimated useful life if the differences are material.

##### - Provision for obsolete and slow-moving inventories

The Group determines its provision for inventory obsolescence based upon historical experience, inventory aging and current condition, and current and future expectations with respect to sales. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in product offerings of those products.

##### - Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

##### - Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
At 31 December 2024

4. PROPERTY, PLANT AND EQUIPMENT

| Cost                               | Land<br>س.م        | Buildings<br>س.م   | Plant &<br>equipment<br>س.م | Furniture &<br>fixtures<br>س.م | Vehicles<br>س.م   | Computer<br>hardware<br>س.م | Tools<br>س.م     | Projects in<br>progress<br>س.م | Total<br>س.م         |
|------------------------------------|--------------------|--------------------|-----------------------------|--------------------------------|-------------------|-----------------------------|------------------|--------------------------------|----------------------|
| At 1 January 2023                  | 142,883,462        | 323,964,947        | 962,667,072                 | 48,459,740                     | 16,173,835        | 18,746,780                  | 8,417,210        | 6,959,261                      | 1,528,272,307        |
| Additions                          | -                  | 87,198             | 26,209                      | -                              | -                 | 38,201                      | -                | 12,818,966                     | 12,970,574           |
| Disposals                          | -                  | -                  | (7,699,936)                 | -                              | (316,337)         | (12,902)                    | (301,279)        | (264,124)                      | (8,594,578)          |
| Transfer from projects in progress | -                  | 323,256            | 8,392,948                   | 190,096                        | 265,519           | 453,792                     | -                | (9,625,611)                    | -                    |
| <b>At 31 December 2023</b>         | <b>142,883,462</b> | <b>324,375,401</b> | <b>963,386,293</b>          | <b>48,649,836</b>              | <b>16,123,017</b> | <b>19,225,871</b>           | <b>8,115,931</b> | <b>9,888,492</b>               | <b>1,532,648,303</b> |
| Additions                          | -                  | -                  | -                           | 18,430                         | 587,048           | 4,158                       | -                | 24,778,816                     | 25,388,452           |
| Disposals                          | (36,832,276)       | (97,166,537)       | (216,234,158)               | (5,877,296)                    | (3,448,571)       | (4,411,465)                 | (7,439,853)      | -                              | (371,410,156)        |
| Transfer from projects in progress | -                  | 4,590,822          | 19,746,722                  | 1,378,190                      | -                 | -                           | -                | (25,715,734)                   | -                    |
| <b>At 31 December 2024</b>         | <b>106,051,186</b> | <b>231,799,686</b> | <b>766,898,857</b>          | <b>44,169,160</b>              | <b>13,261,494</b> | <b>14,818,564</b>           | <b>676,078</b>   | <b>8,951,574</b>               | <b>1,186,626,599</b> |
| <b>Accumulated depreciation</b>    |                    |                    |                             |                                |                   |                             |                  |                                |                      |
| At 1 January 2023                  | -                  | 125,087,473        | 612,271,713                 | 40,541,809                     | 15,466,395        | 15,519,456                  | 1,919,702        | -                              | 810,806,548          |
| Depreciation                       | -                  | 10,298,912         | 42,687,102                  | 657,624                        | 308,994           | 656,705                     | 1,131,176        | -                              | 55,740,513           |
| Disposals                          | -                  | (39,710)           | (6,652,205)                 | -                              | (316,337)         | (12,902)                    | (301,279)        | -                              | (7,322,433)          |
| <b>At 31 December 2023</b>         | <b>-</b>           | <b>135,346,675</b> | <b>648,306,610</b>          | <b>41,199,433</b>              | <b>15,459,052</b> | <b>16,163,259</b>           | <b>2,749,599</b> | <b>-</b>                       | <b>859,224,628</b>   |
| Depreciation                       | -                  | 9,968,838          | 45,352,347                  | 1,210,355                      | 381,245           | 33,928                      | -                | -                              | 56,946,713           |
| Disposals                          | -                  | (29,982,893)       | (209,211,122)               | (5,713,380)                    | (3,444,756)       | (4,402,747)                 | (2,073,521)      | -                              | (254,828,419)        |
| Impairment                         | -                  | -                  | 25,935,182                  | -                              | -                 | -                           | -                | -                              | 25,935,182           |
| <b>At 31 December 2024</b>         | <b>-</b>           | <b>115,332,620</b> | <b>510,383,017</b>          | <b>36,696,408</b>              | <b>12,395,541</b> | <b>11,794,440</b>           | <b>676,078</b>   | <b>-</b>                       | <b>687,278,104</b>   |
| <b>Net book value:</b>             |                    |                    |                             |                                |                   |                             |                  |                                |                      |
| At 31 December 2024                | <b>106,051,186</b> | <b>116,467,066</b> | <b>256,515,840</b>          | <b>7,472,752</b>               | <b>865,953</b>    | <b>3,024,124</b>            | <b>-</b>         | <b>8,951,574</b>               | <b>499,348,495</b>   |
| At 31 December 2023                | 142,883,462        | 189,028,726        | 315,079,683                 | 7,450,403                      | 663,965           | 3,062,612                   | 5,366,332        | 9,888,492                      | 673,423,675          |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 4. PROPERTY, PLANT AND EQUIPMENT (continued)

- 4.1 Certain property, plant and equipment have been placed as collateral against loans amounting to **ﷲ** 256.5 million (Note 14).
- 4.2 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 has evaluated certain assets to determine if their utilization exceeds their carrying value. Following this evaluation, the management has recognized an impairment loss of **ﷲ** 25.9 million.
- 4.3 As per the board of directors meeting held on 29 October 2024, the board decided to transfer ownership of the land and building of Al-Madinah Al-Munawarah Printing and Publishing Company (one of the subsidiaries of the Group) to Tanweer Real Estate Company which is a subsidiary of Alinma Bank. The Group management agreed with Alinma Bank to settle **ﷲ** 110 million (**ﷲ** 91.1 million from property plant and equipment and **ﷲ** 18.9 million from investment properties) loan through the cession of two land parcels and building with a total area of 122,326 square meters in Al Manarat District, Jeddah. This transaction occurred on 5 December 2024. The following represents the details of the land cession transaction.

| Name of property                   | Area (Sqm) | Agreed value <b>ﷲ</b> | Category of assets            | Property Location           |
|------------------------------------|------------|-----------------------|-------------------------------|-----------------------------|
| Factory land-plot 1 and building   | 78,369     | 91,077,898            | Property, plant and equipment | Al Manarat District, Jeddah |
| Vacant plot 2 (only land) (note 6) | 43,957     | 18,922,102            | Investment properties         | Al Manarat District, Jeddah |

The above cession transactions are part of a plan by the Group to settle its obligation to Alinma Bank amounting to **ﷲ** 178.2 million due to loan mark-up by transferring the aforementioned lands and building and settling the balance by way of conversation of loan to equity. Subsequent to year end the Group has applied to Capital Markets Authority (CMA) for approval to convert SR 73.6 million of the loan balance from Alinma Bank to equity by issuance of 5,207,065 number of shares. The issuance of share capital is subject to approval of the shareholders in their General meeting.

- 4.4 The balance of projects in progress represents the cost of establishing warehouse in one of the Group's subsidiaries, and machines which the Group is assembling to be used in production.

Depreciation charge for the year has been allocated as follows:

|                                     | 2024 <b>ﷲ</b>     | 2023 <b>ﷲ</b>     |
|-------------------------------------|-------------------|-------------------|
| Cost of revenue                     | 52,948,503        | 52,122,850        |
| General and administrative expenses | 3,653,430         | 3,341,945         |
| Selling and distribution expenses   | 344,780           | 275,718           |
|                                     | <b>56,946,713</b> | <b>55,740,513</b> |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 5. INTANGIBLE ASSETS AND GOODWILL

|                                    | Goodwill<br>ﷲ      | Software<br>ﷲ     | Total<br>ﷲ         |
|------------------------------------|--------------------|-------------------|--------------------|
| <b>Cost</b>                        |                    |                   |                    |
| At 1 January 2023                  | 390,230,436        | 14,083,758        | 404,314,194        |
| Additions                          | -                  | -                 | -                  |
| <b>At 31 December 2023</b>         | <b>390,230,436</b> | <b>14,083,758</b> | <b>404,314,194</b> |
| Additions                          | -                  | -                 | -                  |
| <b>At 31 December 2024</b>         | <b>390,230,436</b> | <b>14,083,758</b> | <b>404,314,194</b> |
| <b>Amortization and impairment</b> |                    |                   |                    |
| At 1 January 2023                  | 20,306,000         | 13,172,280        | 33,478,280         |
| Amortization                       | -                  | 203,822           | 203,822            |
| Impairment                         | 35,000,000         | -                 | 35,000,000         |
| <b>At 31 December 2023</b>         | <b>55,306,000</b>  | <b>13,376,102</b> | <b>68,682,102</b>  |
| Amortization                       | -                  | 181,191           | 181,191            |
| Impairment                         | 50,000,000         | -                 | 50,000,000         |
| <b>At 31 December 2024</b>         | <b>105,306,000</b> | <b>13,557,293</b> | <b>118,863,293</b> |
| <b>Net book value:</b>             |                    |                   |                    |
| At 31 December 2024                | <b>284,924,436</b> | <b>526,465</b>    | <b>285,450,901</b> |
| At 31 December 2023                | <b>334,924,436</b> | <b>707,656</b>    | <b>335,632,092</b> |

The following is a breakdown of goodwill:

|  | 2024<br>ﷲ          | 2023<br>ﷲ          |
|--|--------------------|--------------------|
| Emirates National Factory for Plastic Industries | 274,707,551        | 324,707,551        |
| Hala Printing Company                            | 10,216,885         | 10,216,885         |
|  | <b>284,924,436</b> | <b>334,924,436</b> |

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 ﷲ 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 ﷲ 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 ﷲ 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.

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 ﷲ 380 million after adding the goodwill of these two companies. During 2017, 2023 and 2024, the group has recognized impairment on the goodwill amounted to ﷲ 20.3 million, ﷲ 35 million and ﷲ 50 million, respectively.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 5. INTANGIBLE ASSETS AND GOODWILL (continued)

##### **Goodwill impairment test**

Management performs goodwill test to ensure that there is no impairment 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 2024 accordingly an impairment of **ﷲ 50 million** was recorded during the current 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 and Hala Printing Company is 6.35 and 17.13, respectively.

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 2024 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.

|   | 31 December 2024 |               | 31 December 2023 |       |
|---|------------------|---------------|------------------|-------|
|   | ENPI             | Hala          | ENPI             | Hala  |
|   | %                | %             | %                | %     |
| Weighted Average Cost of Capital Assumptions ("WACC") | <b>10.60</b>     | <b>10.60</b>  | 9.82             | 9.82  |
| Estimated average EBITDA margin                       | <b>9.51%</b>     | <b>16.62%</b> | 9.66             | 19.18 |
| Average annual growth rate of revenue                 | <b>6.3</b>       | <b>17.13</b>  | 4.23             | 5.52  |
| Terminal growth rate                                  | <b>2.5</b>       | <b>2.5</b>    | 2.5              | 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.

Decreased demand can lead to a decline in the EBIDTA margin. Any decrease in the EBIDTA margin would result in a further impairment

Although management expects the Group's market share of the printing and packaging market to be stable over the forecast period. Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. 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 terminal growth rate was determined based on management's estimate of the long-term growth forecast for UAE and KSA.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 6. INVESTMENT PROPERTIES

|                                  | Land<br>ﷲ    | Buildings<br>ﷲ   | Total<br>ﷲ       |
|----------------------------------|--------------|------------------|------------------|
| <b>Cost:</b>                     |              |                  |                  |
| At 1 January 2023                | 18,922,102   | 9,403,543        | 28,325,645       |
| At 31 December 2023              | 18,922,102   | 9,403,543        | 28,325,645       |
| Disposals (Note 4)               | (18,922,102) | (703,025)        | (19,625,127)     |
| <b>At 31 December 2024</b>       | <b>-</b>     | <b>8,700,518</b> | <b>8,700,518</b> |
| <b>Accumulated depreciation:</b> |              |                  |                  |
| At 1 January 2023                | -            | 2,682,144        | 2,682,144        |
| Depreciation                     | -            | 329,290          | 329,290          |
| At 31 December 2023              | -            | 3,011,434        | 3,011,434        |
| Depreciation                     | -            | 219,527          | 219,527          |
| Disposals                        | -            | (703,025)        | (703,025)        |
| <b>At 31 December 2024</b>       | <b>-</b>     | <b>2,527,936</b> | <b>2,527,936</b> |
| <b>Net book value:</b>           |              |                  |                  |
| <b>At 31 December 2024</b>       | <b>-</b>     | <b>6,172,582</b> | <b>6,172,582</b> |
| At 31 December 2023              | 18,922,102   | 6,392,109        | 25,314,211       |

The Group's investment properties consist of two commercial properties in the Kingdom of Saudi Arabia and the United Arab Emirates, both of which have been retained by the Group for the purpose of capital appreciation and achieving rental income. Rental income for the year ended 31 December 2024 amounted to ﷲ 914,133 (2023: ﷲ 974,044) and incurred maintenance cost for the year ended 31 December 2024 amounted to ﷲ 53,124 (2023: ﷲ 123,181).

#### Fair value disclosures

The following is a comparison of the carrying value and fair value of the Group's investment properties:

|                       | 2024                |                 | 2023                |                 |
|-----------------------|---------------------|-----------------|---------------------|-----------------|
|                       | Carrying value<br>ﷲ | Fair value<br>ﷲ | Carrying value<br>ﷲ | Fair value<br>ﷲ |
| Investment properties | 6,172,582           | 11,286,109      | 25,314,211          | 49,900,000      |

The fair value of investment properties have been determined by external, accredited, independent property valuers who have appropriate and recognized qualifications and recent experience in the location and category of the property whose value is estimated according to the geographical location.

The fair value of property located in the Kingdom of Saudi Arabia was determined based on the valuation by third party CBRE Rowad Al-Riyadh Real Estate Valuation Company ("Valuer") has performed the valuation of the investment properties using the residual Valuation method.

The fair value of property located in the United Arab Emirates was determined based on the valuation made by third party Asteco Property Management for Real Estate Valuation and Revaluation Establishment under RERA license number (43767) ("Valuer") has performed the valuation of the investment properties using the income approach.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 6. INVESTMENT PROPERTIES (continued)

The fair value measurement of all investment properties has been classified as level 3 inputs based on the inputs of the valuation method used. The following table shows the valuation method used in measuring fair value:

| Geographical location | Valuation technique  | Unobservable inputs   |
|-----------------------|--|---|
| UAE                   | <b>Income approach</b><br>By using revenue multiples / capitalization rates based on available market trends and evidence. | <b>Assumptions</b><br><u>Building:</u><br>- Annual rent of the subject of appraisal and similar buildings amounting to AED 974,000 (2023: AED 966,000).<br><br>- Operating expenses average 10% of the annual rent for similar buildings. |

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Profit arising from investment properties:

|  | 2024           | 2023           |
|--|----------------|----------------|
| Rental income derived from investment properties | AED<br>914,133 | AED<br>974,043 |

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of plant, building, and land used in its operations. Leases of land generally have lease terms between 1 and 20 years, building have lease terms from 6 to 17 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

|                               | <i>Right-of-use<br/>assets</i><br>S\$ |
|-------------------------------|---------------------------------------|
| As at 1 January 2023          | 4,909,729                             |
| Additions                     | 2,393,089                             |
| Disposals                     | (308,349)                             |
| Depreciation                  | (1,422,438)                           |
| <b>As at 31 December 2023</b> | <b>5,572,031</b>                      |
| Additions                     | 743,764                               |
| Depreciation                  | (1,795,187)                           |
| <b>As at 31 December 2024</b> | <b>4,520,608</b>                      |

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

|  | <i>2024</i><br>S\$ | <i>2023</i><br>S\$ |
|--|--------------------|--------------------|
| As at 1 January                          | 5,898,559          | 5,121,663          |
| Additions                                | 743,764            | 2,393,088          |
| Modification                             | -                  | (308,349)          |
| Accretion of interest                    | 323,568            | 329,992            |
| Payments                                 | (2,074,053)        | (1,639,253)        |
| Foreign currency translation adjustments | -                  | 1,418              |
| As at 31 December                        | <b>4,891,838</b>   | <b>5,898,559</b>   |
| Current                                  | 750,180            | 1,424,573          |
| Non-current                              | 4,141,658          | 4,473,986          |

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate of 5% (2023: 5%).

The lease payments along with present value of the lease payments as at 31 December 2024 are as follows:

|                       | <i>Future lease<br/>payments</i><br>S\$ | <i>Interest</i><br>S\$ | <i>Present value of<br/>lease payments</i><br>S\$ |
|-----------------------|---|------------------------|---|
| Within one year       | 994,137                                 | (243,957)              | 750,180   |
| Two to five years     | 2,298,052                               | (710,902)              | 1,587,150   |
| Later than five years | 3,028,539                               | (474,031)              | 2,554,508   |
|                       | <b>6,320,728</b>                        | <b>(1,428,890)</b>     | <b>4,891,838</b>                                  |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The following are the amounts recognized in profit or loss:

|  | 2024<br>ﷲ        | 2023<br>ﷲ        |
|--|------------------|------------------|
| Depreciation expense of right-of-use assets  | 1,795,187        | 1,422,438        |
| Interest expense on lease liabilities  | 323,568          | 329,992          |
| Expense relating to short-term or low value leases (included in cost of revenue)                     | 1,937,845        | 1,314,113        |
| Expense relating to short-term or low value leases (included in selling and distribution expenses)   | 4,435,917        | 4,480,811        |
| Expense relating to short-term or low value leases (included in general and administrative expenses) | 650,190          | 1,277,156        |
| <b>Total amount recognised in profit or loss</b>   | <b>9,142,707</b> | <b>8,824,510</b> |

The Group had total cash outflows for leases of ﷲ 2,074,053 in 2024 (2023: ﷲ 1,639,253). The Group also had non-cash additions to right-of-use assets and lease liabilities of ﷲ 743,764 in 2024 (2023: ﷲ 2,393,088).

#### 8. INVENTORIES

|  | 2024<br>ﷲ           | 2023<br>ﷲ           |
|--|---------------------|---------------------|
| Raw materials  | 101,095,229         | 139,595,692         |
| Finished goods   | 40,078,345          | 36,511,629          |
| Spare-parts and consumables                            | 19,667,159          | 26,870,145          |
| Work-in-progress                                       | 6,813,485           | 8,643,058           |
| Goods-in-transit                                       | 3,033,717           | 2,537,790           |
|  | <b>170,687,935</b>  | <b>214,158,314</b>  |
| Less: Provision for obsolete and slow-moving inventory | <b>(20,753,772)</b> | <b>(22,722,040)</b> |
|  | <b>149,934,163</b>  | <b>191,436,274</b>  |

Movement in provision for obsolete and slow-moving inventory is as follows:

|                                      | 2024<br>ﷲ          | 2023<br>ﷲ         |
|--------------------------------------|--------------------|-------------------|
| Balance at the beginning of the year | 22,722,040         | 20,239,089        |
| Provided during the year             | 2,558,020          | 2,482,951         |
| Write-off*                           | <b>(4,526,288)</b> | -                 |
|                                      | <b>20,753,772</b>  | <b>22,722,040</b> |

Hypothecation and pledge over inventories of ENPI Group amounting to the carrying value of the inventories at any given point in time is given as loan guarantee (note 14). Such balance at the year-end amounted to ﷲ 125 million (2023: ﷲ 135.5 million).

\* The Group management has conducted an evaluation for impairment on spare parts of inventory of subsidiary (Al-Madinah Al Munawarah Printing & Publishing Company) and wrote off inventory amounting of ﷲ 4.5 million.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

9. TRADE RECEIVABLES

|  | 2024<br>S            | 2023<br>S           |
|--|----------------------|---------------------|
| Trade receivable                           | 291,959,184          | 309,437,310         |
| Less: Allowance for expected credit losses | <u>(103,339,199)</u> | <u>(92,994,134)</u> |
|  | <b>188,619,985</b>   | <b>216,443,176</b>  |
| Current portion                            | 186,756,189          | 210,784,640         |
| Non-current portion *                      | 1,863,796            | 5,658,536           |

\* In prior years, balance due from three customers subject to a court case have been rescheduled. As a result, the amount due after 12 months have been classified as non-current.

Movement in allowance for expected credit losses is as follows:

|                                      | 2024<br>S          | 2023<br>S         |
|--------------------------------------|--------------------|-------------------|
| Balance at the beginning of the year | 92,994,134         | 88,183,670        |
| Impairment loss on trade receivable  | 10,800,838         | 4,810,464         |
| Write-off                            | <u>(455,773)</u>   | <u>-</u>          |
|                                      | <b>103,339,199</b> | <b>92,994,134</b> |

Credit risk exposure on the Group's trade receivables is mentioned in note 28

10. PREPAYMENTS AND OTHER CURRENT ASSETS

|   | 2024<br>S          | 2023<br>S          |
|---|--------------------|--------------------|
| Prepaid expense   | 16,102,734         | 15,395,541         |
| Advance to suppliers                                      | 8,365,759          | 6,558,126          |
| Prepayment to ZATCA                                       | 6,170,214          | 6,170,214          |
| Refundable security deposit                               | 3,316,365          | 3,214,759          |
| Employees' receivables                                    | 607,786            | 1,645,334          |
| Others  | <u>2,092,039</u>   | <u>892,374</u>     |
|   | <b>36,654,897</b>  | <b>33,876,348</b>  |
| Less: Impairment for prepayments and other current assets | <u>(1,550,012)</u> | <u>(1,550,012)</u> |
|   | <b>35,104,885</b>  | <b>32,326,336</b>  |

11. CASH AND CASH EQUIVALENTS

|   | 2024<br>S          | 2023<br>S          |
|---|--------------------|--------------------|
| Cash at bank  | 29,724,646         | 36,337,630         |
| Cash in hand  | <u>55,729</u>      | <u>13,944</u>      |
| <b>Cash and cash equivalents in the consolidated statement of financial position</b>      | <b>29,780,375</b>  | <b>36,351,574</b>  |
| Less: Balance with banks-restricted accounts (*)  | <u>(9,792,852)</u> | <u>(9,792,852)</u> |
| <b>Cash and cash equivalents in the consolidated statement of statement of cash flows</b> | <b>19,987,523</b>  | <b>26,558,722</b>  |

(\*) The restricted bank accounts represent a deposit against a loan obtained and not available for the Group general use (Note 14).



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

### 12. BALANCES AND TRANSACTIONS WITH 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.

#### 12.1 Key management personnel compensation

|   | 2024<br>S        | 2023<br>S        |
|---|------------------|------------------|
| Key management personnel compensation (*)   | 3,678,843        | 5,183,721        |
| Board of directors' expenses and allowances | 1,675,485        | 1,429,241        |
|   | <b>5,354,328</b> | <b>6,612,962</b> |
| Key management personnel compensation (*)   | 2024<br>S        | 2023<br>S        |
| Short-term employee benefits                | 3,476,666        | 4,484,171        |
| Post-employment benefits                    | 202,177          | 699,550          |
|   | <b>3,678,843</b> | <b>5,183,721</b> |

\* Key management personal compensation includes salaries and equivalents and defined benefit liabilities employees' benefits.

#### 12.2 The significant transaction and balances between the Group and its related parties are as follows:

|                                       | <i>Advance payments during year</i> |            | <i>Sales Transaction for the year ended 31 December</i> |            | <i>Balance due to as at 31 December</i> |            |
|---------------------------------------|-------------------------------------|------------|---|------------|---|------------|
|                                       | 2024                                | 2023       | 2024  | 2023       | 2024                                    | 2023       |
|                                       | S                                   | S          | S   | S          | S                                       | S          |
| Saudi Research and Media Group *      | 35,000,000                          | 35,000,000 | 849,567   | 1,009,604  | 43,594,808                              | 40,576,549 |
| Saudi Research and Publishing Company | -                                   | -          | 25,919,055  | 45,571,680 | -                                       | -          |
| Saudi Specialized Publishing Company  | -                                   | -          | 1,039,133   | 1,775,240  | -                                       | -          |
| Saudi Distribution Company            | -                                   | -          | 2,673   | -          | -                                       | -          |

\* Saudi Research and Media Group "SRMG" is the holding of SPPC, and the remaining companies are subsidiaries of SRMG.

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.

### 13. SHARE CAPITAL AND RESERVES

**Share Capital:** as at 31 December 2024, the fully paid-up share capital of the company is S 600 million (2023: S 600 million) divided into 60 million shares (2023: 60 million shares) with a nominal value of S 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

**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 purposes.

In year 2023, based on the Board of Directors' recommendation, the extraordinary General Assembly Meeting in 10 September 2023 decided to utilize the entire statutory reserve amounting to S 78,639,385 and utilize part of the contractual reserve amounting to S 27,195,391 to absorb the entire remaining accumulated losses of the group amounting to S 105,834,776.

**Other reserve:** Other reserve pertains to exchange difference on translation of foreign operations.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

### 14. 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 letter of guarantee, on different periods subject to renewal. The credit limit for total facilities was **ﷲ** 699.9 million as at 31 December 2024 (31 December 2023: **ﷲ** 886.8 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 1.65% to 3.5% per annum in addition to SAIBOR and EIBOR as applicable.

The loan agreements contain covenants, mainly relating to 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 didn't comply with certain loans and certain covenants as at 31 December 2024. The Group has breached specific financial covenants related to an interest-bearing loan; therefore, this loan has been classified as short-term and other certain loan Group has received wavier from bank and are classified as long term loan.

Under these agreements, the Group provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
- An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
- Restricted bank accounts amounting to **ﷲ** 9.8 million (2023: **ﷲ** 9.8 million). (note 11)
- Corporate Guarantee from Flexible Packaging Company Limited, Future Plus Company and Taibah Printing and Packaging Company Limited.
- Funding bank account is required with amount to be held of 1 quarterly fixed installment + variable interest rate) to designated non-checking account with the bank
- Legal Mortgage over land and property of **ﷲ** 137.1 million (2023: **ﷲ** 107.6 million).
- Mortgage of Machineries worth **ﷲ** 144 million (2023: **ﷲ** 171.6 million).
- Assignment of all risk Islamic Insurance policy over mortgaged properties, inventory, and purchased machines.
- Pledge of stock/inventories in favor of the bank until full and final repayment of the total facilities
- Hypothecation over inventories of ENPI Group amounting to the carrying value of the inventories at any given point in time
- Hypothecation over ENPI receivables on pari passu basis between the lenders
- Cross corporate guarantees of ENPI Companies for **ﷲ** 298.7 million (31 December 2023: **ﷲ** 410 million)
- Comfort letter from the shareholders of ENPI amounting to the full working capital facilities of **ﷲ** 298.7 million (2023: **ﷲ** 410 million).

Based on the decision of the Board of Directors held on 7 May 2018, the bank has the right, in the event of default by the Group, to recourse through some of the subsidiaries, and the bank has the right to request additional guarantees other than what is mentioned in the loan agreement.

The Group has obtained the facility limit of **ﷲ** 101.9 million in January 2021 for the new capital expenditure with the moratorium period of 18 months. Against which **ﷲ** 8.9 million is utilized against this facility as of 31-Dec-2023. In October 2022, the same was renewed with the limit **ﷲ** 91.7 million for the period of 15 months after the drawdown of **ﷲ** 8.9 million, In February 2023, limit is reduced to **ﷲ** 76.4 million, In 2024, an additional drawdown of **ﷲ** 14.7 million was made, and the capital expenditure facility has since expired. This borrowing is secured against mortgage of financed assets.

This loan has an IRS which has resulted in a derivative financial instrument asset as at 31 December 2024 refer to (note 16).

As at 31 December 2024, the balance utilized amounted to **ﷲ** 653.1 million (2023: **ﷲ** 773.4 million).



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 14. LOANS AND MURABAHA (continued)

The following is an analysis of the loans and Murabaha transactions:

|                      | 2024<br>ﷲ          | 2023<br>ﷲ          |
|----------------------|--------------------|--------------------|
| Long term loans*     | 259,084,543        | 372,101,924        |
| Short term loans     | 375,109,639        | 377,416,393        |
| Overdrafts           | 16,818,659         | 19,327,305         |
| Accrued finance cost | 2,078,020          | 4,567,670          |
| <b>Total</b>         | <b>653,090,861</b> | <b>773,413,292</b> |

\* The long-term loans include current portion.

The following is the movement of the loan transaction:

|   | 2024<br>ﷲ          | 2023<br>ﷲ          |
|---|--------------------|--------------------|
| Opening balance                             | 773,413,292        | 818,772,433        |
| Proceeds during the year                    | 1,968,112,298      | 1,177,554,767      |
| Payments during the year                    | (2,085,945,079)    | (1,223,040,815)    |
| Interest charged during the year            | 59,075,234         | 58,621,395         |
| Payments for financial cost during the year | (61,564,884)       | (58,494,488)       |
| Ending balance                              | <b>653,090,861</b> | <b>773,413,292</b> |

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

|                      | 2024<br>ﷲ          | 2023<br>ﷲ          |
|----------------------|--------------------|--------------------|
| Current portion      | 497,878,818        | 595,760,604        |
| Non- Current portion | 155,212,043        | 177,652,688        |
|                      | <b>653,090,861</b> | <b>773,413,292</b> |

As per the board of directors meeting held on 29 October 2024, the board decided to settle the loan of ﷲ 110.2 million by transferring the ownership of the land and building of Al-Madinah Al-Munawarah Printing and Publishing Company (one of the subsidiaries of the Group) to Tanweer Real Estate Company which is a subsidiary of Alinma Bank as described in note 4.3.

#### 15. EMPLOYEES DEFINED BENEFITS LIABILITIES

|  | ﷲ                 |
|--|-------------------|
| <b>Defined benefit obligation at 1 January 2023</b>    | 32,104,684        |
| Current service cost                                   | 3,487,595         |
| Interest cost  | 1,332,154         |
| Benefits paid  | (5,781,994)       |
| Re-measurement of employees' defined liabilities       | 4,180,120         |
| <b>Defined benefit liabilities at 31 December 2023</b> | <b>35,322,559</b> |
| Current service cost                                   | 4,124,690         |
| Interest cost  | 1,287,750         |
| Curtailed/settlement gain or loss                      | 722,736           |
| Benefits paid  | (11,441,134)      |
| Re-measurement of employees' defined liabilities       | 651,308           |
| <b>Defined benefit liabilities at 31 December 2024</b> | <b>30,667,909</b> |



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

### 15. EMPLOYEES DEFINED BENEFITS OBLIGATION (continued)

#### Significant actuarial assumptions

The table below outlines the assumptions used in the evaluation process.

|                        | Kingdom of Saudi Arabia |                   | United Arab Emirates |                   |
|------------------------|-------------------------|-------------------|----------------------|-------------------|
|                        | 2024                    | 2023              | 2024                 | 2023              |
| Discount rate          | 5.35%                   | 4.56%             | 4.90%                | 4.14%             |
|                        | 0% for FY 24            | 0% for FY 23      | 0% for FY 24         | 0% for FY 23      |
| Salary increase rate   | And 1% thereafter       | And 1% thereafter | And 1% thereafter    | And 1% thereafter |
| Assumed retirement age | 60 years                | 60 years          | 60 years             | 60 years          |

#### Sensitivity analysis

An analysis of the sensitivity of the defined liabilities to changes in the Group's weighted key assumptions is as follows:

|           | Discount rate |             | Salary increase rate |             |
|-----------|---------------|-------------|----------------------|-------------|
|           | 1% decrease   | 1% increase | 1% decrease          | 1% increase |
|           | ﷲ             | ﷲ           | ﷲ                    | ﷲ           |
| 31-Dec-24 | (1,621,589)   | 1,460,846   | 1,533,133            | (1,675,524) |
| 31-Dec-23 | 2,043,311     | (2,312,442) | (2,126,795)          | 2,369,334   |

The sensitivity analysis above was determined based on the change in one assumption with all other assumptions held constant. In practical terms, this is not likely to happen, and changes in some assumptions may be linked to each other. When calculating the sensitivity of defined benefits liability to significant actuarial changes, the same method (present value of the defined benefits obligation calculated using the projected unit credit method at the end of preparing the consolidated financial statements) has been applied as when calculating the defined benefits liability used recognized in the consolidated statement of financial position.

### 16. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value on derivative financial instruments as at the reporting date was as follows:

|  | 2024      | 2023      |
|--|-----------|-----------|
|  | ﷲ         | ﷲ         |
| <b>Derivatives not designated as hedging instruments</b> |           |           |
| Profit rate swaps  | 3,298,256 | 7,646,415 |

The Group uses derivative financial instruments mainly, profit rate swaps. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group has recognized asset of ﷲ 3.3 million as a financial asset during the year ended 31 December 2024 (2023: ﷲ 7.6 million).

Other details related to the profit rate swap arrangement are as follows:

|   | 2024            | 2023            |
|---|-----------------|-----------------|
|   | ﷲ               | ﷲ               |
| Change in fair value of the derivative instrument | (4,348,159)     | (1,019,522)     |
| Carrying amount of the derivative instrument      | 3,298,256       | 7,646,415       |
| Notional amount of the derivative instrument      | 118,519,433     | 141,458,678     |
| Maturity date of the derivative instrument        | 6 December 2025 | 6 December 2025 |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 17. TRADE PAYABLES

|                     | 2024<br>S          | 2023<br>S          |
|---------------------|--------------------|--------------------|
| Trade payables      | <u>145,827,259</u> | <u>129,609,000</u> |
| Current portion     | 144,179,514        | 129,609,000        |
| Non-current portion | 1,647,745          | -                  |

No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. Trade payables are normally settled in 60 to 120 days.

#### 18. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

|                                | 2024<br>S         | 2023<br>S         |
|--------------------------------|-------------------|-------------------|
| Accrued expenses               | 12,835,749        | 12,140,544        |
| Advances from customers *      | 4,979,190         | 3,861,205         |
| Real estate transaction tax ** | 5,500,000         | -                 |
| Employees accruals             | 2,688,867         | 3,876,119         |
| Other                          | 2,768,497         | 2,617,006         |
|                                | <u>28,772,303</u> | <u>22,494,874</u> |

\*All amount presented as advances from customers in the previous year has been recognized as revenue during the current year

\*\* This amount represents real estate transaction tax as 5% on net book value of land and building and investment property on transfer to Alinma bank as mentioned in note 4.

#### 19. ZAKAT AND TAXATION

##### 19.1 ZAKAT

##### Movement in zakat and tax expense:

|                                 | 2024<br>S        | 2023<br>S        |
|---------------------------------|------------------|------------------|
| Charge during the year          | 3,836,210        | 3,500,000        |
| Deferred tax asset for the year | (5,250,976)      | -                |
| Real estate transaction tax     | 5,500,000        | -                |
|                                 | <u>4,085,234</u> | <u>3,500,000</u> |

##### Zakat base:

|   | 2024<br>S        | 2023<br>S           |
|---|------------------|---------------------|
| Loss before zakat adjustment                | (215,327,793)    | (128,804,036)       |
| Disallowable expenses                       | -                | 12,113,164          |
| Adjusted loss/ (income) for zakat provision | (215,327,793)    | (116,690,872)       |
| Equity                                      | 282,110,733      | 708,744,711         |
| Provisions and other adjustments            | 18,525,514       | 139,764,539         |
| Non-current liabilities                     | 523,708,829      | 378,697,634         |
| Non-current assets                          | (820,410,720)    | (1,137,208,274)     |
| Zakat base                                  | <u>3,934,356</u> | <u>(26,692,262)</u> |

##### Movement in zakat provision:

|   | 2024<br>S         | 2023<br>S         |
|---|-------------------|-------------------|
| Balance as at 1 January                 | 14,689,304        | 12,499,697        |
| Charge during the year                  | 3,836,210         | 3,500,000         |
| Zakat Paid                              | -                 | (1,311,708)       |
| Foreign currency translation adjustment | -                 | 1,315             |
| Balance as at 31 December               | <u>18,525,514</u> | <u>14,689,304</u> |



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 19. ZAKAT AND TAXATION (continued)

##### 19.1 ZAKAT (continued)

Zakat provision is estimated and charged to the consolidated statement of comprehensive loss. The Group submitted zakat returns for all years up to 2023. The Zakat returns for the year 2021, 2022 and 2023 are still under review by the ZATCA.

The Group received the consolidated zakat assessment for the years 31 December 2005 to 2008. However, ZATCA issued assessment notice requesting the Group to pay an additional amount of  $\text{SAR } 9,964,793$  for which the Company has filed an objection against the assessment. Subsequently, ZATCA partially accepted the appeal and zakat differences were reduced by  $\text{SAR } 3,382,159$ . The Group filed additional objection for the remaining amount of  $\text{SAR } 6,582,634$ . The objection was partially approved by the General Secretariate of Zakat, Tax and Custom department ("GSTC") and zakat differences were reduced by  $\text{SAR } 5,040,535$ . The Group and ZATCA filed objection to the GSTC, these objections are still being considered by GSTC at the date of preparing these consolidated financial statements.

The Group filed consolidated Zakat returns to ZATCA for the years ended 31 December 2009 until 2013 and received Zakat certificate for these years. ZATCA did not issue the final assessment for the mentioned years up to the date of preparing these consolidated financial statements. ZATCA issued assessment notice for the year 2014 without additional amounts.

The Group received the consolidated zakat assessment for the years 31 December 2015, 2016, and 2018 claiming additional zakat liability of  $\text{SAR } 27,137,780$ , the Group partially accepted an amount of  $\text{SAR } 230,874$  from ZATCA treatment and filed an appeal for the remaining amount. ZATCA partially accepted the appeal and issued a revised assessment amounted to  $\text{SAR } 16,314,362$ . The Group filed objections for these years to the first level of the General Secretariate of Tax and Committees "GSTC", and the objection was rejected by the first level. Then the Group filed its appeal to the second level of GSTC. The GSTC 2nd level has issued its ruling upholding ZATCA's treatment in majority of the items. However, the Group did not accept this ruling and submitted a reconsideration request to the GSTC.

The GSTC has issued its ruling in relation to the reconsideration request and upheld the ruling issued by the GSTC 2nd level. Accordingly, the ruling issued by the GSTC 2nd level for the years 2015, 2016, and 2018 should be considered as final. Further, the ZATCA has issued a revised assessment for above mentioned years amounting to  $\text{SAR } 15,184,293$ .

The Group received the final zakat assessment for the year 31 December 2017. Zakat position has been finalized with ZATCA for the year 2017.

The Group received the zakat assessment for the years 31 December 2019 and 2020 claiming additional zakat liability of  $\text{SAR } 22,428,203$ . The Group filed objections for these years, and these objections were partially accepted where zakat differences are reduced to  $\text{SAR } 21,809,019$ . The Group filed an appeal on the revised assessment to the 1st level of the GSTC and settled 25% of the total zakat liability amounting to  $\text{SAR } 6,170,214$  (according to the zakat By-Laws for the year 2019). The GSTC 1st level has issued a favorable ruling to SPPC whereby the GSTC has upheld the Company's contention in the majority of the appealed items. ZATCA has appealed the ruling with the GSTC 2nd level. The GSTC 2nd level has issued its ruling upholding the Groups contentions in majority of the items. The Group is currently liaising with ZATCA to obtain the revised assessments for the said years; however, the final assessment has not yet been issued.

##### 19.2 TAXATION

###### UAE Corporate Tax Law

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 19. ZAKAT AND TAXATION (continued)

##### 19.2 TAXATION (continued)

The Group is loss making and does not have any current tax, further the group management has evaluated and recorded a deferred tax asset on the loss for the period in the consolidated financial statements amounting to **ﷲ 5,250,976** (2023: nil).

Deferred tax relates to the following:

|  | <i>Net balance at 1<br/>January</i> | <i>Recognised in<br/>profit or loss</i> | <i>Net balance at 31<br/>December</i> |
|--|-------------------------------------|---|---------------------------------------|
|  | <b>ﷲ</b>                            | <b>ﷲ</b>                                | <b>ﷲ</b>                              |
| <i>2024</i>  |                                     |   |                                       |
| Net interest expenditure carried forward for the next 10 tax periods | -                                   | <b>(1,021,993)</b>                      | <b>(1,021,993)</b>                    |
| Losses available for offsetting against future taxable income        | -                                   | <b>(4,228,983)</b>                      | <b>(4,228,983)</b>                    |
| As at 31 December 2024   | <b>-</b>                            | <b>(5,250,976)</b>                      | <b>(5,250,976)</b>                    |

The Emirates National Factory for Plastic Industries (“Subsidiary”) has tax losses that arose **ﷲ 47.63** million that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. The Emirates National Factory for Plastic Industries (“Subsidiary”) also has net interest expenditure that can be carried forward for next 10 tax periods of **ﷲ 10.72**million. Deferred tax asset have been recognized in respect of these losses and net interest expenditure as they may be used to offset taxable profits in the near future.

Following is the reconciliation of current income tax expense and accounting profit:

|  | <i>2024<br/>ﷲ</i>   | <i>2023<br/>ﷲ</i> |
|--|---------------------|-------------------|
| Accounting profit for the year before tax  | <b>(58,923,900)</b> | -                 |
| At the UAE statutory tax rate of 9%  | <b>(5,303,151)</b>  | -                 |
| Non-deductible expense for tax purpose: Entertainment expense (50% allowed as per the Law) | <b>52,175</b>       | -                 |
| <b>At the effective current income tax rate of 8.91%</b>                                   | <b>(5,250,976)</b>  | -                 |

#### 20. SEGMENT INFORMATION

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 maker i.e., CEO 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

For management purposes, the Group is organized into business units based on its products and services and has three reportable segments, as follows:

| 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 management monitors the results of the operations of the business units independently for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.



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At 31 December 2024

20. SEGMENT INFORMATION (continued)

b) Information about reportable segments

The following tables present revenue and loss before zakat information for the Group's operating segments for the year ended 31 December 2024 and 2023, respectively.

| 31 December 2024                           | Reportable segments |                      |                         |                      | Adjustments & Eliminations<br>ﷲ | Total<br>ﷲ           |
|--|---------------------|----------------------|-------------------------|----------------------|---------------------------------|----------------------|
|  | Printing<br>ﷲ       | Packaging<br>ﷲ       | All other segments<br>ﷲ | Total segments<br>ﷲ  |                                 |                      |
| <b>Revenue</b>                             |                     |                      |                         |                      |                                 |                      |
| External customers                         | 62,695,281          | 658,500,952          | -                       | 721,196,233          | -                               | 721,196,233          |
| Inter-segments                             | 26,326,393          | 29,795,896           | -                       | 56,122,289           | (56,122,289)                    | -                    |
| <b>Total revenue</b>                       | <b>89,021,674</b>   | <b>688,296,848</b>   | -                       | <b>777,318,522</b>   | <b>(56,122,289)</b>             | <b>721,196,233</b>   |
| <b>Expense</b>                             |                     |                      |                         |                      |                                 |                      |
| Finance costs                              | 1,548,374           | 59,523,324           | 3,963,013               | 65,034,711           | -                               | 65,034,711           |
| Goodwill impairment                        | -                   | 50,000,000           | -                       | 50,000,000           | -                               | 50,000,000           |
| Impairment of property plant and equipment | 25,935,182          | -                    | -                       | 25,935,182           | -                               | 25,935,182           |
| Write-off of inventory                     | 4,526,288           | -                    | -                       | 4,526,288            | -                               | 4,526,288            |
| Depreciation and amortization              | 15,234,334          | 43,535,706           | 373,212                 | 59,143,252           | -                               | 59,143,252           |
| <b>Segment loss</b>                        | <b>(61,336,205)</b> | <b>(92,085,051)</b>  | <b>(15,991,771)</b>     | <b>(169,413,027)</b> | <b>(50,000,000)</b>             | <b>(219,413,027)</b> |
| <b>Total assets</b>                        | <b>86,895,538</b>   | <b>1,113,472,562</b> | <b>7,113,126</b>        | <b>1,207,481,226</b> | -                               | <b>1,207,481,226</b> |
| <b>Total liabilities</b>                   | <b>(9,038,864)</b>  | <b>(615,566,837)</b> | <b>(301,461,942)</b>    | <b>(926,067,643)</b> | -                               | <b>(926,067,643)</b> |

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.



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At 31 December 2024

20. SEGMENT INFORMATION (continued)

b) Information about reportable segments (continued)

| 31 December 2023              | Reportable segments |                      |                            |                        |                                    |                        |
|-------------------------------|---------------------|----------------------|----------------------------|------------------------|------------------------------------|------------------------|
|                               | Printing<br>ﷲ       | Packaging<br>ﷲ       | All other<br>segments<br>ﷲ | Total<br>ﷲ             | Adjustments &<br>Eliminations<br>ﷲ | Total<br>ﷲ             |
| <b>Revenue</b>                |                     |                      |                            |                        |                                    |                        |
| External customers            | 96,442,102          | 682,715,975          | -                          | 779,158,077            | -                                  | 779,158,077            |
| Inter-segments                | 17,435,980          | 48,433,115           | -                          | 65,869,095             | (65,869,095)                       | -                      |
| <b>Total revenue</b>          | <b>113,878,082</b>  | <b>731,149,090</b>   | <b>-</b>                   | <b>845,027,172</b>     | <b>(65,869,095)</b>                | <b>779,158,077</b>     |
| <b>Expense</b>                |                     |                      |                            |                        |                                    |                        |
| Finance costs                 | 4,992,561           | 55,657,263           | 653,239                    | 61,303,063             | -                                  | 61,303,063             |
| Goodwill impairment           | -                   | 35,000,000           | -                          | 35,000,000             | -                                  | 35,000,000             |
| Depreciation and amortization | 19,352,028          | 38,270,909           | 73,126                     | 57,696,063             | -                                  | 57,696,063             |
| <b>Segment loss</b>           | <b>(25,864,425)</b> | <b>(58,624,423)</b>  | <b>(12,815,188)</b>        | <b>(97,304,036)</b>    | <b>(35,000,000)</b>                | <b>(132,304,036)</b>   |
| <b>Total assets</b>           | <b>301,028,999</b>  | <b>1,216,621,842</b> | <b>6,494,943</b>           | <b>1,524,145,784</b>   | <b>-</b>                           | <b>1,524,145,784</b>   |
| <b>Total liabilities</b>      | <b>(21,589,495)</b> | <b>(629,950,557)</b> | <b>(371,161,236)</b>       | <b>(1,022,701,288)</b> | <b>-</b>                           | <b>(1,022,701,288)</b> |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 20. SEGMENT INFORMATION (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    | 2024<br>S\$          | 2023<br>S\$          |
|----------------------------|----------------------|----------------------|
| Saudi Arabia               | 268,241,879          | 305,919,792          |
| United Arab Emirates       | 265,161,856          | 253,347,217          |
| Others                     | 187,792,498          | 219,891,068          |
|                            | <u>721,196,233</u>   | <u>779,158,077</u>   |
| <b>Total assets</b>        | <b>2024<br/>S\$</b>  | <b>2023<br/>S\$</b>  |
| Saudi Arabia               | 399,084,632          | 641,234,979          |
| United Arab Emirates       | 808,396,594          | 882,910,805          |
|                            | <u>1,207,481,226</u> | <u>1,524,145,784</u> |
| <b>Total liabilities</b>   |                      |                      |
| Saudi Arabia               | (696,331,974)        | 789,258,331          |
| United Arab Emirates       | (229,735,669)        | 233,442,957          |
|                            | <u>(926,067,643)</u> | <u>1,022,701,288</u> |
| <b>Non-current assets*</b> |                      |                      |
| Saudi Arabia               | 222,290,704          | 369,219,485          |
| United Arab Emirates       | 583,614,910          | 684,027,475          |
|                            | <u>805,905,614</u>   | <u>1,053,246,960</u> |

\* Non-current operating assets consist of property, machinery, equipment, investment properties, goodwill, and intangible assets, and right-of-use of assets.

#### 21. COST OF REVENUE

|  | 2024<br>S\$        | 2023<br>S\$        |
|--|--------------------|--------------------|
| Cost of materials                                  | 487,214,546        | 516,751,688        |
| Employees' expenses and benefits                   | 67,558,457         | 68,720,488         |
| Depreciation and amortization                      | 54,924,881         | 53,548,346         |
| Services and utilities                             | 31,282,966         | 33,439,660         |
| Transportation and shipment                        | 17,340,932         | 15,305,786         |
| Maintenance  | 9,383,643          | 10,920,514         |
| Consumables  | 4,644,629          | 4,419,437          |
| Insurance  | 3,704,368          | 3,139,292          |
| Provision for obsolete and slow-moving inventories | 2,558,019          | 2,482,951          |
| Rent   | 1,937,845          | 1,314,113          |
| Others   | 4,906,935          | 1,979,334          |
|  | <u>685,457,221</u> | <u>712,021,609</u> |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 22. SELLING, MARKETING AND DISTRIBUTION EXPENSES

|                                  | 2024              | 2023              |
|----------------------------------|-------------------|-------------------|
|                                  | S                 | S                 |
| Employees' expenses and benefits | 20,391,595        | 22,353,122        |
| Rent                             | 4,435,917         | 4,480,811         |
| Commission and incentives        | 2,574,041         | 2,581,209         |
| Advertising and promotion        | 1,074,303         | 1,043,977         |
| Maintenance                      | 531,548           | 639,937           |
| Depreciation                     | 344,780           | 275,718           |
| Others                           | 3,850,462         | 3,303,138         |
|                                  | <u>33,202,646</u> | <u>34,677,912</u> |

#### 23. GENERAL AND ADMINISTRATIVE EXPENSES

|  | 2024              | 2023              |
|--|-------------------|-------------------|
|  | S                 | S                 |
| Employees' expenses and benefits                               | 39,416,337        | 36,440,702        |
| Professional fees  | 9,693,852         | 9,939,519         |
| Depreciation and amortization                                  | 3,872,957         | 3,871,998         |
| Insurance  | 2,384,313         | 1,977,058         |
| Telephone and fax  | 2,244,097         | 2,619,003         |
| Board of directors and committees' remuneration and allowances | 1,675,485         | 1,429,241         |
| Travel   | 805,428           | 535,681           |
| Rent   | 650,190           | 1,277,156         |
| Others   | 6,554,680         | 6,867,586         |
|  | <u>67,297,339</u> | <u>64,957,944</u> |

#### 24. OTHER INCOME

|   | 2024             | 2023             |
|---|------------------|------------------|
|   | S                | S                |
| Income from sale of production wastes             | 4,651,726        | 4,033,021        |
| Rental income                                     | 914,133          | 974,043          |
| Loss on disposal of property, plant and equipment | (97,389)         | (245,235)        |
| Others  | 261,729          | 47,050           |
|   | <u>5,730,199</u> | <u>4,808,879</u> |

#### 25. FINANCE COSTS

|  | 2024              | 2023              |
|--|-------------------|-------------------|
|  | S                 | S                 |
| Banking facilities                                   | 57,295,392        | 56,918,145        |
| Financing against letter of credits and bank charges | 1,313,352         | 1,236,758         |
| Finance costs on employees' benefits liabilities     | 1,287,750         | 1,332,154         |
| Amortization of finance rescheduling charges         | 466,490           | 466,492           |
| Finance costs on lease liabilities                   | 323,568           | 329,992           |
| Loss from derivative assets                          | 4,348,159         | 1,019,522         |
|  | <u>65,034,711</u> | <u>61,303,063</u> |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 26. EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

|   | <u>2024</u><br>S     | <u>2023</u><br>S     |
|---|----------------------|----------------------|
| Loss attributable to ordinary equity holders of the parent:<br>income             | <u>(219,413,027)</u> | <u>(132,304,036)</u> |
| Loss attributable to ordinary equity holders of the parent for basic<br>earnings  | <u>(219,413,027)</u> | <u>(132,304,036)</u> |
|   | <u>2024</u><br>S     | <u>2023</u><br>S     |
| <b>Weighted average number of ordinary shares for basic EPS*</b>                  | <b>60,000,000</b>    | 60,000,000           |
| Effects of dilution from:   |                      |                      |
| Weighted average number of ordinary shares adjusted for the effect<br>of dilution | <u>60,000,000</u>    | <u>60,000,000</u>    |

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these consolidated financial statements.





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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 28. RISK MANAGEMENT

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk which is limited to interest rate risk, foreign currency and equity price risk. No changes were made in the risk management objectives and policies during the years ended to 31 December 2024 and 31 December 2023. The management of the Group reviews and agrees policies for managing each of these risks which are summarised below.

##### 28.1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. Additionally, in the case of foreign customers, letter of credit or bank guarantees are obtained as considered appropriate in order to manage the credit risk.

With respect to credit risk arising from other financial assets of the Group, including bank balances and time deposit, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Cash is held at reputable banks operating under strict rules of Saudi Central Bank ("SAMA") and Central Bank of UAE ("CBUAE").

##### *Risk concentration of maximum exposure to credit risk*

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group minimizes concentrations of credit risk by undertaking transactions with a large number of individual and corporate customers and with customers in various geographical locations and industries. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise amount due from related parties, bank balances and term deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The bank balances and deposits are placed with financial institutions of strong repute.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2024

| <u>Ageing of trade receivables</u> | <u>Weighted<br/>average loss-rate</u> | <u>Gross carrying<br/>amount</u><br>SAR | <u>Impairment loss<br/>allowance</u><br>SAR |
|------------------------------------|---------------------------------------|---|---|
| Less than 3 months                 | 0.07%                                 | 157,015,690                             | 102,730                                     |
| From 3 to 12 months                | 2.70%                                 | 6,793,769                               | 183,315                                     |
| From 12 to 24 months               | 9.96%                                 | 3,332,355                               | 331,869                                     |
| From 24 to 36 months               | 42.46%                                | 2,275,026                               | 965,929                                     |
| More than 36 months                | 82.22%                                | 122,542,344                             | 101,755,356                                 |
| Total                              |                                       | <u>291,959,184</u>                      | <u>103,339,199</u>                          |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 28 RISK MANAGEMENT (continued)

##### 28.1 Credit risk (continued)

###### *Risk concentration of maximum exposure to credit risk (continued)*

2023

| <u>Ageing of trade receivables</u> | <u>Weighted<br/>average loss-rate</u> | <u>Gross carrying<br/>amount</u><br>S\$ | <u>Impairment loss<br/>allowance</u><br>S\$ |
|------------------------------------|---------------------------------------|---|---|
| Less than 3 months                 | 0.17%                                 | 167,271,210                             | 279,009                                     |
| From 3 to 12 months                | 1.58%                                 | 20,260,575                              | 321,020                                     |
| From 12 to 24 months               | 17.44%                                | 3,167,275                               | 552,447                                     |
| From 24 to 36 months               | 54.93%                                | 4,819,335                               | 2,647,154                                   |
| More than 36 months                | 78.30%                                | 113,918,915                             | 89,194,504                                  |
| Total                              |                                       | 309,437,310                             | 92,994,134                                  |

##### 28.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The Group limits its liquidity risk by ensuring bank facilities and funding from shareholders are available. The Group's terms of business generally require amounts to be paid as per the contractual agreements. It is the Group's policy to obtain short term loan and bank borrowings that matures within the next 12-month period with a renewal option at both parties' discretion.

The table below summarizes the maturity profile of the Group's liabilities based on contractual undiscounted repayment obligation and management exceptions. The liquidity profile of financial liabilities reflects the projected cash flows which includes future interest payments and management expectation over the life of these financial liabilities.

| 2024                                | <i>Less than 12<br/>months</i><br>S\$ | <i>More than 12<br/>months</i><br>S\$ | <i>Total</i><br>S\$ |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Loans and Murabaha                  | 497,878,818                           | 155,212,043                           | 653,090,861         |
| Trade payables                      | 144,179,514                           | 1,647,745                             | 145,827,259         |
| Accrued expenses and other payables | 28,772,303                            | -                                     | 28,772,303          |
| Accrued zakat                       | 18,525,514                            | -                                     | 18,525,514          |
| Lease liabilities                   | 994,137                               | 5,326,591                             | 6,320,728           |
| <b>Total</b>                        | <b>690,350,286</b>                    | <b>162,186,379</b>                    | <b>852,536,665</b>  |

| 2023                                | <i>Less than 12<br/>months</i><br>S\$ | <i>More than 12<br/>months</i><br>S\$ | <i>Total</i><br>S\$ |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------|
| Loans and Murabaha                  | 595,760,604                           | 177,652,688                           | 773,413,292         |
| Trade payables                      | 129,609,000                           | -                                     | 129,609,000         |
| Accrued expenses and other payables | 22,494,874                            | -                                     | 22,494,874          |
| Accrued zakat                       | 14,689,304                            | -                                     | 14,689,304          |
| Lease liabilities                   | 1,424,574                             | 6,169,516                             | 7,594,090           |
| Total                               | 763,978,356                           | 183,822,204                           | 947,800,560         |

##### 28.3 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates and foreign exchange rates, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all financial assets traded in the market.



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 28 RISK MANAGEMENT (continued)

##### 28.2 Liquidity risk (continued)

##### 28.3 Market risk (continued)

###### 28.3.1 Commission rate risk

The Group is exposed to commission rate risk on its commission-bearing short-term and long-term Islamic banking facilities.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December. There is no impact on the Group's equity.

The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

|      | Increase/decrease<br>in basis points (+/-) | Effect on profit<br>for the year<br>ﷲ (+/-) |
|------|--|---|
| 2024 | 5  | 326,545                                     |
|      | 10   | 653,091                                     |
| 2023 | 5  | 386,707                                     |
|      | 10   | 773,414                                     |

###### 28.3.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate. Currency risk is managed on the basis of limits determined by the management and a continuous assessment of the Group's open positions and current and expected exchange rate movements. The management believes that there is minimal risk of significant losses due to exchange rate fluctuations since it does not undertake any significant transactions in currencies other than Saudi Arabian Riyal, the US Dollar and the Emirati Dirham. The Saudi Riyal exchange rate is fixed pegged against the US dollar, and therefore, balances and transactions denominated in the US dollar do not represent significant risks. Regarding the AED, the Group's management believes that its exposure to currency risk that is pegged against the AED is limited given that the Saudi Riyal is pegged against the AED.

The effect of a reasonably possible movement of the ﷲ currency rate against the USD and AED with all other variables held constant on the consolidated statement of income.

#### 29. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as level of dividends to ordinary shareholders.

The Group monitors its capital base using a ratio of net debt to equity. For this purpose, adjusted net debt is defined as the total liabilities, including loans, less cash and cash equivalents. Adjusted equity comprises of all components of equity other than amounts accumulated in hedging reserve.

|  | 2024<br>ﷲ          | 2023<br>ﷲ          |
|--|--------------------|--------------------|
| Total liabilities                        | 926,067,643        | 1,022,701,288      |
| Less: Cash and cash equivalents          | (29,780,375)       | (36,351,574)       |
| <b>Adjusted net debt</b>                 | <b>896,287,268</b> | <b>986,349,714</b> |
| Total equity                             | 281,413,583        | 501,444,496        |
| <b>Adjusted equity</b>                   | <b>281,413,583</b> | <b>501,444,496</b> |
| <b>Adjusted net debt to equity ratio</b> | <b>3.18</b>        | <b>1.97</b>        |



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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 December 2024

#### 30. 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 Groups consolidated statement of financial position or on the results of its operations as reflected in these consolidated financial statements.

##### Contingent liabilities

As 31 December 2024, contingent liabilities related to uncovered letter of credit amounted to **ﷲ** 4.8 million (2023: **ﷲ** 20.97 million). As at 31 December 2024, the Group has outstanding bank guarantee letters from a local bank amounting to **ﷲ** 0.6 million (2023: **ﷲ** 1.1 million).

##### Capital commitments

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to **ﷲ** 9.4 million as at 31 December 2024 (2023: **ﷲ** 17.9 million).

#### 31. SUBSEQUENT EVENTS

No matters have occurred except as stated in note 1 up to and including the date of approval of these consolidated financial statements by the board of directors which would materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2024.

#### 32. COMPARATIVE FIGURES

Certain comparative figures related to transportation and shipment cost of the prior year amounts have been reclassified to conform with the presentation in the current year. The reclassification does not have any effect on the operating loss, total assets, total liabilities and equity and cash flows statement.

Comparative figures reclassifications are mainly as follows:

|   | As previously<br>Reported | Amount of<br>reclassification | After<br>Reclassification |
|---|---------------------------|-------------------------------|---------------------------|
| Cost of revenue – 31 December 2023                            | (696,715,823)             | (15,305,786)                  | (712,021,609)             |
| Gross profit–31 December 2023                                 | 82,442,254                | (15,305,786)                  | 67,136,468                |
| Selling, marketing and distribution expenses–31 December 2023 | (49,983,698)              | 15,305,786                    | (34,677,912)              |

#### 33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 20 March 2025 (corresponding to 20 Ramadan 1446H).



## **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 NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2025**



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

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025

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| Interim condensed consolidated statement of changes in equity             | 4            |
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**Ernst & Young Professional Services (Professional LLC)**  
**Paid-up capital (٥,500,000 – Five million five hundred thousand Saudi Riyal)**

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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 September 2025, and the related interim condensed consolidated statement of comprehensive income / (loss) for the three-month and nine month periods ended 30 September 2025, and the related interim condensed consolidated statement of changes in equity and cash flows for the nine 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") that is 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.

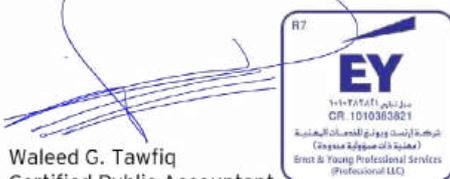
**Scope of Review**

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 statements 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.

for Ernst & Young Professional Services



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

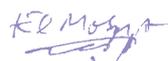
Riyadh: 15 Jumada al-Ula 1447H  
(6 November 2025)



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS)  
For the three-month and nine-month periods ended 30 September 2025

|  | Notes | 30 September<br>2025<br>(Unaudited)<br>ﷲ | 31 December<br>2024<br>(Audited)<br>ﷲ |
|--|-------|--|---------------------------------------|
| <b>ASSETS</b>                                  |       |  |                                       |
| <b>NON-CURRENT ASSETS</b>                      |       |  |                                       |
| Property, plant and equipment                  | 12    | 454,481,080                              | 499,348,495                           |
| Intangible assets and goodwill                 | 13    | 285,336,468                              | 285,450,901                           |
| Investment properties                          | 21    | 5,925,614                                | 6,172,582                             |
| Right-of-use assets                            |       | 3,560,133                                | 4,520,608                             |
| Trade receivables                              | 10    | 394,723                                  | 1,863,796                             |
| Derivative assets                              | 14    | -  | 3,298,256                             |
| Deferred tax assets                            | 8     | 5,250,976                                | 5,250,976                             |
| <b>TOTAL NON-CURRENT ASSETS</b>                |       | <b>754,948,994</b>                       | <b>805,905,614</b>                    |
| <b>CURRENT ASSETS</b>                          |       |  |                                       |
| Inventories                                    | 9     | 114,753,392                              | 149,934,163                           |
| Trade receivables                              | 10    | 151,990,163                              | 186,756,189                           |
| Prepayments and other current assets           |       | 22,683,446                               | 35,104,885                            |
| Cash and cash equivalents                      | 11    | 20,017,056                               | 29,780,375                            |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <b>309,444,057</b>                       | <b>401,575,612</b>                    |
| <b>TOTAL ASSETS</b>                            |       | <b>1,064,393,051</b>                     | <b>1,207,481,226</b>                  |
| <b>EQUITY AND LIABILITIES</b>                  |       |  |                                       |
| <b>EQUITY</b>                                  |       |  |                                       |
| Capital  | 15    | 600,000,000                              | 600,000,000                           |
| Contractual reserve                            | 15    | 2,909,935                                | 2,909,935                             |
| Accumulated losses                             |       | (417,198,275)                            | (321,109,835)                         |
| Other reserve                                  |       | (324,272)                                | (386,517)                             |
| <b>TOTAL EQUITY</b>                            |       | <b>185,387,388</b>                       | <b>281,413,583</b>                    |
| <b>NON-CURRENT LIABILITIES</b>                 |       |  |                                       |
| Loans and Murabaha                             | 16    | 125,080,484                              | 155,212,043                           |
| Loan from Shareholder                          | 17    | 35,313,007                               | -                                     |
| Employees' defined benefit liabilities         |       | 27,804,389                               | 30,667,909                            |
| Lease liabilities                              |       | 3,658,566                                | 4,141,658                             |
| Trade payables                                 |       | 1,369,976                                | 1,647,745                             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>193,226,422</b>                       | <b>191,669,355</b>                    |
| <b>CURRENT LIABILITIES</b>                     |       |  |                                       |
| Trade payables                                 | 19    | 110,472,994                              | 144,179,514                           |
| Accrued expenses and other current liabilities | 20    | 36,549,789                               | 28,772,303                            |
| Loans and Murabaha                             | 16    | 482,588,496                              | 497,878,818                           |
| Lease liabilities                              |       | 346,896                                  | 750,180                               |
| Dividends payable                              |       | 697,151                                  | 697,151                               |
| Due to a related party                         | 18    | 44,467,000                               | 43,594,808                            |
| Zakat and taxation                             | 8     | 10,656,915                               | 18,525,514                            |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>685,779,241</b>                       | <b>734,398,288</b>                    |
| <b>TOTAL LIABILITIES</b>                       |       | <b>879,005,663</b>                       | <b>926,067,643</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |       | <b>1,064,393,051</b>                     | <b>1,207,481,226</b>                  |



Chief Executive Officer



Finance Director

The attached notes 1 to 26 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 COMPREHENSIVE INCOME / (LOSS)  
For the three-month and nine-month periods ended 30 September 2025

|   | Notes | For the three-month period ended<br>30 September |                     | For the nine-month period ended<br>30 September |                      |
|---|-------|--|---------------------|---|----------------------|
|   |       | 2025<br>(Unaudited)                              | 2024<br>(Unaudited) | 2025<br>(Unaudited)                             | 2024<br>(Unaudited)  |
|   |       | ﷲ  | ﷲ                   | ﷲ   | ﷲ                    |
| Revenue   | 7     | 132,235,940                                      | 180,337,048         | 457,328,441                                     | 541,689,884          |
| Cost of revenue   |       | (129,217,043)                                    | (173,058,926)       | (434,196,335)                                   | (512,251,031)        |
| <b>Gross profit</b>   |       | <b>3,018,897</b>                                 | <b>7,278,122</b>    | <b>23,132,106</b>                               | <b>29,438,853</b>    |
| Selling, marketing and distribution expenses                          |       | (7,673,501)                                      | (8,641,180)         | (25,497,273)                                    | (25,626,828)         |
| General and administrative expenses                                   |       | (16,417,504)                                     | (17,010,861)        | (51,482,492)                                    | (51,063,383)         |
| Impairment of trade receivables                                       | 10    | (1,019,522)                                      | (4,187,504)         | (2,039,044)                                     | (8,183,296)          |
| Impairment of Property, plant and equipment and inventory spare parts | 9,12  | (5,041,987)                                      | -                   | (5,041,987)                                     | (30,461,470)         |
| <b>Operating loss for the period</b>                                  |       | <b>(27,133,617)</b>                              | <b>(22,561,423)</b> | <b>(60,928,690)</b>                             | <b>(85,896,124)</b>  |
| Other (loss) / income   |       | 46,372   | 2,457,386           | (359,349)                                       | 4,129,136            |
| Finance costs   |       | (11,194,258)                                     | (17,155,691)        | (34,600,401)                                    | (49,009,132)         |
| <b>Loss before zakat and tax</b>                                      |       | <b>(38,281,503)</b>                              | <b>(37,259,728)</b> | <b>(95,888,440)</b>                             | <b>(130,776,120)</b> |
| Zakat and tax expense   | 8     | (2,222,599)                                      | (399,562)           | (200,000)                                       | (620,138)            |
| <b>Loss for the period</b>  |       | <b>(40,504,102)</b>                              | <b>(37,659,290)</b> | <b>(96,088,440)</b>                             | <b>(131,396,258)</b> |
| <b>Other comprehensive income:</b>                                    |       |  |                     |   |                      |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |       |  |                     |   |                      |
| Foreign currency translation differences – foreign operations         |       | 4  | -                   | 62,245  | 32,685               |
| <b>Other comprehensive income for the period</b>                      |       | <b>4</b>   | <b>-</b>            | <b>62,245</b>                                   | <b>32,685</b>        |
| <b>Total comprehensive loss</b>                                       |       | <b>(40,504,098)</b>                              | <b>(37,659,290)</b> | <b>(96,026,195)</b>                             | <b>(131,363,573)</b> |
| <b>Loss per share-basic and diluted</b>                               |       | <b>(0.68)</b>                                    | <b>(0.63)</b>       | <b>(1.60)</b>                                   | <b>(2.19)</b>        |
| Number of shares  |       | 60,000,000                                       | 60,000,000          | 60,000,000                                      | 60,000,000           |



Chief Executive Officer



Finance Director

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements



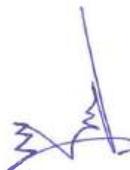
**Saudi Printing and Packaging Company**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the nine-month period ended 30 September 2025

|   | Capital<br>ﷲ       | Statutory<br>reserve<br>ﷲ | Contractual<br>reserve<br>ﷲ | Accumulated<br>losses<br>ﷲ | Other reserves<br>ﷲ | Total<br>ﷲ         |
|---|--------------------|---------------------------|-----------------------------|----------------------------|---------------------|--------------------|
| Balance at 1 January 2024 (audited)                   | 600,000,000        | -                         | 2,909,935                   | (101,045,500)              | (419,939)           | 501,444,496        |
| Loss for the period (unaudited)                       | -                  | -                         | -                           | (131,396,258)              | -                   | (131,396,258)      |
| Other comprehensive income for the period (unaudited) | -                  | -                         | -                           | -                          | 32,685              | 32,685             |
| Total comprehensive loss for the period (unaudited)   | -                  | -                         | -                           | (131,396,258)              | 32,685              | (131,363,573)      |
| Balance at 30 September 2024 (unaudited)              | <u>600,000,000</u> | -                         | <u>2,909,935</u>            | <u>(232,441,758)</u>       | <u>(387,254)</u>    | <u>370,080,923</u> |
| 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)                       | -                  | -                         | -                           | (96,088,440)               | -                   | (96,088,440)       |
| Other comprehensive income for the period (unaudited) | -                  | -                         | -                           | -                          | 62,245              | 62,245             |
| Total comprehensive loss for the period (unaudited)   | -                  | -                         | -                           | (96,088,440)               | 62,245              | (96,026,195)       |
| Balance at 30 September 2025 (unaudited)              | <u>600,000,000</u> | -                         | <u>2,909,935</u>            | <u>(417,198,275)</u>       | <u>(324,272)</u>    | <u>185,387,388</u> |



Chief Executive Officer



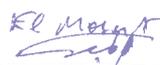
Finance Director



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the nine-month period ended 30 September 2025

|   | 30 September<br>2025<br>(Unaudited)<br>S | 30 September<br>2024<br>(Unaudited)<br>S |
|---|--|--|
| <b>OPERATING ACTIVITIES:</b>  |  |  |
| Loss before zakat and tax   | (95,888,440)                             | (130,776,120)                            |
| <i>Adjustment to reconcile loss before zakat to net cash inflows:</i> |  |  |
| Depreciation and amortization   | 38,359,551                               | 44,006,059                               |
| Impairment of Property, plant and equipment and inventory spare       | 5,041,987                                | 30,461,470                               |
| Impairment loss of trade receivables                                  | 2,039,044                                | 8,183,296                                |
| Provision of slow-moving inventory                                    | 422,977                                  | 1,152,855                                |
| Loss / (gain) from disposal of property, plant and equipment          | 3,736,360                                | (1,880,895)                              |
| (Gain) from disposal of lease   | (52,455)                                 | -  |
| Finance costs   | 34,600,401                               | 49,009,131                               |
| Derivative financial instruments                                      | 800,427                                  | 3,109,542                                |
| Provision for employees' defined benefit liabilities                  | 3,515,903                                | 4,362,839                                |
|   | <u>(7,424,245)</u>                       | <u>7,628,177</u>                         |
| <b>Working capital adjustments:</b>                                   |  |  |
| Inventories   | 34,757,794                               | 18,690,796                               |
| Trade receivables   | 34,196,055                               | 11,637,393                               |
| Due to a related party  | 872,192                                  | (7,831,958)                              |
| Prepayments and other current assets                                  | 6,251,225                                | (9,897,270)                              |
| Trade payables  | (33,984,289)                             | 2,608,109                                |
| Accrued expenses and other current liabilities                        | 7,777,486                                | 1,729,718                                |
| <b>Cash generated from operating activities</b>                       | <b>42,446,218</b>                        | <b>24,564,965</b>                        |
| Employees' defined benefit liabilities paid                           | (6,379,423)                              | (9,757,647)                              |
| Zakat paid  | (1,898,385)                              | -  |
| <b>Net cash flows from operating activities</b>                       | <b>34,168,410</b>                        | <b>14,807,318</b>                        |
| <b>INVESTING ACTIVITIES:</b>  |  |  |
| Additions to property, plant and equipment                            | (7,159,604)                              | (16,513,513)                             |
| Additions to intangible assets and goodwill                           | (19,478)                                 | -  |
| Proceeds from disposal of property, plant and equipment               | 6,374,743                                | 25,356,580                               |
| <b>Net cash (used in) / from investing activities</b>                 | <b>(804,339)</b>                         | <b>8,843,067</b>                         |
| <b>FINANCING ACTIVITIES:</b>  |  |  |
| Proceeds from loans and Murabaha                                      | 369,417,040                              | 797,067,543                              |
| Proceeds from loan from Shareholder                                   | 35,000,000                               | -  |
| Payments of loans and Murabaha  | (417,439,109)                            | (792,596,611)                            |
| Payments of finance cost  | (31,531,984)                             | (42,242,347)                             |
| Proceeds from termination of derivative financial instruments         | 2,497,829                                | -  |
| Pavment of lease liabilities  | (1,133,411)                              | (1,793,684)                              |
| <b>Net cash used in financing activities</b>                          | <b>(43,189,635)</b>                      | <b>(39,565,099)</b>                      |
| Decrease in cash and cash equivalents                                 | (9,825,564)                              | (15,914,714)                             |
| Foreign currency translation adjustments                              | 62,245                                   | 32,685                                   |
| <b>Cash and cash equivalents at the beginning of the period</b>       | <b>19,987,523</b>                        | <b>26,558,722</b>                        |
| <b>Cash and cash equivalents at the end of the period</b>             | <b>10,224,204</b>                        | <b>10,676,693</b>                        |
| <b>Significant non-cash transaction:</b>                              |  |  |
| Settlement of zakat payable against advance                           | 6,170,214                                | -  |
| Right-of-use assets and lease liabilities additions                   | 382,321                                  | -  |

  
Chief Executive Officer

  
Finance Director

The attached notes 1 to 26 form an integral part of these interim condensed consolidated financial statements



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the nine-month period ended 30 September 2025

### 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.

| Subsidiary  | Country of incorporation | Effective ownership interest |                  |
|---|--------------------------|------------------------------|------------------|
|   |                          | 30 September 2025            | 31 December 2024 |
| 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”):

| Subsidiary                                   | Country of incorporation | Effective ownership interest |                  |
|--|--------------------------|------------------------------|------------------|
|  |                          | 30 September 2025            | 31 December 2024 |
| 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 printings and all the tools and equipment, books, publications, supplies, office materials and materials of advertising. In addition, the Group carries out packaging services.

The fiscal year of the Company starts from 1 January and ends on 31 December as per the Company by-laws. The fiscal year of the subsidiaries also starts from 1 January and ends on 31 December.

The head office of the Group is located at Riyadh and the registered address is as follows:

Nakheel Tower  
King Fahad Road  
PO Box 50202  
Riyadh 11523



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine-months ended 30 September 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2024.

An interim period is considered as integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

As at 30 September 2025, the Group's current liabilities exceeds its current assets by  $\text{S} 376.3$  million (31 December 2024:  $\text{S} 332.8$  million). Moreover, the Group has accumulated losses amounting to  $\text{S} 417.2$  million as at 30 September 2025 (31 December 2024:  $\text{S} 321.1$  million), which approximate 69.5 % (31 December 2024: 53.5 %) of the Company's share capital. These conditions may indicate doubt over the Company’s ability to continue as a going concern. Subsequent to period end on 15-04-1447H (corresponding to 07-10-2025G) the Company held an Extraordinary General Assembly Meeting and approved board of directors recommendation for the continuation of operations. To address this, a capital restructuring plan was approved to reduce the nominal value of shares while maintaining shareholder ownership proportions. An independent advisor will be appointed to manage the process and ensure regulatory compliance.

Additionally, the management of the Group has developed a long-term business plan approved by the board of directors which envisages addressing financial challenges and positioning the company for long-term sustainability and growth. This plan includes restructuring of loans with Banks by settling loan obligations against certain assets of the Group and converting part of the loan to Share Capital after approval of appropriate legal / regulatory authorities and shareholders. The first leg of this transaction was partially completed as disclosed in note 12 while the approval of regulatory authorities and shareholders is expected to be completed by year end.. Some other similar financing-related changes and improvements in performance, including sales growth and margin enhancement, are planned. These enhancements will primarily stem from operational efficiencies, such as material optimization, waste control, and a focus on premium products. Additionally, cost-related measures, including manpower optimization strategies and process automation, have also been planned after which the losses are expected to reach a level below 50% of the share capital in the near term. In addition, the Group is working on a strategy of asset optimization by sale of unutilized warehouses and land, productivity enhancement to enhance product offering, geographical reallocation of assets from UAE to KSA markets and team reinforcements. The above measures are expected to create financial stability and provide opportunities for growth in order to enable the Group to continue its operations and return to profitability. Hence these interim condensed consolidated financial statements have been prepared on going concern basis. Furthermore, The Company major shareholder has committed financial support of  $\text{S} 75$  million. During the third quarter Company has already received  $\text{S} 35$  million and remaining amount is expected to receive soon.

#### a) Basis of measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the derivative financial instruments is 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 (“ $\text{S}$ ”), which is the functional currency of the Group. All amounts have been rounded to the nearest  $\text{S}$ , unless otherwise stated.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 3. 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 expense. 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.

### 4. 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 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 5. NEW STANDARDS OR AMENDMENTS

One amendment apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

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

### 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.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 7. 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 monitor 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 loss before zakat information for the Group's operating segments for the nine-months ended 30 September 2025 and 2024, respectively.





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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 7. 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 September 2025<br>ﷲ | 30 September 2024<br>ﷲ |
|-----------------------------------|------------------------|------------------------|
| Saudi Arabia                      | 183,160,978            | 203,514,385            |
| United Arab Emirates              | 165,322,813            | 196,941,034            |
| Others                            | 108,844,650            | 141,234,465            |
|                                   | <u>457,328,441</u>     | <u>541,689,884</u>     |
| Total assets                      | 30 September 2025<br>ﷲ | 31 December 2024<br>ﷲ  |
| Saudi Arabia (including Goodwill) | 369,981,531            | 399,084,632            |
| United Arab Emirates              | 694,411,520            | 808,396,594            |
|                                   | <u>1,064,393,051</u>   | <u>1,207,481,226</u>   |
| Total liabilities                 |                        |                        |
| Saudi Arabia                      | (749,911,165)          | (696,331,974)          |
| United Arab Emirates              | (129,094,498)          | (229,735,669)          |
|                                   | <u>(879,005,663)</u>   | <u>(926,067,643)</u>   |
| Non-current assets (*)            |                        |                        |
| Saudi Arabia                      | 195,491,231            | 222,290,704            |
| United Arab Emirates              | 559,457,763            | 583,614,910            |
|                                   | <u>754,948,994</u>     | <u>805,905,614</u>     |

(\*) 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.

### 8. ZAKAT AND TAXATION

#### 8.1 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 2024. As of September 30, 2025, the status of the Zakat assessments remains unchanged from what was reported in the Group's annual consolidated financial statements for the year ending December 31, 2024, except for the years specifically noted below in these interim condensed consolidated financial statements.

Movement in zakat provision is as follows:

|   | 30 September 2025<br>ﷲ | 31 December 2024<br>ﷲ |
|---|------------------------|-----------------------|
| Balance as at 1 January                     | 18,525,514             | 14,689,304            |
| Charge during the period/year               | 200,000                | 3,836,210             |
| Paid during the period/year                 | (1,898,385)            | -                     |
| Settlement of zakat payable against advance | (6,170,214)            | -                     |
|   | <u>10,656,915</u>      | <u>18,525,514</u>     |



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 8. ZAKAT AND TAXATION (continued)

#### 8.1 ZAKAT (continued)

The Company reached a settlement with ZATCA for zakat assessments covering the years 2005 to 2008, 2015, 2016, 2018, 2019, and 2020, with a total liability of SAR 6.8 million to be paid in 12 monthly installments. Zakat payments previously made for 2019 and 2020 were offset against dues for earlier years as part of the final assessment.

#### 8.2 TAXATION

UAE Corporate Tax Law

The Group is loss-making and does not have any current tax, the Group has recorded deferred tax assets of SAR 5.25 million due to accumulated losses.

### 9. INVENTORIES

The total provision for slow-moving inventories as at 30 September 2025 is SAR 18.06 million (31 December 2024: SAR 20.75 million).

### 10. TRADE RECEIVABLES

|  | 30 September 2025  | 31 December 2024   |
|--|--------------------|--------------------|
|  | SAR                | SAR                |
| Trade receivables                          | 257,420,380        | 291,959,184        |
| Less: Allowance for expected credit losses | (105,035,494)      | (103,339,199)      |
|  | <u>152,384,886</u> | <u>188,619,985</u> |
| Current portion                            | 151,990,163        | 186,756,189        |
| Non-current portion (*)                    | <u>394,723</u>     | <u>1,863,796</u>   |

(\*) As of 30 September 2025, balances due from two customers subject to a court case have been rescheduled. As a result, the amounts due after 12 months have been classified as non-current.

Movement in allowance for expected credit losses is as follows:

|   | 30 September 2025  | 31 December 2024   |
|---|--------------------|--------------------|
|   | SAR                | SAR                |
| Balance at the beginning of the period/year | 103,339,199        | 92,994,134         |
| Impairment loss on trade receivables        | 2,039,044          | 10,800,838         |
| Write-off                                   | (342,749)          | (455,773)          |
|   | <u>105,035,494</u> | <u>103,339,199</u> |

### 11. CASH AND CASH EQUIVALENTS

|  | 30 September 2025        | 31 December 2024         |
|--|--------------------------|--------------------------|
|  | SAR                      | SAR                      |
| Cash in hand   | 212,388                  | 55,729                   |
| Cash at banks  | <u>19,804,668</u>        | <u>29,724,646</u>        |
| <b>Cash and cash equivalents in the interim condensed consolidated statement of financial position</b> | <b>20,017,056</b>        | <b>29,780,375</b>        |
| Less: Balance with banks-restricted accounts (*)   | <u>(9,792,852)</u>       | <u>(9,792,852)</u>       |
| <b>Cash and cash equivalents in the interim condensed consolidated statement of cash flows</b>         | <b><u>10,224,204</u></b> | <b><u>19,987,523</u></b> |

(\*) The restricted bank accounts represent a deposit against a loan obtained (Note 16).



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 12. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2025, the cost of property, plant and equipment amounted to **ﷲ** 1,176.8 million (31 December 2024: **ﷲ** 1,186.6 million) and the accumulated depreciation and impairment as at 30 September 2025 amounted to **ﷲ** 722.3 million (31 December 2024: **ﷲ** 687 million). During the nine-month period ended 30 September 2025, the Group acquired assets with a cost of **ﷲ** 7.16 million (31 December 2024: **ﷲ** 25.38 million).

The Group's total net book value of assets amounted to **ﷲ** 454.5 million as at 30 September 2025 (31 December 2024: **ﷲ** 499.3 million). Certain property, plant and equipment were placed as collateral against long-term borrowing (Note 16).

The capital commitments of the Group pertaining to purchase of property, plant and equipment amounted to **ﷲ** 6.3 million as at 30 September 2025 (2024: **ﷲ** 9.4 million). These are expected to be delivered in 2025.

As per the board of directors meeting held on 29 October 2024, the board decided to transfer ownership of the land and building of Al-Madinah Al-Munawarah Printing and Publishing Company (one of the subsidiaries of the Group) to Tanweer Real Estate Company which is a subsidiary of Alinma Bank. The Group management agreed with Alinma Bank to settle **ﷲ** 110 million ( **ﷲ** 91.1 million from property plant and equipment and **ﷲ** 18.9 million from investment properties) loan through the cession of two land parcels and building with a total area of 122,326 square meters in Al Manarat District, Jeddah. This transaction occurred on 5 December 2024.

The above cession transactions is part of the Group plan to settle its obligation to Alinma Bank amounting to **ﷲ** 178.2 million by transferring the aforementioned lands and building and settling the balance by converting loan into equity. During the year 2024 the Group has applied to Capital Markets Authority (CMA) for approval to convert **ﷲ** 73.6 million of the loan balance from Alinma Bank to equity by issuance of 5,207,065 number of shares. The issuance of shares is subject to approval from shareholders in their extraordinary general meeting.

### 13. INTANGIBLE ASSETS AND GOODWILL

The carrying value of intangibles assets amounted to **ﷲ** 285.3 million as at 30 September 2025 (31 December 2024: **ﷲ** 285.5 million). The following is a breakdown of goodwill:

|  | 30 September 2025  | 31 December 2024   |
|--|--------------------|--------------------|
|  | <b>ﷲ</b>           | <b>ﷲ</b>           |
| Emirates National Factory for Plastic Industries | 274,707,551        | 274,707,551        |
| Hala Printing Company                            | 10,216,885         | 10,216,885         |
|  | <b>284,924,436</b> | <b>284,924,436</b> |

The remaining balance comprises of software cost capitalized amounting to **ﷲ** 412 thousand as of 30 September 2025 (31 December 2024: **ﷲ** 526.4 thousand). 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 **ﷲ** 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 **ﷲ** 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 **ﷲ** 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.

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 **ﷲ** 380 million after adding the goodwill of these two companies. During 2017, 2023 and 2024, the group has recognised impairment on the goodwill amounted to **ﷲ** 20.3 million, **ﷲ** 35 million and **ﷲ** 50 million, respectively.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 13. INTANGIBLE ASSETS AND GOODWILL (continued)

#### Goodwill impairment test

Management performs goodwill test to ensure that there is no impairment 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 2024 accordingly an impairment of **ﷲ 50 million** was recorded..

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 Board of Directors.

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. A sensitivity analysis indicates that an increase in WACC to 10.75% or a 1.5% reduction in projected cash flows would result in goodwill impairment.

The key assumptions used in the estimation of the recoverable amount as at 31 December 2024 and period ended 30 September 2025 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<br>for Plastic Industries % | Hala Printing<br>Company % |
|---------------------------------------|---|----------------------------|
| Discount rate                         | 10.60   | 10.60                      |
| Estimated total margin                | 9.51%   | 16.62 %                    |
| Average annual growth rate of revenue | 6.3   | 17.13                      |
| Terminal growth rate                  | 2.5   | 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.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 14. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value on derivative financial instruments as at the reporting date was as follows:

|  | 30 September 2025 | 31 December 2024 |
|--|-------------------|------------------|
|  | <u>ﷲ</u>          | <u>ﷲ</u>         |
| <b>Derivatives not designated as hedging instruments</b> |                   |                  |
| Profit rate swaps  | -                 | 3,298,256        |

The Group used derivative financial instruments mainly, profit rate swaps to hedge its profit rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Accordingly, the Group had recognized financial asset of ﷲ 3.3 million as a financial asset during the year ended 31 December 2024. During the period ended 30 September 2025 the derivative financial instruments were terminated, resulting in a loss of ﷲ 0.8 million recognized in the interim condensed financial statements for the period.

### 15. SHARE CAPITAL AND RESERVES

**Share Capital:** as at 30 September 2025, the fully paid-up share capital of the company is ﷲ 600 million (31 December 2024: ﷲ 600 million) divided into 60 million shares (31 December 2024: 60 million shares) with a nominal value of ﷲ 10 each. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

**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.

### 16. 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 ﷲ 625.9 million as at 30 September 2025 (31 December 2024 ﷲ 699.9 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 1.65% 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 didn't comply with certain loans and certain covenants as at 31 December 2024 and on 30 September 2025.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 16. LOANS AND MURABAHA (continued)

Under these agreements, the Group provided a number of guarantees to cover the full value of the financing which consist of the following:

- Promissory notes with the total value of the available facilities.
  - An insurance policy which grants the bank the right to be first beneficiary for the amount equal to the value of the facility.
  - Restricted bank accounts amounting to S\$ 9.8 million (2024: S\$ 9.8 million). (note 11)
  - Corporate Guarantee from Flexible Packaging Company Limited, Future Plus Company and Taibah Printing and Packaging Company Limited.
  - Funding bank account is required with amount to be held of 1 quarterly fixed installment + variable interest rate) to designated non-checking account with the bank
  - Legal Mortgage over land and property of S\$ 137.1 million (2024: S\$ 137.1 million).
  - Mortgage of Machineries worth S\$ 144 million (2024: S\$ 144 million).
  - Assignment of all risk Islamic Insurance policy over mortgaged properties, inventory, and purchased machines.
  - Pledge of stock/inventories in favor of the bank until full and final repayment of the total facilities
  - Hypothecation over inventories of ENPI Group amounting to the carrying value of the inventories at any given point in time
  - Hypothecation over ENPI receivables on pari passu basis between the lenders
  - Cross corporate guarantees of ENPI Companies for S\$ 217.1 million (31 December 2024: S\$ 298.7 million)
  - Comfort letter from the shareholders of ENPI amounting to the full working capital facilities of S\$ 217.1 million (2024: S\$ 298.7 million).
- The Group obtained the facility limit of S\$ 101.9 million in January 2021 for the new capital expenditure with the moratorium period of 18 months. Against which S\$ 8.9 million is utilized against this facility as of 31-Dec-2023. In October 2022, the same was renewed with the limit S\$ 91.7 million for the period of 15 months after the drawdown of S\$ 8.9 million, In February 2023, limit is reduced to S\$ 76.4 million, In 2024, an additional drawdown of S\$ 14.7 million was made, and the capital expenditure facility has since expired. This borrowing is secured against mortgage of financed assets.

The future movement in interest rate of loans are hedged through an IRS which has resulted in a derivative financial instrument asset as at 30 September 2025 refer to (Note 14).

As at 30 September 2025, the utilized balance amounted to S\$ 607.67 million (31 December 2024: S\$ 653,1 million).

The following is an analysis of the loans and Murabaha transactions:

|                      | 30 September 2025  | 31 December 2024   |
|----------------------|--------------------|--------------------|
|                      | S\$                | S\$                |
| Long term loans*     | 251,076,738        | 259,084,543        |
| Short term loans     | 336,621,204        | 375,109,639        |
| Overdrafts           | 15,292,830         | 16,818,659         |
| Accrued finance cost | 4,678,208          | 2,078,020          |
| <b>Total</b>         | <b>607,668,980</b> | <b>653,090,861</b> |

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



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

**16. LOANS AND MURABAHA (continued)**

The following is the movement of the loan and murabaha:

|  | <b>30 September 2025</b> | 31 December 2024   |
|--|--------------------------|--------------------|
|  | <u>ﷲ</u>                 | <u>ﷲ</u>           |
| Opening balance                                    | 653,090,861              | 773,413,292        |
| Proceeds during the period/year                    | 369,417,040              | 1,968,112,298      |
| Payments during the period/year                    | (417,439,109)            | (2,085,945,079)    |
| Interest charged during the period /year           | 34,132,172               | 59,075,234         |
| Payments for financial cost during the period/year | (31,531,984)             | (61,564,884)       |
| Ending balance                                     | <u>607,668,980</u>       | <u>653,090,861</u> |

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

|                      | <b>30 September 2025</b> | 31 December 2024   |
|----------------------|--------------------------|--------------------|
|                      | <u>ﷲ</u>                 | <u>ﷲ</u>           |
| Current portion      | 482,588,496              | 497,878,818        |
| Non- current portion | 125,080,484              | 155,212,043        |
|                      | <u>607,668,980</u>       | <u>653,090,861</u> |

**17. LOAN FROM SHAREHOLDER**

During the period, the Group's major shareholder, Saudi Research and Media Group, approved a loan of ﷲ 75 million for the Group. Out of this amount ﷲ 35 million has already been received. The loan carries an interest rate of 6.8% and is repayable after a grace period of three years.

The following is the movement of the loan from Shareholder:

|  | <b>30 September 2025</b> | 31 December 2024 |
|--|--------------------------|------------------|
|  | <u>ﷲ</u>                 | <u>ﷲ</u>         |
| Proceeds during the period/year          | 35,000,000               | -                |
| Interest charged during the period /year | 313,007                  | -                |
| Ending balance                           | <u>35,313,007</u>        | <u>-</u>         |

**18. 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**

|   | <b>30 September 2025</b> | 30 September 2024 |
|---|--------------------------|-------------------|
|   | <u>ﷲ</u>                 | <u>ﷲ</u>          |
| Expenses and allowances of the Board of Directors | 1,342,035                | 1,080,406         |
| Remuneration of key management personnel          | 5,544,642                | 2,735,949         |



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 18. RELATED PARTIES (continued)

#### Remuneration of key management personnel

|                               | 30 September<br>2025<br>ﷲ | 30 September<br>2024<br>ﷲ |
|-------------------------------|---------------------------|---------------------------|
| Short -term employee benefits | 5,315,062                 | 2,586,195                 |
| Long -term employee benefits  | 229,580                   | 149,754                   |
|                               | <u>5,544,642</u>          | <u>2,735,949</u>          |

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

| Due from related parties          | Nature of transaction   | Sales transactions during<br>nine-month ended |                              | Balances outstanding         |                          |
|-----------------------------------|-------------------------|---|------------------------------|------------------------------|--------------------------|
|                                   |                         | 30<br>September<br>2025<br>ﷲ                  | 30<br>September<br>2024<br>ﷲ | 30<br>September<br>2025<br>ﷲ | 31 December<br>2024<br>ﷲ |
| Saudi Research Publishing Company | Fellow subsidiaries (*) | 17,980,357                                    | 18,982,218                   | -                            | -                        |
| Saudi Specialized Publishing Co.  | Fellow subsidiaries (*) | 317,443                                       | 820,530                      | -                            | -                        |
| Saudi Research and Media Group    | Holding Company         | 935,353                                       | 40,950                       | -                            | -                        |
| Saudi Distribution Company        | Fellow subsidiaries (*) | -   | 2,080                        | -                            | -                        |
|                                   |                         | -   | -                            | -                            | -                        |
| Due to a related party            | Nature of transaction   | Advance payments during<br>nine-month ended   |                              | Balances outstanding         |                          |
|                                   |                         | 30<br>September<br>2025<br>ﷲ                  | 30<br>September<br>2024<br>ﷲ | 30<br>September<br>2025<br>ﷲ | 31 December<br>2024<br>ﷲ |
| Saudi Research and Media Group    | Holding Company         | (23,000,000)                                  | (15,000,000)                 | 44,467,000                   | 43,594,808               |
|                                   |                         |   |                              | <u>44,467,000</u>            | <u>43,594,808</u>        |

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

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.

During the period Saudi Research and Media Group has provided loan of ﷲ 35 million to the Group.

### 19. TRADE PAYABLES

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



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

**20 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

|                             | <b>30 September 2025</b> | 31 December 2024  |
|-----------------------------|--------------------------|-------------------|
|                             | <b>ﷲ</b>                 | <b>ﷲ</b>          |
| Accrued expenses            | <b>14,358,450</b>        | 12,835,749        |
| Employees accruals          | <b>9,917,360</b>         | 2,688,867         |
| Real estate transaction tax | <b>5,500,000</b>         | 5,500,000         |
| Advances from customers     | <b>4,402,738</b>         | 4,979,190         |
| Other                       | <b>2,371,241</b>         | 2,768,497         |
|                             | <b><u>36,549,789</u></b> | <u>28,772,303</u> |

**21. INVESTMENT PROPERTIES**

As at 30 September 2025, the Group holds investment properties with carrying value of ﷲ 5.9 million (31 December 2024: ﷲ 6.17 million) which had a fair value of ﷲ 11.28 million as at 31 December 2024.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

22. FINANCIAL INSTRUMENTS

The table below shows the carrying value of financial assets and liabilities as at 30 September 2025 and 31 December 2024, which are not measured at fair value, as all financial assets and financial liabilities of the Group are measured at amortized cost.

|   | 30 September 2025   |                                  | 31 December 2024    |                                  |
|---|---------------------|----------------------------------|---------------------|----------------------------------|
|   | Amortized cost<br>ﷲ | Other financial liabilities<br>ﷲ | Amortized cost<br>ﷲ | Other financial liabilities<br>ﷲ |
| <b>Financial assets not measured at fair value</b>      |                     |                                  |                     |                                  |
| Trade receivable, net                                   | 152,384,886         | -                                | 188,619,985         | -                                |
| Other current assets                                    | 14,855,580          | -                                | 20,552,162          | -                                |
|   | <u>167,240,466</u>  |                                  | <u>209,172,147</u>  |                                  |
| <b>Financial liabilities not measured at fair value</b> |                     |                                  |                     |                                  |
| Loans and Murabaha                                      | -                   | 607,668,980                      | -                   | 653,090,861                      |
| Loan from Shareholder                                   | -                   | 35,313,007                       | -                   | -                                |
| Trade payable   | -                   | 111,842,970                      | -                   | 145,827,259                      |
| Financial lease liabilities                             | -                   | 4,005,462                        | -                   | 4,891,838                        |
| Employee accruals                                       | -                   | 9,917,360                        | -                   | 2,688,867                        |
| Dividend payable  | -                   | 697,151                          | -                   | 697,151                          |
|   | <u>-</u>            | <u>769,444,930</u>               | <u>-</u>            | <u>807,195,976</u>               |
|   |                     | <u>769,444,930</u>               |                     | <u>807,195,976</u>               |



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the nine-month period ended 30 September 2025

### 23. 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 30 September 2025, contingent liabilities related to letter of credit amounted to **ﷲ** 4 million (31 December 2024: **ﷲ** 4.8 million). As at 30 September 2025, the Group has outstanding bank guarantee letters from a local bank amounting to **ﷲ** 0.56 million (31 December 2024: **ﷲ** 0.6 million.).

### 24. SUBSEQUENT EVENTS

No matters have occurred up to and including the date of approval of these interim condensed consolidated financial statements by the board of directors which would materially affect the interim condensed consolidated financial statements and the related disclosures for the period ended 30 September 2025.

### 25. COMPARATIVE FIGURES

Certain comparative figures related to transportation and shipment cost of the prior period amounts have been reclassified to conform with the presentation in the current period. The reclassification does not have any effect on the interim condensed operating loss, total assets, total liabilities, equity and interim condensed cash flows statement.

Comparative figures reclassifications are mainly as follows:

|   | As previously<br>Reported<br><b>ﷲ</b> | Amount of<br>Reclassification<br><b>ﷲ</b> | After<br>Reclassification<br><b>ﷲ</b> |
|---|---------------------------------------|---|---------------------------------------|
| Cost of revenue – 30 September 2024                               | (500,786,425)                         | (11,464,606)                              | (512,251,031)                         |
| Gross profit–30 September 2024                                    | 40,903,459                            | (11,464,606)                              | 29,438,853                            |
| Selling, marketing and distribution expenses–30<br>September 2024 | (37,091,434)                          | 11,464,606                                | (25,626,828)                          |

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

The interim condensed consolidated financial statements have been approved by the Board of Directors on 12 Jumada al-Ula 1447H (corresponding to 3 November 2025).



## Annex B - Pro Forma Consolidated Financial Information

The pro forma financial information prepared to reflect the financial position of the Issuer following the Debt Conversion.



**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**PRO FORMA FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025**  
**AND THE YEAR ENDED 31 DECEMBER 2024**  
**TOGETHER WITH THE INDEPENDENT PRACTITIONER'S ASSURANCE REPORT**



**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**PRO FORMA FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025**  
**AND THE YEAR ENDED 31 DECEMBER 2024**

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## INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A SHAREHOLDERS' CIRCULAR

**To the shareholders of  
Saudi Printing and Packaging Company**  
(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia

### ***Report on the Compilation of Pro Forma Financial Information Included in a Shareholders' Circular***

We have completed our assurance engagement to report on the compilation of pro forma financial information of Saudi Printing and Packaging Company (the "Company" or "SPPC") by the Company's management. The pro forma financial information consists of the pro forma statements of financial position as at 30 September 2025 and 31 December 2024, the pro forma statements of profit or loss and other comprehensive income and the pro forma statements of cash flows for the nine-month period ended 30 September 2025 and the year ended 31 December 2024 and related notes. The applicable criteria on the basis of which the management of SPPC has compiled the pro forma financial information is described in note 2 to the pro forma financial information (the "Applicable Criteria").

The pro forma financial information has been compiled by the management of SPPC to illustrate the effects of swapping SR 73,679,956 of the outstanding debt owed to Alinma bank to 5,207,064 ordinary shares of the Company through a capital increase using an agreed upon valuation of SR 14.15 per share (the "Proposed Transaction") on the consolidated financial position, financial performance and cash flows of SPPC as at 30 September 2025 and for the nine-month period then ended and as at 31 December 2024 and for the year then ended as if the Proposed Transaction had taken place on 1 January 2024. As part of this process, information about the financial position, financial performance and cash flows of SPPC has been extracted by the management of SPPC from the unaudited interim condensed consolidated financial statements of SPPC for the nine-month period ended 30 September 2025 which has been reviewed by another auditor and the audited consolidated financial statements of SPPC for the year ended 31 December 2024 which has been audited by another auditor.

### ***Management's Responsibility for the Compilation of the Pro Forma Financial Information***

The Company's management is responsible for the compilation of the pro forma financial information on the basis of the Applicable Criteria in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority in the Kingdom of Saudi Arabia and Annex 19 of these rules.

### ***Independence and Quality Management***

We have complied with the independence and other ethical requirements set out in the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants and endorsed in the Kingdom of Saudi Arabia ("IESBA Code"), which is founded on the fundamental principles of integrity, objectivity, professional competence, due diligence, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Management (ISQM) 1 and maintains a comprehensive quality management system that includes documented policies and procedures on compliance with ethical requirements, professional standards and applicable regulatory requirements.

### ***Practitioner's Responsibilities***

Our responsibility is to express an opinion, in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority in the Kingdom of Saudi Arabia and Annex 19 of these rules, about whether the pro forma financial information has been compiled, in all material respects, by the Company's management on the basis of the Applicable Criteria.

-1-



**INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A SHAREHOLDERS' CIRCULAR (CONTINUED)**

**To the shareholders of  
Saudi Printing and Packaging Company**

***Practitioner's Responsibilities (Continued)***

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', as endorsed in the Kingdom of Saudi Arabia. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the pro forma financial information on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of the pro forma financial information included in a shareholders' circular is solely to illustrate the impact of the Proposed Transaction on the unadjusted financial information of SPPC as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented in the pro forma financial information.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been prepared, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Opinion***

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the Applicable Criteria.

***Intended users and purpose***

Our report is provided to the shareholders of the Company. The accompanying pro forma financial information and our report thereon has been prepared solely for inclusion in the shareholders' circular in connection with the Proposed Transaction in fulfillment of the requirements of Annex 19 of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority in the Kingdom of Saudi Arabia, and may therefore not be appropriate for another purpose.

**Baker Tilly Professional Services Co.**

**Majid Muneer Alnemer**  
Partner, License No. 381  
Riyadh, 16 Jumada II 1447H  
7 December 2025





## **SAUDI PRINTING AND PACKAGING COMPANY**

(A Saudi Joint Stock Company)

### **INTRODUCTION TO THE PRO FORMA FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 AND THE YEAR ENDED 31 DECEMBER 2024**

The accompanying pro forma financial information for the nine-month period ended 30 September 2025 and the year ended 31 December 2024 and related notes (the "Pro Forma Financial Information") has been prepared for the purpose of illustrating the effects of the following Proposed Transaction (the "Proposed Transaction") with Alinma Bank on the consolidated financial position, financial performance and cash flows of Saudi Printing and Packaging Company ("SPPC" or the "Company") as at 30 September 2025 and for the nine-month period then ended and as at 31 December 2024 and for the year then ended as if the Proposed Transaction had taken place on 1 January 2024:

The Proposed Transaction represents swapping SR 73,679,956 of the outstanding debt owed to Alinma bank to 5,207,064 ordinary shares of the Company through a capital increase using an agreed upon valuation of SR 14.15 per share.

The Proposed Transaction is part of a larger agreement to settle the debt of the Company towards Alinma Bank which originated from the financing granted by Alinma Bank to the Company through the following finance agreements: (1) the credit facility agreement signed between the Company and Alinma Bank on 10/11/1433H corresponding to 26/9/2012, the debt restructuring agreement signed between the Company and Alinma Bank on 25/3/1440H corresponding to 3/12/2018 and the credit facility agreement signed between the Company and Alinma Bank on 25/3/1442H corresponding to 11/11/2020 and its amendment signed on 23/10/1445H corresponding to 2/5/2024, and (2) the agreement signed between the Company, Alinma Bank and Alinma Capital on 25/4/1446H corresponding to 28/10/2024 and its annexes dated 10/7/1446H corresponding to 10/1/2025, 30/10/1446H corresponding to 28/4/2025, 6/1/1447H corresponding to 1/7/2025 and 15/5/1447H corresponding to 6/11/2025 which represents a full satisfaction of all financial obligations related to the credit facility agreement dated 25/3/1442H corresponding to 11/11/2020 and its amendment dated 23/10/1445H corresponding to 2/5/2024 (the "Debt Settlement Agreement") by which the Company agreed to settle the outstanding debt of Alinma bank of SR 178,179,968 through the following:

1. During the fourth quarter of 2024, The Company transferred the ownership of two parcels of land and a building to Alinma Bank as an in-kind settlement of SR 110,000,000 of outstanding debt and the Company assumed real estate transaction tax which amounted SR 5,500,000 related to the transfer of these properties. Alinma Bank initially paid the real estate transaction tax and recharged it to the Company by increasing the amount of debt due from the Company as per the resolution of the Board of Directors of the Company dated 29 October 2024 to approve the Debt Settlement Agreement including the transfer of properties mentioned above.
2. To settle the remaining outstanding debt amounting SR 73,679,968, the Proposed Transaction will be executed by issuing 5,207,064 new ordinary shares of the Company with a par value of SR 10 per share with a total nominal value of SR 52,070,640 for the benefit of Alinma Bank and its wholly owned subsidiary Alinma Capital (Alinma Investment Company previously). Alinma Bank and Alinma Capital will receive the new shares equally between them, i.e. each will receive 2,603,532 share. Therefore, each of Alinma Bank and Alinma Capital will own 3.99% of the share capital of the Company after the Proposed Transaction free from any trading restrictions.

As a result of the Proposed Transaction, the share capital of the Company will increase from SR 600,000,000 to SR 652,070,640 which represents an increase of 8.7% in the share capital of the Company before the Proposed Transaction.

The Proposed Transaction constitutes part of a comprehensive plan by the Company to restructure its debt as it represents the first step among others planned by the Company to restructure its debt and reduce its finance costs. Its worth noting that the agreed-upon issuance price for the new shares in the Debt Settlement Agreement which amounts SR 14.15 per share was higher than the trading price of the Company's share in the stock market on the valuation date used as a reference for valuation on 28 October 2024 which amounted SR 13.9 per share. Which reflects a fair valuation that enhances the interests of the Company and its current shareholders and reflects the commitment of the two parties to execute the deal at just terms and a long-term strategy.



## **SAUDI PRINTING AND PACKAGING COMPANY**

(A Saudi Joint Stock Company)

### **INTRODUCTION TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 AND THE YEAR ENDED 31 DECEMBER 2024**

This Pro Forma Financial Information has been prepared solely to be included in a shareholders' circular to increase the capital of the Company in connection with the Proposed Transaction and may therefore not be appropriate for another purpose.

The Pro Forma Financial Information consists of the pro forma statements of financial position as at 30 September 2025 and 31 December 2024 of SPPC and the pro forma statements of profit or loss and other comprehensive income and cash flows for the nine-month period ended 30 September 2025 and the year ended 31 December 2024 of SPPC and the related notes to the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information is set out in the preceding paragraphs and to reflect the material effects that the Proposed Transaction would have had on the historical consolidated statements of financial position as at 30 September 2025 and 31 December 2024 and the historical statements of profit or loss and other comprehensive income and cash flows for the nine-month period ended 30 September 2025 and the year ended 31 December 2024, as if SPPC had already made the Proposed Transaction as at 1 January 2024.

The Pro Forma Financial Information has been prepared in accordance with the applicable requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia and Annex 19 of these Rules. The Pro Forma Financial Information has been compiled by the management of the Company.

The preparation and presentation of the Pro Forma Financial Information is based on certain pro forma assumptions (detailed in the "Basis of preparation" note below) and has been prepared for illustrative purposes only. Moreover, because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the actual consolidated financial position, consolidated financial performance and consolidated cash flows of SPPC, and may not give a true picture of the consolidated financial position, consolidated financial performance and consolidated cash flows of SPPC after the Proposed Transaction. In addition, the Pro Forma Financial Information is neither representative of the consolidated financial position, consolidated financial performance and consolidated cash flows that could have been observed if the Proposed Transaction had been undertaken at an earlier date nor is the Pro Forma Financial Information indicative of the future operating results or consolidated financial position, consolidated financial performance and consolidated cash flows of SPPC after the Proposed Transaction.

The Pro Forma Financial Information was authorized for issue by the Company's Board of Directors on 16 Jumada II 1447H corresponding to 7 December 2025.



**SAUDI PRINTING AND PACKAGING COMPANY**  
(A Saudi Joint Stock Company)  
**PRO FORMA STATEMENT OF FINANCIAL POSITION**  
**AS AT**

(All amounts in Saudi Riyals unless otherwise stated)

|  | 30 September<br>2025 | 31 December<br>2024  |
|--|----------------------|----------------------|
| <b>ASSETS</b>                                  |                      |                      |
| <b>Non-current assets</b>                      |                      |                      |
| Property, plant and equipment                  | 454,481,080          | 499,348,495          |
| Intangible assets and goodwill                 | 285,336,468          | 285,450,901          |
| Investment properties                          | 5,925,614            | 6,172,582            |
| Right-of-use assets                            | 3,560,133            | 4,520,608            |
| Trade receivables                              | 394,723              | 1,863,796            |
| Derivative assets                              | -                    | 3,298,256            |
| Deferred tax assets                            | 5,250,976            | 5,250,976            |
|  | <u>754,948,994</u>   | <u>805,905,614</u>   |
| <b>Current assets</b>                          |                      |                      |
| Inventories                                    | 114,753,392          | 149,934,163          |
| Trade receivables                              | 151,990,163          | 186,756,189          |
| Prepayments and other current assets           | 22,683,446           | 35,104,885           |
| Cash and cash equivalents                      | 20,017,056           | 29,780,375           |
|  | <u>309,444,057</u>   | <u>401,575,612</u>   |
| <b>TOTAL ASSETS</b>                            | <u>1,064,393,051</u> | <u>1,207,481,226</u> |
| <b>EQUITY AND LIABILITIES</b>                  |                      |                      |
| <b>Equity</b>                                  |                      |                      |
| Capital  | 652,070,640          | 652,070,640          |
| Share premium                                  | 21,609,316           | 21,609,316           |
| Contractual reserve                            | 2,909,935            | 2,909,935            |
| Accumulated losses                             | (417,198,275)        | (321,109,835)        |
| Other reserve                                  | (324,272)            | (386,517)            |
|  | <u>259,067,344</u>   | <u>355,093,539</u>   |
| <b>Liabilities</b>                             |                      |                      |
| <b>Non-current liabilities</b>                 |                      |                      |
| Loans and Murabaha and loan from a shareholder | 160,393,491          | 155,212,043          |
| Employees' defined benefit liabilities         | 27,804,389           | 30,667,909           |
| Lease liabilities                              | 3,658,566            | 4,141,658            |
| Trade payables                                 | 1,369,976            | 1,647,745            |
|  | <u>193,226,422</u>   | <u>191,669,355</u>   |
| <b>Current liabilities</b>                     |                      |                      |
| Trade payables                                 | 110,472,994          | 144,179,514          |
| Accrued expenses and other current liabilities | 36,549,789           | 28,772,303           |
| Loans and Murabaha                             | 408,908,540          | 424,198,862          |
| Lease liabilities                              | 346,896              | 750,180              |
| Due to a related party                         | 44,467,000           | 43,594,808           |
| Dividends payable                              | 697,151              | 697,151              |
| Zakat and taxation                             | 10,656,915           | 18,525,514           |
|  | <u>612,099,285</u>   | <u>660,718,332</u>   |
| <b>Total liabilities</b>                       | <u>805,325,707</u>   | <u>852,387,687</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <u>1,064,393,051</u> | <u>1,207,481,226</u> |

The accompanying notes form an integral part of this pro forma financial information



**SAUDI PRINTING AND PACKAGING COMPANY**

(A Saudi Joint Stock Company)

**PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(All amounts in Saudi Riyals unless otherwise stated)

|  | For the<br>nine-month<br>period ended<br>30 September<br>2025 | For<br>the year ended<br>31 December<br>2024 |
|--|---|--|
| Revenue  | 457,328,441   | 721,196,233                                  |
| Cost of revenue  | <u>(434,196,335)</u>  | <u>(685,457,221)</u>                         |
| <b>Gross profit</b>  | 23,132,106  | 35,739,012                                   |
| Selling, marketing and distribution expenses                                   | (25,497,273)  | (33,202,646)                                 |
| General and administrative expenses  | (51,482,492)  | (67,297,339)                                 |
| Impairment of trade receivables  | (2,039,044)   | (10,800,838)                                 |
| Impairment of other property, plant and equipment<br>and inventory spare parts | (5,041,987)   | (25,935,182)                                 |
| Write-off of inventory   | -   | (4,526,288)                                  |
| Goodwill impairment  | -   | <u>(50,000,000)</u>                          |
| <b>Operating loss</b>  | (60,928,690)  | (156,023,281)                                |
| Other (loss) / income  | (359,349)   | 5,730,199                                    |
| Finance costs  | <u>(34,600,401)</u>   | <u>(65,034,711)</u>                          |
| <b>Loss before zakat and tax</b>   | (95,888,440)  | (215,327,793)                                |
| Zakat and tax expense  | <u>(200,000)</u>  | <u>(4,085,234)</u>                           |
| <b>LOSS FOR THE PERIOD</b>   | <u>(96,088,440)</u>   | <u>(219,413,027)</u>                         |
| <b>Other Comprehensive Income</b>  |   |  |
| <i>Items that may be reclassified subsequently<br/>to profit or loss:</i>      |   |  |
| Foreign currency translation differences - foreign<br>operations               | <u>62,245</u>   | <u>33,422</u>                                |
| <i>Items that will not be reclassified subsequently<br/>to profit or loss:</i> |   |  |
| Remeasurement of employees' defined benefit liability                          | <u>-</u>  | <u>(651,308)</u>                             |
| <b>Other comprehensive income</b>  | <u>62,245</u>   | <u>(617,886)</u>                             |
| <b>TOTAL COMPREHENSIVE LOSS</b>  | <u><u>(96,026,195)</u></u>                                    | <u><u>(220,030,913)</u></u>                  |
| <b>EARNINGS PER SHARE:</b>   |   |  |
| Basic and diluted loss per share attributed to shareholders<br>of the Company  | <u>(1.47)</u>   | <u>(3.36)</u>                                |
| Weighted average number of outstanding shares                                  | <u>65,207,064</u>   | <u>65,207,064</u>                            |

The accompanying notes form an integral part of this pro forma financial information



## SAUDI PRINTING AND PACKAGING COMPANY

(A Saudi Joint Stock Company)

### PRO FORMA STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals unless otherwise stated)

|  | For the<br>nine-month<br>period ended<br>30 September<br>2025 | For<br>the year ended<br>31 December<br>2024 |
|--|---|--|
| <b>OPERATING ACTIVITIES</b>  |   |  |
| Loss before zakat and tax  | (95,888,440)  | (215,327,793)                                |
| Adjustments for non-cash items:  |   |  |
| Finance costs  | 34,600,401  | 60,686,552                                   |
| Depreciation and amortization  | 38,359,551  | 59,142,618                                   |
| Impairment of other property, plant and<br>equipment and inventory spare parts | 5,041,987   | 75,935,182                                   |
| Impairment loss of trade receivables   | 2,039,044   | 10,345,065                                   |
| Derivative asset   | 800,427   | 4,348,159                                    |
| Provision of slow-moving inventory   | 422,977   | 2,558,020                                    |
| Provision for employees' defined benefit liability                             | 3,515,903   | 4,847,426                                    |
| (Gain) from disposal of lease  | (52,455)  | -  |
| Loss from disposal of property, plant & equipment                              | 3,736,360   | 97,389                                       |
|  | (7,424,245)   | 2,632,618                                    |
| Changes in working capital:  |   |  |
| Inventories  | 34,757,794  | 38,944,091                                   |
| Trade receivables and prepayments and other<br>receivables                     | 40,447,280  | 14,699,577                                   |
| Trade payables and accrued expenses and other<br>current liabilities           | (26,206,803)  | 16,995,688                                   |
| Due to a related party   | 872,192   | 3,018,259                                    |
|  | 42,446,218  | 76,290,233                                   |
| Employees' defined benefit liability paid                                      | (6,379,423)   | (11,441,134)                                 |
| Zakat paid   | (1,898,385)   | -  |
| <b>Net cash flows from operating activities</b>                                | <b>34,168,410</b>   | <b>64,849,099</b>                            |
| <b>INVESTING ACTIVITIES</b>  |   |  |
| Additions to property, plant & equipment                                       | (7,159,604)   | (25,388,452)                                 |
| Additions to intangible assets and goodwill                                    | (19,478)  | -  |
| Proceeds for disposal of property, plant & equipment                           | 6,374,743   | 25,406,450                                   |
| <b>Net cash (used in)/ from investing activities</b>                           | <b>(804,339)</b>  | <b>17,998</b>                                |
| <b>FINANCING ACTIVITIES</b>  |   |  |
| Proceeds from loans, murabaha and shareholder loan                             | 404,417,040   | 1,968,112,298                                |
| Repayment of loans and murabaha  | (417,439,109)   | (1,975,945,079)                              |
| Finance costs paid   | (31,531,984)  | (61,564,884)                                 |
| Payment of lease liabilities   | (1,133,411)   | (2,074,053)                                  |
| Proceeds from termination of derivative instrument                             | 2,497,829   | -  |
| <b>Net cash used in financing activities</b>                                   | <b>(43,189,635)</b>   | <b>(71,471,718)</b>                          |
| Net change in cash and cash equivalents  | (9,825,564)   | (6,604,621)                                  |
| Foreign currency translation adjustments                                       | 62,245  | 33,422                                       |
| Cash and cash equivalents at the beginning of the period/year                  | 19,987,523  | 26,558,722                                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE<br/>PERIOD/YEAR</b>             | <b>10,224,204</b>   | <b>19,987,523</b>                            |
| <b>NON-CASH TRANSACTIONS:</b>  |   |  |
| Loans converted into equity  | -   | 73,679,956                                   |
| Other  | 6,552,535   | 122,146,048                                  |

The accompanying notes form an integral part of this pro forma financial information



## SAUDI PRINTING AND PACKAGING COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE PRO FORMA FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 AND THE YEAR ENDED 31 DECEMBER 2024

#### 1. CORPORATE INFORMATION

Saudi Printing and Packaging Company ("SPPC" or the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010219709 issued from Riyadh on 1 Jumada Al-Ula 1427H (corresponding to 28 May 2006). The registered address of the Company is Nakheel Tower, King Fahad road, Riyadh 11523.

SPPC and its subsidiaries are mainly engaged in printing and manufacturing packaging products.

#### INFORMATION ON THE OUTSTANDING DEBT OWED TO ALINMA BANK

The Company entered into a credit facility agreement with Alinma Bank on 10 Dhul-Qa'dah 1433H (corresponding to 26 September 2012) in the amount of SR 480,000,000. The purpose of the loan was to finance the acquisition of Emirates National Factory. The loan carried a term of seven years and six months, including a grace period of two years and six months.

Subsequently, on 25 Rabi' al-Awwal 1440H (corresponding to 3 December 2018), the Company entered into a debt rescheduling agreement with Alinma Bank for an amount of SR 200,000,000, repayable in ten semi-annual instalments over seven years, with a grace period of two years ("the Alinma Loan").

As of 31 December 2023, the outstanding balance related to the Alinma Loan amounted SR 162,443,749.

Subsequently, on 25 Rabi' al-Thani 1446H (corresponding to 28 October 2024), the Company entered into a debt settlement agreement with Alinma Bank and Alinma Investment, which provided, among other terms, for the settlement of the outstanding debt amounting SR 178,179,968. This amount included the loan principal and financing costs accrued through 31 December 2024. The settlement was effected through the transfer of ownership of two plots of land valued at SR 110,000,000, and the Company assumed real estate transaction tax which amounted SR 5,500,000 related to the transfer of these properties. Alinma Bank initially paid the real estate transaction tax and recharged it to the Company by increasing the amount of debt due from the Company as per the resolution of the Board of Directors of the Company dated 29 October 2024 to approve the Debt Settlement Agreement including the transfer of properties mentioned above, and the remaining amount will be settled through the transfer of shares in Saudi Printing & Packaging Company with a total value of SR 73,679,968 to Alinma Bank, based on the agreed share price of SR 14.15 per share.

#### INFORMATION ON THE DEBT SETTLEMENT AGREEMENT

Under the Debt Settlement Agreement dated 28 October 2024, the Company agreed to settle its outstanding debt to Alinma Bank, which amounted SR 178,179,968 on that date, through the following:

1. During the fourth quarter of 2024, the Company transferred ownership of two plots of land and a building to Alinma Bank as a non-cash settlement amounting SR 110,000,000 of the outstanding debt. The Company assumed the related real estate transaction tax of SR 5,500,000 associated with the transfer of the two plots of land. The tax was initially paid by Alinma Bank and subsequently recharged to the Company through an increase in the outstanding debt balance. This treatment was based on the Board of Directors' resolution dated 29 October 2024 approving the Debt Settlement Agreement, including the transfer of the aforementioned properties.
2. To settle the remaining balance of SR 73,679,968, the proposed transaction will be executed through the issuance of 5,207,064 new ordinary shares of the Company, each with a nominal value of SR 10 and a total nominal value of SR 52,070,640, in favor of Alinma Bank and its subsidiary, Alinma Capital Company (formerly Alinma Investment). Alinma Bank and Alinma Capital will receive the newly issued shares equally, at 2,603,532 shares each. Following the execution of the proposed transaction, both Alinma Bank and Alinma Investment will each hold 3.99% of the Company's share capital. The shares will be free from any trading restrictions.



## SAUDI PRINTING AND PACKAGING COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE PRO FORMA FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 AND THE YEAR ENDED 31 DECEMBER 2024

#### 2. BASIS OF PREPARATION OF THE PRO FORMA FINANCIAL INFORMATION

This Pro Forma Financial Information has been presented for the purpose set out in the Introduction section above and has been prepared based on, and in accordance with, the basis of preparation and applicable criteria set out below in this note.

For the preparation of the Pro Forma Financial Information, management has extracted the historical financial information from the following sources:

- the interim condensed consolidated financial information of SPPC for the nine-month period ended 30 September 2025.
- the audited consolidated financial statements of SPPC for the year ended 31 December 2024.

The presentation of the pro forma financial information is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the pro forma statements of financial position, profit or loss and other comprehensive income and cash flows address a hypothetical situation and, therefore, do not represent and may not give a true picture of the actual financial position and financial performance. Furthermore, the pro forma financial information is only meaningful when read in conjunction with the historical financial statements of SPPC. The pro forma financial information does not take into consideration transaction costs expected to be incurred to execute the Proposed Transaction.

##### 2.1 Basis of accounting

The pro forma financial information has been prepared and presented on the basis of accounting policies of SPPC as disclosed in SPPC audited financial statements for the year ended 31 December 2024.

##### 2.2 Hypothetical share issue price

The hypothetical share issue price used to prepare the pro forma financial information is SR 14.15 per share which equals the share price agreed with Alinma Bank in the Debt Settlement Agreement. Since the actual share issue price will be determined based on the closing price of the Company's share on the Capital Market on the last trading day preceding the date of the EGM's approval of the Proposed Transaction, the actual issue price, and increase in the issue premium may differ substantially. Any variance between the actual share issue price and the price agreed with Alinma bank will impact the profit or loss of the Company in the period the new shares are issued.

##### 2.3 Zakat and tax

It is assumed that there is no impact on the zakat and income tax liability of the Company as a result of the Proposed Transaction. Hence, no adjustments have been made to the zakat and income tax provisions for the respective periods presented.

##### 2.4 Impact of the Proposed Transaction on Finance Costs

Historical finance costs related to the outstanding debt of Alinma Bank during the nine-month period ended 30 September 2025 and the year ended 31 December 2024 amounted SR 4,697,098 and SR 6,262,797, respectively. These finance costs would not have been incurred had the Proposed Transaction taken place at 1 January 2024. The pro forma savings are not reflected in the pro forma statements of profit or loss and other comprehensive income and the pro forma statements of cash flows as these finance costs have already been incurred and because historical finance costs for the year ended 31 December 2024 forms part of the outstanding debt owed to Alinma Bank amounting SR 73,679,968 which relates to the Proposed Transaction. Whereas historical finance costs for the nine-month period ended 30 September 2025 will be settled by the Company independently from the Proposed Transaction.



## SAUDI PRINTING AND PACKAGING COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION

#### 3.1 Reconciliation of the pro forma statement of financial position as at 30 September 2025:

|  | <i>Historical<br/>information</i> | <i>Pro forma<br/>adjustments</i> | <i>Pro forma<br/>information</i> |
|--|-----------------------------------|----------------------------------|----------------------------------|
|  |                                   | (note 3.7)                       |                                  |
| <b>ASSETS</b>                                  |                                   |                                  |                                  |
| <b>Non-current assets</b>                      |                                   |                                  |                                  |
| Property, plant and equipment                  | 454,481,080                       | -                                | 454,481,080                      |
| Intangible assets and goodwill                 | 285,336,468                       | -                                | 285,336,468                      |
| Investment properties                          | 5,925,614                         | -                                | 5,925,614                        |
| Right-of-use assets                            | 3,560,133                         | -                                | 3,560,133                        |
| Trade receivables                              | 394,723                           | -                                | 394,723                          |
| Derivative assets                              | -                                 | -                                | -                                |
| Deferred tax assets                            | 5,250,976                         | -                                | 5,250,976                        |
|  | <u>754,948,994</u>                | <u>-</u>                         | <u>754,948,994</u>               |
| <b>Current assets</b>                          |                                   |                                  |                                  |
| Inventories                                    | 114,753,392                       | -                                | 114,753,392                      |
| Trade receivables                              | 151,990,163                       | -                                | 151,990,163                      |
| Prepayments and other current assets           | 22,683,446                        | -                                | 22,683,446                       |
| Cash and cash equivalents                      | 20,017,056                        | -                                | 20,017,056                       |
|  | <u>309,444,057</u>                | <u>-</u>                         | <u>309,444,057</u>               |
| <b>TOTAL ASSETS</b>                            | <u>1,064,393,051</u>              | <u>-</u>                         | <u>1,064,393,051</u>             |
| <b>EQUITY AND LIABILITIES</b>                  |                                   |                                  |                                  |
| <b>Equity</b>                                  |                                   |                                  |                                  |
| Capital  | 600,000,000                       | 52,070,640                       | 652,070,640                      |
| Share premium                                  | -                                 | 21,609,316                       | 21,609,316                       |
| Contractual reserve                            | 2,909,935                         | -                                | 2,909,935                        |
| Accumulated losses                             | (417,198,275)                     | -                                | (417,198,275)                    |
| Other reserve                                  | (324,272)                         | -                                | (324,272)                        |
|  | <u>185,387,388</u>                | <u>73,679,956</u>                | <u>259,067,344</u>               |
| <b>Liabilities</b>                             |                                   |                                  |                                  |
| <b>Non-current liabilities</b>                 |                                   |                                  |                                  |
| Loans and Murabaha and loan from a shareholder | 160,393,491                       | -                                | 160,393,491                      |
| Employees' defined benefit liabilities         | 27,804,389                        | -                                | 27,804,389                       |
| Lease liabilities                              | 3,658,566                         | -                                | 3,658,566                        |
| Trade payables                                 | 1,369,976                         | -                                | 1,369,976                        |
|  | <u>193,226,422</u>                | <u>-</u>                         | <u>193,226,422</u>               |
| <b>Current liabilities</b>                     |                                   |                                  |                                  |
| Trade payables                                 | 110,472,994                       | -                                | 110,472,994                      |
| Accrued expenses and other current liabilities | 36,549,789                        | -                                | 36,549,789                       |
| Loans and Murabaha                             | 482,588,496                       | (73,679,956)                     | 408,908,540                      |
| Lease liabilities                              | 346,896                           | -                                | 346,896                          |
| Due to a related party                         | 44,467,000                        | -                                | 44,467,000                       |
| Dividends payable                              | 697,151                           | -                                | 697,151                          |
| Zakat and taxation                             | 10,656,915                        | -                                | 10,656,915                       |
|  | <u>685,779,241</u>                | <u>(73,679,956)</u>              | <u>612,099,285</u>               |
| <b>Total liabilities</b>                       | <u>879,005,663</u>                | <u>(73,679,956)</u>              | <u>805,325,707</u>               |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <u>1,064,393,051</u>              | <u>-</u>                         | <u>1,064,393,051</u>             |



## SAUDI PRINTING AND PACKAGING COMPANY

(A Saudi Joint Stock Company)

### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION

#### 3.2 Reconciliation of the pro forma statement of financial position as at 31 December 2024:

|  | <i>Historical<br/>information</i> | <i>Pro forma<br/>adjustments</i> | <i>Pro forma<br/>information</i> |
|--|-----------------------------------|----------------------------------|----------------------------------|
|  |                                   | (note 3.7)                       |                                  |
| <b>ASSETS</b>                                  |                                   |                                  |                                  |
| <b>Non-current assets</b>                      |                                   |                                  |                                  |
| Property, plant and equipment                  | 499,348,495                       | -                                | 499,348,495                      |
| Intangible assets and goodwill                 | 285,450,901                       | -                                | 285,450,901                      |
| Investment properties                          | 6,172,582                         | -                                | 6,172,582                        |
| Right-of-use assets                            | 4,520,608                         | -                                | 4,520,608                        |
| Trade receivables                              | 1,863,796                         | -                                | 1,863,796                        |
| Derivative assets                              | 3,298,256                         | -                                | 3,298,256                        |
| Deferred tax assets                            | 5,250,976                         | -                                | 5,250,976                        |
|  | <u>805,905,614</u>                | <u>-</u>                         | <u>805,905,614</u>               |
| <b>Current assets</b>                          |                                   |                                  |                                  |
| Inventories                                    | 149,934,163                       | -                                | 149,934,163                      |
| Trade receivables                              | 186,756,189                       | -                                | 186,756,189                      |
| Prepayments and other current assets           | 35,104,885                        | -                                | 35,104,885                       |
| Cash and cash equivalents                      | 29,780,375                        | -                                | 29,780,375                       |
|  | <u>401,575,612</u>                | <u>-</u>                         | <u>401,575,612</u>               |
| <b>TOTAL ASSETS</b>                            | <u>1,207,481,226</u>              | <u>-</u>                         | <u>1,207,481,226</u>             |
| <b>EQUITY AND LIABILITIES</b>                  |                                   |                                  |                                  |
| <b>Equity</b>                                  |                                   |                                  |                                  |
| Capital  | 600,000,000                       | 52,070,640                       | 652,070,640                      |
| Share premium                                  | -                                 | 21,609,316                       | 21,609,316                       |
| Contractual reserve                            | 2,909,935                         | -                                | 2,909,935                        |
| Accumulated losses                             | (321,109,835)                     | -                                | (321,109,835)                    |
| Other reserve                                  | (386,517)                         | -                                | (386,517)                        |
|  | <u>281,413,583</u>                | <u>73,679,956</u>                | <u>355,093,539</u>               |
| <b>Liabilities</b>                             |                                   |                                  |                                  |
| <b>Non-current liabilities</b>                 |                                   |                                  |                                  |
| Loans and Murabaha and shareholder loan        | 155,212,043                       | -                                | 155,212,043                      |
| Employees' defined-benefit liabilities         | 30,667,909                        | -                                | 30,667,909                       |
| Lease liabilities                              | 4,141,658                         | -                                | 4,141,658                        |
| Trade payables                                 | 1,647,745                         | -                                | 1,647,745                        |
|  | <u>191,669,355</u>                | <u>-</u>                         | <u>191,669,355</u>               |
| <b>Current liabilities</b>                     |                                   |                                  |                                  |
| Trade payables                                 | 144,179,514                       | -                                | 144,179,514                      |
| Accrued expenses and other current liabilities | 28,772,303                        | -                                | 28,772,303                       |
| Loans and Murabaha                             | 497,878,818                       | (73,679,956)                     | 424,198,862                      |
| Lease liabilities                              | 750,180                           | -                                | 750,180                          |
| Due to a related party                         | 43,594,808                        | -                                | 43,594,808                       |
| Dividends payable                              | 697,151                           | -                                | 697,151                          |
| Zakat and taxation                             | 18,525,514                        | -                                | 18,525,514                       |
|  | <u>734,398,288</u>                | <u>(73,679,956)</u>              | <u>660,718,332</u>               |
| <b>Total liabilities</b>                       | <u>926,067,643</u>                | <u>(73,679,956)</u>              | <u>852,387,687</u>               |
| <b>TOTAL EQUITY AND LIABILITIES</b>            | <u>1,207,481,226</u>              | <u>-</u>                         | <u>1,207,481,226</u>             |



## SAUDI PRINTING AND PACKAGING COMPANY

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### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

#### 3.3 Reconciliation of the pro forma statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2025:

|  | <i>Historical<br/>information</i> | <i>Pro forma<br/>adjustments</i><br>(note 3.7) | <i>Pro forma<br/>information</i> |
|--|-----------------------------------|--|----------------------------------|
| Revenue  | 457,328,441                       | -  | 457,328,441                      |
| Cost of revenue  | (434,196,335)                     | -  | (434,196,335)                    |
| <b>Gross profit</b>  | <b>23,132,106</b>                 | <b>-</b>                                       | <b>23,132,106</b>                |
| Selling, marketing and distribution expenses                                   | (25,497,273)                      | -  | (25,497,273)                     |
| General and administrative expenses  | (51,482,492)                      | -  | (51,482,492)                     |
| Impairment of trade receivables  | (2,039,044)                       | -  | (2,039,044)                      |
| Impairment of other property, plant and equipment<br>and inventory spare parts | (5,041,987)                       | -  | (5,041,987)                      |
| Write-off of inventory   | -                                 | -  | -                                |
| Goodwill impairment  | -                                 | -  | -                                |
| <b>Operating loss</b>  | <b>(60,928,690)</b>               | <b>-</b>                                       | <b>(60,928,690)</b>              |
| Other (loss) / income  | (359,349)                         | -  | (359,349)                        |
| Finance costs  | (34,600,401)                      | -  | (34,600,401)                     |
| <b>Loss before zakat and tax</b>   | <b>(95,888,440)</b>               | <b>-</b>                                       | <b>(95,888,440)</b>              |
| Zakat and tax expense  | (200,000)                         | -  | (200,000)                        |
| <b>LOSS FOR THE PERIOD</b>   | <b>(96,088,440)</b>               | <b>-</b>                                       | <b>(96,088,440)</b>              |
| <b>Other Comprehensive Income</b>  |                                   |  |                                  |
| <i>Items that may be reclassified subsequently<br/>to profit or loss:</i>      |                                   |  |                                  |
| Foreign currency translation differences - foreign<br>operations               | 62,245                            | -  | 62,245                           |
| <i>Items that will not be reclassified subsequently<br/>to profit or loss:</i> |                                   |  |                                  |
| Remeasurement of employees' defined benefit liability                          | -                                 | -  | -                                |
| <b>Other comprehensive income for the period</b>                               | <b>62,245</b>                     | <b>-</b>                                       | <b>62,245</b>                    |
| <b>TOTAL COMPREHENSIVE LOSS</b>  | <b>(96,026,195)</b>               | <b>-</b>                                       | <b>(96,026,195)</b>              |
| <b>EARNINGS PER SHARE:</b>   |                                   |  |                                  |
| Basic and diluted loss per share attributed to shareholders<br>of the Company  | (1.60)                            | 0.13   | (1.47)                           |
| Weighted average number of outstanding shares                                  | 60,000,000                        | 5,207,064                                      | 65,207,064                       |



## SAUDI PRINTING AND PACKAGING COMPANY

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### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

#### 3.4 Reconciliation of the pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2024:

|  | <i>Historical<br/>information</i> | <i>Pro forma<br/>adjustments</i><br>(note 3.7) | <i>Pro forma<br/>information</i> |
|--|-----------------------------------|--|----------------------------------|
| Revenue  | 721,196,233                       | -  | 721,196,233                      |
| Cost of revenue  | (685,457,221)                     | -  | (685,457,221)                    |
| <b>Gross profit</b>  | <b>35,739,012</b>                 | <b>-</b>                                       | <b>35,739,012</b>                |
| Selling, marketing and distribution expenses                                   | (33,202,646)                      | -  | (33,202,646)                     |
| General and administrative expenses  | (67,297,339)                      | -  | (67,297,339)                     |
| Impairment of trade receivables  | (10,800,838)                      | -  | (10,800,838)                     |
| Impairment of other property, plant and equipment<br>and inventory spare parts | (25,935,182)                      | -  | (25,935,182)                     |
| Write-off of inventory   | (4,526,288)                       | -  | (4,526,288)                      |
| Goodwill impairment  | (50,000,000)                      | -  | (50,000,000)                     |
| <b>Operating loss</b>  | <b>(156,023,281)</b>              | <b>-</b>                                       | <b>(156,023,281)</b>             |
| Other (loss) / income  | 5,730,199                         | -  | 5,730,199                        |
| Finance costs  | (65,034,711)                      | -  | (65,034,711)                     |
| <b>Loss before zakat and tax</b>   | <b>(215,327,793)</b>              | <b>-</b>                                       | <b>(215,327,793)</b>             |
| Zakat and tax expense  | (4,085,234)                       | -  | (4,085,234)                      |
| <b>LOSS FOR THE PERIOD</b>   | <b>(219,413,027)</b>              | <b>-</b>                                       | <b>(219,413,027)</b>             |
| <b>Other Comprehensive Income</b>  |                                   |  |                                  |
| <b>Items that may be reclassified subsequently<br/>to profit or loss:</b>      |                                   |  |                                  |
| Foreign currency translation differences - foreign<br>operations               | 33,422                            | -  | 33,422                           |
| <b>Items that will not be reclassified subsequently<br/>to profit or loss:</b> |                                   |  |                                  |
| Remeasurement of employees' defined benefit liability                          | (651,308)                         | -  | (651,308)                        |
| <b>Other comprehensive income for the period</b>                               | <b>(617,886)</b>                  | <b>-</b>                                       | <b>(617,886)</b>                 |
| <b>TOTAL COMPREHENSIVE LOSS</b>  | <b>(220,030,913)</b>              | <b>-</b>                                       | <b>(220,030,913)</b>             |
| <b>EARNINGS PER SHARE:</b>   |                                   |  |                                  |
| Basic and diluted loss per share attributed to shareholders<br>of the Company  | (3.66)                            | 0.29   | (3.36)                           |
| Weighted average number of outstanding shares                                  | 60,000,000                        | 5,207,064                                      | 65,207,064                       |



## SAUDI PRINTING AND PACKAGING COMPANY

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### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

#### 3.5 Reconciliation of the pro forma statement of cash flows for the nine-month period ended 30 September 2025:

|  | <i>Historical<br/>information</i> | <i>Pro forma<br/>adjustments</i><br>(note 3.7) | <i>Pro forma<br/>information</i> |
|--|-----------------------------------|--|----------------------------------|
| <b>OPERATING ACTIVITIES</b>  |                                   |  |                                  |
| Loss before zakat and tax  | (95,888,440)                      | -  | (95,888,440)                     |
| Adjustments for non-cash items:  |                                   |  |                                  |
| Finance costs  | 34,600,401                        | -  | 34,600,401                       |
| Depreciation and amortization  | 38,359,551                        | -  | 38,359,551                       |
| Impairment of other property, plant and<br>equipment and inventory spare parts | 5,041,987                         | -  | 5,041,987                        |
| Impairment loss of trade receivables   | 2,039,044                         | -  | 2,039,044                        |
| Derivative asset   | 800,427                           | -  | 800,427                          |
| Provision of slow-moving inventory   | 422,977                           | -  | 422,977                          |
| Provision for employees' defined benefit liability                             | 3,515,903                         | -  | 3,515,903                        |
| (Gain) from disposal of lease  | (52,455)                          | -  | (52,455)                         |
| Loss from disposal of property, plant & equipment                              | 3,736,360                         | -  | 3,736,360                        |
|  | <u>(7,424,245)</u>                | <u>-</u>                                       | <u>(7,424,245)</u>               |
| Changes in working capital:  |                                   |  |                                  |
| Inventories  | 34,757,794                        | -  | 34,757,794                       |
| Trade receivables and prepayments and other<br>receivables                     | 40,447,280                        | -  | 40,447,280                       |
| Trade payables and accrued expenses and other<br>current liabilities           | (26,206,803)                      | -  | (26,206,803)                     |
| Due to a related party   | 872,192                           | -  | 872,192                          |
|  | <u>42,446,218</u>                 | <u>-</u>                                       | <u>42,446,218</u>                |
| Employees' defined benefit liability paid                                      | (6,379,423)                       | -  | (6,379,423)                      |
| Zakat paid   | (1,898,385)                       | -  | (1,898,385)                      |
| <b>Net cash flows from operating activities</b>                                | <u>34,168,410</u>                 | <u>-</u>                                       | <u>34,168,410</u>                |
| <b>INVESTING ACTIVITIES</b>  |                                   |  |                                  |
| Additions to property, plant & equipment                                       | (7,159,604)                       | -  | (7,159,604)                      |
| Additions to intangible assets and goodwill                                    | (19,478)                          | -  | (19,478)                         |
| Proceeds for disposal of property, plant & equipment                           | 6,374,743                         | -  | 6,374,743                        |
| <b>Net cash flows used in investing activities</b>                             | <u>(804,339)</u>                  | <u>-</u>                                       | <u>(804,339)</u>                 |
| <b>FINANCING ACTIVITIES</b>  |                                   |  |                                  |
| Proceeds from loans, murabaha and shareholder loan                             | 404,417,040                       | -  | 404,417,040                      |
| Repayment of loans and murabaha  | (417,439,109)                     | -  | (417,439,109)                    |
| Finance costs paid   | (31,531,984)                      | -  | (31,531,984)                     |
| Payment of lease liabilities   | (1,133,411)                       | -  | (1,133,411)                      |
| Proceeds from termination of derivative instrument                             | 2,497,829                         | -  | 2,497,829                        |
| <b>Net cash flows used in financing activities</b>                             | <u>(43,189,635)</u>               | <u>-</u>                                       | <u>(43,189,635)</u>              |
| Net change in cash and cash equivalents  | (9,825,564)                       | -  | (9,825,564)                      |
| Foreign currency translation adjustments                                       | 62,245                            | -  | 62,245                           |
| Cash and cash equivalents at the beginning of the period                       | 19,987,523                        | -  | 19,987,523                       |
| <b>CASH AND CASH EQUIVALENTS AT THE END<br/>OF THE PERIOD</b>                  | <u>10,224,204</u>                 | <u>-</u>                                       | <u>10,224,204</u>                |
| <b>NON-CASH TRANSACTIONS:</b>  |                                   |  |                                  |
| Other  | 6,552,535                         | -  | 6,552,535                        |



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### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

(All amounts in Saudi Riyals unless otherwise stated)

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

#### 3.6 Reconciliation of the pro forma statement of cash flows for the year ended 31 December 2024:

|  | <i>Historical<br/>information</i> | <i>Pro forma<br/>adjustments</i><br>(note 3.7) | <i>Pro forma<br/>information</i> |
|--|-----------------------------------|--|----------------------------------|
| <b>OPERATING ACTIVITIES</b>  |                                   |  |                                  |
| Loss before zakat and tax  | (215,327,793)                     | -  | (215,327,793)                    |
| Adjustments for non-cash items:  |                                   |  |                                  |
| Finance costs  | 60,686,552                        | -  | 60,686,552                       |
| Depreciation and amortization  | 59,142,618                        | -  | 59,142,618                       |
| Impairment of other property, plant and<br>equipment and inventory spare parts | 75,935,182                        | -  | 75,935,182                       |
| Impairment loss of trade receivables   | 10,345,065                        | -  | 10,345,065                       |
| Loss from derivative asset   | 4,348,159                         | -  | 4,348,159                        |
| Provision for obsolete and slow-moving inventory                               | 2,558,020                         | -  | 2,558,020                        |
| Provision for employees' defined benefit liability                             | 4,847,426                         | -  | 4,847,426                        |
| Loss from disposal of property, plant & equipment                              | 97,389                            | -  | 97,389                           |
|  | <u>2,632,618</u>                  | <u>-</u>                                       | <u>2,632,618</u>                 |
| Changes in working capital:  |                                   |  |                                  |
| Inventories  | 38,944,091                        | -  | 38,944,091                       |
| Trade receivables and prepayments and other<br>receivables                     | 14,699,577                        | -  | 14,699,577                       |
| Trade payables and accrued expenses and other<br>current liabilities           | 16,995,688                        | -  | 16,995,688                       |
| Due to a related party   | 3,018,259                         | -  | 3,018,259                        |
|  | <u>76,290,233</u>                 | <u>-</u>                                       | <u>76,290,233</u>                |
| Employees' defined benefit liability paid                                      | (11,441,134)                      | -  | (11,441,134)                     |
| Zakat paid   | -                                 | -  | -                                |
| <b>Net cash flows from operating activities</b>                                | <u>64,849,099</u>                 | <u>-</u>                                       | <u>64,849,099</u>                |
| <b>INVESTING ACTIVITIES</b>  |                                   |  |                                  |
| Additions to property, plant & equipment                                       | (25,388,452)                      | -  | (25,388,452)                     |
| Proceeds for disposal of property, plant & equipment                           | 25,406,450                        | -  | 25,406,450                       |
| <b>Net cash flows used in investing activities</b>                             | <u>17,998</u>                     | <u>-</u>                                       | <u>17,998</u>                    |
| <b>FINANCING ACTIVITIES</b>  |                                   |  |                                  |
| Proceeds from loans, murabaha and shareholder loan                             | 1,968,112,298                     | -  | 1,968,112,298                    |
| Repayment of loans and murabaha  | (1,975,945,079)                   | -  | (1,975,945,079)                  |
| Finance costs paid   | (61,564,884)                      | -  | (61,564,884)                     |
| Payment of lease liabilities   | (2,074,053)                       | -  | (2,074,053)                      |
| <b>Net cash flows used in financing activities</b>                             | <u>(71,471,718)</u>               | <u>-</u>                                       | <u>(71,471,718)</u>              |
| Net change in cash and cash equivalents  | (6,604,621)                       | -  | (6,604,621)                      |
| Foreign currency translation adjustments                                       | 33,422                            | -  | 33,422                           |
| Cash and cash equivalents at the beginning of the year                         | 26,558,722                        | -  | 26,558,722                       |
| <b>CASH AND CASH EQUIVALENTS AT THE END<br/>OF THE YEAR</b>                    | <u>19,987,523</u>                 | <u>-</u>                                       | <u>19,987,523</u>                |
| <b>NON-CASH TRANSACTIONS:</b>  |                                   |  |                                  |
| Loans converted into equity  | -                                 | 73,679,956                                     | 73,679,956                       |
| Other  | 122,146,048                       | -  | 122,146,048                      |



## SAUDI PRINTING AND PACKAGING COMPANY

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### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025 AND THE YEAR ENDED 31 DECEMBER 2024

#### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

##### 3.7 Description of the pro forma adjustments

The pro forma adjustments included in the pro forma financial information are as follows:

- a) Recorded the issuance of 5,207,064 shares at a hypothetical issue price of SR 14.15 per share and a par value of SR 10 and eliminated SR 73,679,965 of outstanding debt in the pro forma statement of financial position as follows:

##### Calculation of number of shares to be issued in favor of Alinma Bank:

|  |                      |
|--|----------------------|
| Outstanding debt as of the date of the Debt Settlement Agreement (SR)  | 178,179,968          |
| Added: Real estate transaction tax incurred by the company   | 5,500,000            |
| Less: Partial settlement by transfer of title to two parcels of land and a building,<br>net of related tax born by the Company | <u>(110,000,000)</u> |
| Remaining balance (SR)   | 73,679,968           |
| Divided by: agreed upon share price as per the Debt Settlement Agreement   | 14.15                |
| Number of shares to be issued (shares)   | 5,207,064.88         |
| Less: Rounding off fraction of a share *   | <u>(0.88)</u>        |
| Number of shares to be issued after rounding to the nearest whole number (shares)  | <u>5,207,064.00</u>  |

\* The effect of removing fractional share to round off the number of shares to be issued to the nearest whole number on the outstanding debt balance to be settled in the proposed transaction is SR 12. This represents the difference between the remaining debt balance of SR 73,679,968 and the value of the shares to be issued after rounding to the nearest whole number is SR 73,679,956, based on the price agreed upon with Alinma Bank. The Company will pay the difference directly to Alinma Bank.

##### Calculation of pro forma weighted average number of outstanding shares:

|  |                   |
|--|-------------------|
| Historical number of shares outstanding during the year ended 31 December<br>2024 and the nine-month period ended 30 September 2025 (shares) | 60,000,000        |
| Pro forma number of shares issued in the Proposed Transaction  | <u>5,207,064</u>  |
| Pro forma number of shares outstanding during the year ended 31 December<br>2024 and the nine-month period ended 30 September 2025 (shares)  | <u>65,207,064</u> |

##### Calculation of pro forma share capital:

|  |                    |
|--|--------------------|
| Historical share capital as at 31 December 2024 and 30 September 2025 (SR)                                   | 600,000,000        |
| Pro forma issuance of new shares with SR 10 par value each as per the<br>Proposed Transaction (5,207,064*10) | <u>52,070,640</u>  |
| Pro forma share capital as at 31 December 2024 and 30 September 2025 (SR)                                    | <u>652,070,640</u> |

##### Calculation of pro forma share premium:

|  |                   |
|--|-------------------|
| Historical share premium as at 31 December 2024 and 30 September 2025 (SR)                                 | -                 |
| Pro forma issuance of new shares with a hypothetical issue price of SR 14.15 per<br>share (5,207,064*4.15) | <u>21,609,316</u> |
| Pro forma share premium as at 31 December 2024 and 30 September 2025 (SR)                                  | <u>21,609,316</u> |

##### Calculation of the Impact of the Proposed Transaction on Loan Balances

|  | As of 30<br>September 2025 | As of 31<br>December 2024 |
|--|----------------------------|---------------------------|
| Historical balance of current loans and murabaha | 482,588,496                | 497,878,818               |
| Impact of the proposed treatment                 | <u>(73,679,956)</u>        | <u>(73,679,956)</u>       |
| Pro forma balance of current loans and murabaha  | <u>408,908,540</u>         | <u>424,198,862</u>        |



## SAUDI PRINTING AND PACKAGING COMPANY

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### NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2025

AND THE YEAR ENDED 31 DECEMBER 2024

### 3. RECONCILIATION OF THE PRO FORMA FINANCIAL INFORMATION (CONTINUED)

#### 3.7 Description of the pro forma adjustments (CONTINUED)

Impact of the Proposed Transaction on share ownership as at 22 November 2025

| Shareholders  | Before the Proposed Transaction |                 |                          | After the Proposed Transaction |                 |                          |
|---|---------------------------------|-----------------|--------------------------|--------------------------------|-----------------|--------------------------|
|   | Number of shares (shares)       | Par Value (SAR) | Ownership percentage (%) | Number of shares (shares)      | Par Value (SAR) | Ownership percentage (%) |
| Saudi Research and media group (SRMG)   | 25,200,000                      | 252,000,000     | 42.00                    | 25,200,000                     | 252,000,000     | 38.65                    |
| Intellectual Holding Company for Advertisements and Publicity, a subsidiary of SRMG | 6,300,000                       | 63,000,000      | 10.50                    | 6,300,000                      | 63,000,000      | 9.66                     |
| Saudi Research and Publishing company (a subsidiary of SRMG)                        | 4,200,000                       | 42,000,000      | 7.00                     | 4,200,000                      | 42,000,000      | 6.44                     |
| Scientific Works Holding Company (a subsidiary of SRMG)                             | 4,200,000                       | 42,000,000      | 7.00                     | 4,200,000                      | 42,000,000      | 6.44                     |
| Numu Media Holding Company*   | 533,181                         | 5,331,810       | 0.89                     | 533,181                        | 5,331,810       | 0.82                     |
| The General Public  | 19,562,188                      | 195,621,880     | 32.60                    | 19,562,188                     | 195,621,880     | 30.00                    |
| Alinma Bank**   | -                               | -               | -                        | 2,603,532                      | 26,035,320      | 3.99                     |
| Alinma Capital**  | -                               | -               | -                        | 2,603,532                      | 26,035,320      | 3.99                     |
| Board of directors and key management personnel***                                  | 4,631                           | 46,310          | 0.01                     | 4,631                          | 46,310          | 0.01                     |
| Total   | 60,000,000                      | 600,000,000     | 100.00                   | 65,207,064                     | 652,070,640     | 100.00                   |

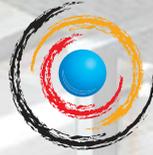
\* Nomu Media Holding Company is a subsidiary of Saudi Research and Media Group and are considered persons acting in concert and collectively own more than 5% of the class of shares to be issued.

\*\* Alinma bank intends to receive its ownership stake in the Company through Alinma bank and Alinma Capital which is a wholly owned subsidiary of Alinma Bank , and both are considered persons acting in concert and collectively will own more than 5% of the class of shares to be issued.

\*\*\* Board of directors and key management personnel are expressly excluded from the definition of General public according to listing regulations.

b) Adjusted earnings per share in the pro forma statement of profit or loss in line with the above adjustments.

c) Disclosed the Proposed Transaction as a non-cash transaction in the pro forma statement of cash flows.



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